



## 1. Company details

Name of entity: YPB Group Ltd  
 ACN: 108 649 421  
 Reporting period: For the half-year ended 30 June 2023  
 Previous period: For the half-year ended 30 June 2022

## 2. Results for announcement to the market

		Half year to 30 June 2023			Half year to 30 June 2022	
					\$	\$
Revenues from ordinary activities	Up	117,027	32%	to	479,732	362,705
Loss from ordinary activities after tax for the half-year attributable to the owners of YPB Group Ltd	Down	(1,818,463)	69%	to	(813,126)	(2,631,589)
Loss for the half-year attributable to the owners of YPB Group Ltd	Down	(1,818,463)	69%	to	(813,126)	(2,631,589)

### Comments

The loss for the Consolidated Entity, after providing for income tax for the half year ended 30 June 2023 amounted to \$813,126 (30 June 2022: \$2,631,589). The operating loss includes significant items such as employee expenses, and research and development costs, which leaves an underlying cash outflow from operations of \$913,374 (30 June 2022: \$1,420,814). Revenue for the period was \$479,732 (30 June 2022: \$362,705) which represents a 32% increase on the prior period.



### 3. Net tangible liabilities

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>Cents</b>	<b>Cents</b>
Net tangible liabilities per ordinary security	(0.19)	(0.86)

The net tangible assets backing per ordinary security of (0.19) cents presented above is inclusive of right-of-use assets and lease liabilities. There are no right of use assets or lease liabilities recorded at 30 June 2023 and accordingly, no impact on the calculation. Net tangible assets are showing a negative value for the reporting and comparative periods due to many recorded assets being intangible.

### 4. Gain and loss of control over entities

During the period ended 30 June 2023, the Consolidated Entity has not restructured the legal entity organisation structure (30 June 2022: nTouch Agency Pty Ltd).

### 5. Dividends

#### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

#### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

### 6. Dividend reinvestment plans

There are no dividend reinvestment plans for the half-year ended 30 June 2023 (30 June 2022: Nil).

### 7. Details of associates and joint venture entities

No changes since the previous annual report was released.

### 8. Foreign entities

#### *Details of origin of accounting standards used in compiling the report:*

There has been no change in foreign-owned subsidiaries to those reported for the year ended 31 December 2022. All group entities comply with International Financial Reporting Standards ('IFRS').

### 9. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*



The consolidated financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

**10. Attachments**

*Details of attachment (if any):*

The Interim Report of YPB Group Ltd for the half-year ended 30 June 2023 is attached.

**11. Signed**

  
\_\_\_\_\_  
John Houston  
Date: 31 August 2023

YPB Group Ltd  
Directors' report  
30 June 2023



**YPB Group Ltd**

ACN: 108 649 421

**Interim Report – 30 June 2023**

**YPB Group Ltd**  
**Directors' report**  
**30 June 2023**

The directors present their report and the consolidated financial statements of YPB Group Ltd (the "Company") and its controlled entities (the "Consolidated Entity") for the half-year ended 30 June 2023.

## **1. Directors and Secretary**

For the period under review and covered by this report, the following persons were director of the Company. Directors have been in office since the start of the half-year to the date of this report, unless otherwise stated.

### **Executive Chairman**

John Houston

### **Non-Executive Directors**

Su (George) Su  
Gerard Eakin

### **Joint Company Secretaries**

Lucy Rowe  
Shelby Coleman (appointed on 26 June 2023)

## **2. Principal Activities**

The principal activities of the Consolidated Entity during the half-year was as a sales, marketing, and developer of product authentication, artificial intelligence and consumer engagement solutions to brand owners globally.

## **3. Review of Operations**

The consolidated loss of the Consolidated Entity after providing for income tax amounted to \$813,126 (30 June 2022: \$2,631,589). The operating loss includes a number of significant cash items such as employee expenses, and research and development costs, which leaves an underlying cash outflow from operations of \$913,374 (30 June 2022: \$1,420,814). Revenue for the period was \$479,732 (30 June 2022: \$362,705), which represents a 32% increase over the comparative period.

COVID-19 continued to have an adverse economic impact on the Consolidated Entity with access to manufacturing lines and the move to hybrid work causing lingering issues. The Consolidated Entity does see this improving into 2024 and has been actively working with its existing and prospective customers as marketing initiatives which commenced in the reporting period have seen improvements in revenue. There does not appear to be either any significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the Consolidated Entity unfavourably as at reporting date or subsequently. As a result the Board continues to monitor the situation actively.

