

YPB signs first client for Motif Micro

- **Supply agreement signed with PanPass Inc – China's leading security label supplier**
- **First commercial adoption of breakthrough smartphone product authentication solution**
- **First step in a major expansion of YPB's addressable market**

Product authentication and consumer engagement solutions provider YPB Group Limited (ASX:YPB) is pleased to advise that it has signed a supply agreement to sell its breakthrough Motif Micro 1 (MM1) smartphone authentication technology to China's leading security label supplier PanPass Inc. in the first commercial adoption of the solution.

PanPass will be the first commercial client for YPB's MM1 authenticational solution. The agreement marks the delivery and commercialisation of this technology on time in H2 2019 as previously foreshadowed.

Motif Micro 1 represents a genuine technical and commercial breakthrough in creating a high security, smartphone readable, product authentication solution for mass consumer goods markets.

PanPass prints approximately 15 billion security documents annually which includes in the order of 3 billion product security labels per annum predominantly with "QR" codes to its customers in China and initially intends to use YPB's solution to protect its own product security QR codes from counterfeit. QR codes are omnipresent in China but fake QR codes are a growing and therefore major problem. QR codes are easily copied, spoofed and substituted with consequences from fake product substitution to identity theft, bank account fraud and malware intrusion.

Under the supply agreement, PanPass, as YPB's first "initial adopter" has agreed to use YPB's solution to protect its security labels for 6 months ("Initial Program"). The revenue impact of the Initial Program is not yet known at this time. The supply agreement contemplates a further minimum 2 year license agreement either at the end of the Initial Program or at PanPass' request including an upfront license fee, a supply fee and a minimum order quantity. Given the present fluidity of its plans, it is not possible to determine the likely annual revenues from the contract at this stage.

PanPass Inc. was established in 1996 and has six service centers and 48 branches in China. It is China's largest product data identity management service provider, and its market share exceeds the total of the second to fourth companies combined. It offers a range of security label solutions to its customers.

YPB Executive Chairman John Houston said: *"I can't over-emphasise how much our smartphone authentication breakthrough can transform YPB. It greatly expands our addressable market by shifting from our historical B2B sales to a B2C consumer marketing sales. YPB's technology will provide brands with a direct, personal, low-cost channel to a willingly engaged consumer which can be extremely valuable to brands and the discussions that we, our channel partners and brands are having reflect that. Increasingly, we will be selling engagement powered by authentication with much higher probability of sales success compared with our earlier anti-counterfeit offer."*



Having a product security label provider of PanPass's stature adopt our solution is testament to its quality and value – it is a true breakthrough. We look forward to working with the PanPass team in an immediate rollout."

Ends.

For further information please contact:

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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, South East 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