

YPB signs first cannabis consumables client

Investment highlights

- **Master Supply Agreement signed with cannabis extraction specialist Halo Labs**
- **YPB's first client in the high volume, fast-growing cannabis consumables space**
- **YPB's first cannabis client with significant operations in the USA**
- **Halo to adopt YPB's full product authentication and consumer engagement suite**
- **12 months plus 12-month term**
- **Reinvigoration of momentum in cannabis vertical**

19 July 2019 – Product authentication and consumer engagement solutions provider **YPB Group Limited (ASX:YPB)** ('YPB Group' or 'the Company') is pleased to announce that it has signed a Master Supply Agreement (MSA) with Halo Labs Inc. (NEO:HALO, OTCQX:AGEEF, FRA:A9KN) ('Halo').

Under the agreement, YPB will provide Halo with its authentication solutions and its YPB Connect consumer engagement platform. The initial term of the MSA is for 12 months with automatic renewal for a further 12 months unless either party gives notice of non-renewal.

Halo is a Canada-headquartered cannabis grower and processor with specific expertise in oils and concentrates and with a significant presence in the USA. It began operations in Oregon and now has production and sales capacity in both Nevada and California. Halo is a white label manufacturer for a number of prominent cannabis brands, is developing its own brands in a number of market segments and geographies, and is launching innovative cannabis products and delivery systems. Halo is listed on several exchanges with a primary listing on Canada's NEO exchange.

YPB's original cannabis clients signed in 2018 were all vendors of delivery systems i.e. hardware. Halo is the first client in the much higher volume, much faster-growing cannabis consumables space. Within consumables, Halo's areas of expertise, cannabis oils and concentrates, are the fastest-growing segments.

The global legal cannabis market itself is growing exponentially and is forecast by Grand View Research to reach USD66.3 billion by the end of 2025.

YPB's revenue under the MSA will be two-pronged: authentication tracer and labels will be charged on a per unit volume basis; and Connect consumer engagement technology will be provided on a SaaS basis and charged monthly over the life of the contract. The volume pricing component will allow YPB to participate in Halo's growth but a reliable estimate of the contract value cannot be presently provided to the market due to the pace of Halo's growth. Halo is expected to become an important client to YPB over time.

Halo will deploy YPB's technology on both its delivery systems products and consumables products, commencing toward the end of Q3 2019.



YPB Executive Chairman, John Houston, said: “I’m delighted YPB will be assisting Halo in ensuring its investment in brand building is not damaged by fakes and in developing the value and loyalty of its consumer base through personalised engagement direct to its consumers’ smartphones. After an initial flurry in H2 2018, our momentum in cannabis had slowed for a number of reasons but cannabis remains a key vertical and major opportunity for YPB. This new relationship with Halo is the first evidence of our rekindled momentum in the sector”.

Ends.

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About YPB Group

YPB Group Limited (ASX:YPB) is an Australia-based product authentication and consumer engagement solutions provider. YPB’s proprietary smartphone-enabled technology suite allows consumers to confirm product authenticity and, for brands, that triggers consumers’ engagement.

The combination of YPB’s smartphone authentication solutions and its SaaS Connect platform, creates ‘smart’ product packaging, opening cost-effective, digital and direct marketing channels between brands and their consumers. Connect gathers actionable data on consumer preferences. It can then host tailored marketing campaigns directly back to the scanning smartphone.

YPB’s technology is also trusted by the world’s largest passport issuing nation to ensure the authenticity of its passports.

YPB is currently focused on the rapidly growing Australian, Southeast Asian, and Chinese markets. Its focus is dairy, cannabis, alcohol and cosmetics where the viral growth of fake products, particularly in Asia, affects brand value and endangers consumers.

To learn more please visit: www.ypbsystems.com

**About Halo Labs Inc.**

Halo is a cannabis extraction company that develops and manufactures quality cannabis oils and concentrates, which are the fastest-growing segments in the cannabis industry.

Founded in Oregon in 2016, Halo has expertise in all major cannabis manufacturing processes, leveraging proprietary processes and products, and has produced over 4 million grams of oils and concentrates since inception. The forward-thinking company is led by a strong management team with deep industry knowledge and blue-chip experience. The Company is currently expanding its operations with new facilities in Nevada and California. With a consumer-centric focus, Halo will continue to market innovative branded and private label products across multiple product categories.

To learn more, please visit: www.halocanna.com