### **Significant Changes in State of Affairs**

On 15 March 2023, YPB had signed a 10-year licence with NVISO SA of Switzerland to allow YPB to develop applications to determine the authenticity of video and media. YPB paid \$50,000 and issued 10,000,000 fully paid ordinary shares in consideration for grant of the licence.

On 22 March 2023, YPB received commitment to raise \$2,000,000 from sophisticated and professional investors, whereby YPB issued an aggregate of 202,702,703 fully paid ordinary shares for Tranch 1.

On 23 March 2023, 6,378,788 Performance Rights with an exercise price of \$0.05 lapsed because the conditions have not been, or have become incapable of being, satisfied.

On 30 June 2023, 11,600,000 performance rights have been converted into 11,600,000 fully paid ordinary shares following vesting conditions met in accordance with shareholder approval obtained on 31 May 2023.

On 30 June 2023, YPB issued ordinary shares via the share placement under Tranch 2 of 112,612,613 ordinary shares.

On 30 June 2023, 492,425 Performance Rights with an exercise price of \$0.05 lapsed because the conditions have not been, or have become incapable of being, satisfied.

### **4. Events Subsequent to Balance Sheet Date**

On 25 July 2023, YPB agreed to upgrade the licence with Nviso SA to an exclusive 10-year licence with NVISO Group Limited, providing YPB exclusivity in YPB's core domains of consumer engagement, brand protection and authentication utilizing Nviso's Artificial Intelligence (AI) solutions. The prior agreement with Nviso SA was dated 15 March 2023 and that previous agreement was terminated contemporaneously with the signing of the new exclusive agreement.

The term of the Licence is 10 years and is effective as at 27 July 2023. YPB has paid \$250,000 for the exclusive licence and quarterly royalties for the term of the licence at 7.5% of the net amount of any receipts or the value of non-monetary payments received by YPB from the development or sub-licensing of the NVISO AI Solution.

Other than the above, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

**5. Rounding of Amounts**

The Company is an entity to which ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 applies, and accordingly, amounts in the consolidated financial statements and directors' report have been rounded to the nearest dollar.

**6. Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to Section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors

  
\_\_\_\_\_  
John Houston  
Executive Chairman

Dated: 31 August 2023

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*  
TO THE DIRECTORS OF YPB GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended Friday, 30 June 2023, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of YPB Group Limited and the entities it controlled during the half year.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN  
PARTNER

BRISBANE  
31 AUGUST 2023

**YPB Group Ltd**  
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**30 June 2023**

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**YPB Group Ltd**

**Consolidated statement of profit or loss and other comprehensive income / (loss)**

**For the half-year ended 30 June 2023**

	<b>Note</b>	<b>Half year to 30 June 2023 \$</b>	<b>Half year to 30 June 2022 \$</b>
<b>Revenue</b>	4	479,732	362,705
<b>Expenses</b>			
Consulting		(325,907)	(711,297)
Depreciation and amortisation expense		(13,896)	(11,449)
Directors' fees		(40,000)	(40,000)
Employee benefits expense		(320,553)	(709,644)
Finance costs		(85,557)	(65,962)
Production costs		(7,963)	(18,214)
Rental expenses		(69,450)	(61,226)
Research and development costs		(340,154)	(305,968)
Marketing costs		(28,928)	(31,073)
Investor relations		(78,066)	(49,889)
Travelling expenses		(36,683)	(59,508)
Share-based payments		(144,000)	(388,123)
Regulatory expenses		(51,486)	(44,186)
Professional fees		(104,284)	(106,016)
Other expenses		(257,696)	(290,239)
Exchange gain/(loss)		611,765	(101,500)
<b>Loss before income tax expense</b>		<b>(813,126)</b>	<b>(2,631,589)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of YPB Group Ltd</b>		<b>(813,126)</b>	<b>(2,631,589)</b>
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(489,168)	376,044
<b>Other comprehensive profit/(loss) for the half-year, net of tax</b>		<b>(489,168)</b>	<b>376,044</b>
<b>Total comprehensive loss for the half- year period attributable to the owners of YPB Group Ltd</b>		<b>(1,302,294)</b>	<b>(2,255,545)</b>
Basic and diluted earnings per share	12	<b>Cents (0.16)</b>	<b>Cents (1.07)</b>

*The above consolidated statement of profit or loss and other comprehensive income / (loss) should be read in conjunction with the accompanying notes.*

**YPB Group Ltd**  
**Consolidated statement of financial position**  
**As at 30 June 2023**

	Note	As at 30 June 2023 \$	As at 31 December 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,036,030	641,408
Trade and other receivables		341,768	328,987
Other assets		69,182	374,685
Inventories		184,975	193,464
		<b>1,631,955</b>	<b>1,538,544</b>
<b>Non-current assets</b>			
Plant and equipment		23,710	31,821
Intangibles	5	6,028,837	5,804,800
		<b>6,052,547</b>	<b>5,836,621</b>
<b>Total assets</b>		<b>7,684,502</b>	<b>7,375,165</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	2,058,142	2,033,793
Financial liabilities	7	1,014,367	1,021,085
		<b>3,072,509</b>	<b>3,054,878</b>
<b>Total liabilities</b>		<b>3,072,509</b>	<b>3,054,878</b>
<b>Net assets</b>		<b>4,611,993</b>	<b>4,320,287</b>
<b>Equity</b>			
Issued capital	8	85,397,039	83,877,039
Reserves	9	1,647,628	2,406,357
Accumulated losses		(82,432,674)	(81,963,109)
<b>Total equity</b>		<b>4,611,993</b>	<b>4,320,287</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**YPB Group Ltd**  
**Consolidated statement of changes in equity**  
**For the half-year ended 30 June 2023**

	<b>Issued capital</b>	<b>Foreign currency translation reserve</b>	<b>Issued options</b>	<b>Share- based payment reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated</b>						
Balance at 1 January 2023	83,877,039	1,777,530	210,000	418,827	(81,963,109)	4,320,287
Loss after income tax benefit for the half-year	-	-	-	-	(813,126)	(813,126)
Other comprehensive profit for the half-year, net of tax	-	(489,168)	-	-	-	(489,168)
Total comprehensive profit/(loss) for the half-year	-	(489,168)	-	-	(813,126)	(1,302,294)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued, net of transaction costs	1,450,000	-	-	-	-	1,450,000
Performance rights exercised during the period	70,000	-	-	(70,000)	-	-
Performance rights lapsed during the period	-	-	-	(343,561)	343,561	-
Performance right issued during the half-year	-	-	-	144,000	-	144,000
<b>Balance at 30 June 2023</b>	<b>85,397,039</b>	<b>1,288,362</b>	<b>210,000</b>	<b>149,266</b>	<b>(82,432,674)</b>	<b>4,611,993</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

YPB Group Ltd  
Consolidated statement of changes in equity  
For the half-year ended 30 June 2023

	Issued capital	Foreign currency translation reserve	Issued options	Share-based payment reserve	Accumulated losses	Total equity
<b>Consolidated</b>	\$	\$	\$	\$	\$	\$
Balance at 1 January 2022	81,773,800	2,192,710	767,344	80,805	(79,428,805)	5,385,854
Loss after income tax benefit for the half-year	-	-	-	-	(2,631,589)	(2,631,589)
Other comprehensive profit for the half-year, net of tax	-	376,044	-	-	-	376,044
Total comprehensive profit/(loss) for the half-year	-	<b>376,044</b>	-	-	<b>(2,631,589)</b>	<b>(2,255,545)</b>
<i>Transactions with owners in their capacity as owners:</i>						
Performance right exercised during the half-year	72,727	-	-	(72,727)	-	-
Options lapsed during the half-year	-	-	(767,344)	-	767,344	-
Performance right issued during the half-year	-	-	-	461,456	-	461,456
<b>Balance at 30 June 2022</b>	<b>81,846,527</b>	<b>2,568,754</b>	-	<b>469,534</b>	<b>(81,293,050)</b>	<b>3,591,765</b>

**YPB Group Ltd**  
**Consolidated statement of cash flows**  
**For the half-year ended 30 June 2023**

	<b>Half year to 30 June 2023</b>	<b>Half year to 30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	792,447	310,330
Payments to suppliers and employees	(1,623,646)	(1,701,144)
Interest received	10,099	-
Finance costs	(92,274)	(30,000)
	<hr/>	<hr/>
Net cash used in operating activities	(913,374)	(1,420,814)
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(54,145)	(3,152)
Proceeds on disposal of PPE	1,898	-
	<hr/>	<hr/>
Net cash used in investing activities	(52,247)	(3,152)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares (net of costs)	1,346,000	-
Proceeds from issue of convertible notes	-	1,574,000
Proceeds from borrowings	-	500,000
Repayment of borrowings	-	(500,000)
	<hr/>	<hr/>
Net cash from financing activities	1,346,000	1,574,000
Net increase in cash and cash equivalents	380,379	150,034
Cash and cash equivalents at the beginning of the financial period	641,408	530,776
Effect on movements in exchange rates on cash held	14,243	(14,912)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period	1,036,030	665,898

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

**YPB Group Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year ended 30 June 2023**

**Note 1. General information**

These consolidated financial statements and notes to the consolidated financial statements cover YPB Group Ltd and the entities it controlled (the “Consolidated Entity” or “Group”) at the end of, or during, the half-year. The separate financial statements of the parent entity, YBP Group Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. The consolidated financial statements are presented in Australian dollars, which is YPB Group Ltd's functional and presentation currency.

The company is a listed public company incorporated and domiciled in Australia. Its registered office in Australia is Level 5, 126 Phillip Street, Sydney NSW 2000.

The consolidated financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023.

**Note 2. Significant accounting policies**

These general purpose consolidated financial statements for the half-year ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose consolidated financial statements do not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, these consolidated financial statements are to be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year, except as stated below.

**New, revised or amending Accounting Standards and Interpretations adopted**

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

The Group adopted all relevant new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are effective for annual reporting periods beginning on or after 1 January 2023. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the period.

### **Critical Accounting Judgments and Key Sources of Estimation and Uncertainty**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the consolidated financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The following are the critical judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts recognised in the consolidated financial statements.

#### *Impairment of Intangible Assets other than Goodwill*

In the process of evaluating the potential impairment of intangible assets other than goodwill, the Consolidated Entity is required to make subjective judgments in determining the independent cash flows, useful lives, expected future revenue and expenses related to the specific asset groups with the consideration of the nature of the industry that is applicable to the underlying technology. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

MotifMicro is still under R&D, therefore, management has considered the carrying value of the patent licence rights to be supported through the expected future generation of cash flows from the early adopters program with the current partners and additional partners in the pipeline. In addition, the technological milestone achievements during the period have also enhanced the intrinsic value of MotifMicro. However, the ongoing impacts of production lines, staffing and the need for further development based on feedback from the paid early adopter program and from Covid 19 and the current global economy impact the commercialisation of MotifMicro. Management is exploring other strategies to accelerate the development of MotifMicro to further improve the carrying amount of the patent license rights.

#### **Going concern**

The financial statements have been prepared on a going concern basis.

The Directors note that the Group has continued to incur operating losses as it establishes its business model throughout various markets, performs internal restructuring, and improves the conversion rate of its order pipeline.

**YPB Group Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year ended 30 June 2023**

The group incurred an operating loss after tax for the half-year of \$813,126 had net cash outflows from operating activities of \$913,374 and a deficiency of current assets over current liabilities of \$1,440,554. As at 30 June 2023, the Group has cash and cash equivalents of \$1,036,030.

Notwithstanding this, the Group believes there are reasonable grounds that it will be able to pay its debts as and when they fall due, and on that basis the preparation of the consolidated financial statements on a going concern basis is dependent on the following points:

- The Directors have completed a reforecast of the cash flow for the remainder of the financial year, and for a period being not less than 12 months from the date of signing this report. This includes reliance on further capital raising activities via new equity placements by the end of 2023, showing positive cash balances which is supported by both the existing sales contracts as well as reflecting revenue growth expected from the sales pipeline.
- Reliance on further capital raising activities which have been undertaken subsequent to balance date, of which additional \$600,000 is committed. A further placement is expected to be undertaken in the coming months.
- The Group is continuing to explore alternative funding mechanisms including securing strategic partnerships.

Based on the above, the directors consider the going concern basis of the Group is appropriate.

**Note 3. Operating segments**

The Consolidated Entity is organised into operating segments as outlined below.

Management determines operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

**YPB Group Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year ended 30 June 2023**

(a) *Geographical information*

<i>In \$</i>	<b>Reportable segments</b>				
	Australia	People's Republic of China	Thailand	United States of America	Total
<b>Half-year to June 2023</b>					
External revenue	109,149	136,928	-	-	246,077
External 2022 credit note	(73,144)	-	-	-	(73,144)
Interest income	9,335	-	764	-	10,099
Other income	296,700	-	-	-	296,700
Total revenue	<u>342,040</u>	<u>136,928</u>	<u>764</u>	<u>-</u>	<u>479,732</u>
<b>Half-year to June 2022</b>					
External revenue	191,063	169,123	-	-	360,186
Interest income	281	-	5	-	286
Other income	-	2,233	-	-	2,233
Total revenue	<u>191,344</u>	<u>171,356</u>	<u>5</u>	<u>-</u>	<u>362,705</u>

(b) *Assets*

<i>In \$</i>	<b>Reportable segments</b>				
	Australia	People's Republic of China	Thailand	United States of America	Total
<b>As at 30 June 2023</b>					
Current assets	1,115,085	319,937	196,477	456	1,631,955
Non-current assets	101,607	8,792	9,903	5,932,245	6,052,547
Total assets	<u>1,216,692</u>	<u>328,729</u>	<u>206,380</u>	<u>5,932,701</u>	<u>7,684,502</u>
<b>As at 31 December 2022</b>					
Current assets	1,050,142	307,769	180,187	446	1,538,544
Non-current assets	-	10,783	16,927	5,808,911	5,836,621
Total assets	<u>1,050,142</u>	<u>318,552</u>	<u>197,114</u>	<u>5,809,357</u>	<u>7,375,165</u>

**YPB Group Ltd**  
**Notes to the consolidated financial statements**  
**For the half-year ended 30 June 2023**

**Note 4. Revenue**

	<b>Half year to 30 June 2023 \$</b>	<b>Half year to 30 June 2022 \$</b>
<i>Revenue</i>		
Sale of goods and services	246,077	360,186
Credit notes of sales 2022	(73,144)	-
<i>Other revenue</i>		
Interest	10,099	286
Other income	296,700	2,233
	<u>479,732</u>	<u>362,705</u>

**Note 5. Intangibles**

	<b>30 June 2023 \$</b>	<b>31 December 2022 \$</b>
Goodwill – at cost	3,089,466	3,089,466
Less: Accumulated impairment losses	(3,089,466)	(3,089,466)
	<u>-</u>	<u>-</u>
Intellectual property – at cost	16,250,550	16,250,550
Less: Accumulated amortisation	(4,942,153)	(4,942,153)
Less: Accumulated impairment losses	(11,308,397)	(11,308,397)
	<u>-</u>	<u>-</u>
Customer relationship – at cost	206,000	206,000
Less: Accumulated amortisation	(28,000)	(28,000)
Less: Accumulated impairment losses	(178,000)	(178,000)
	<u>-</u>	<u>-</u>
Patent licence rights – at cost	8,989,442	8,797,048
Less: Accumulated impairment losses	(3,057,688)	(2,992,248)
	<u>5,931,754</u>	<u>5,804,800</u>
NVISO licence Agreement – at cost	100,000	-
Less: Accumulated impairment losses	(2,917)	-
	<u>97,083</u>	<u>-</u>

**YPB Group Ltd**  
**Directors' declaration**  
**For the half-year ended 30 June 2023**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial years are set out below:

<b>Consolidated</b>	<b>Patent licence rights \$</b>	<b>Licence Agreement \$</b>	<b>Total \$</b>
Balance at 31 December 2022	5,804,800	-	5,804,800
Balance at 1 January 2023	5,804,800	-	5,804,800
Additional during period	-	97,083	97,083
Effect of movement in exchange rates	126,954	-	126,954
Balance at 30 June 2023	5,931,754	97,083	6,028,837

*Intellectual Property*

In 2018, in reviewing the recoverable amount of the intellectual property, the carrying value was written down to nil due to overhauls on the Group's core products and upgrades to the underlying technologies.

*Patent Licence Rights*

As MotifMicro development and paid commercial trials continue during the period ended 30 June 2023, the patent licence rights have not commenced amortisation, however impairment adjustments have been recorded in prior years to its carrying amount. MotifMicro's development in 2022/23 has advanced through a number of technological achievements together with customers that signed first-adopter agreements to expedite its commercialisation in the market. The company is pursuing further opportunities to commercially sell MotifMicro in the future.

Impairment testing indicated that the recoverable amount of the patent licence rights exceeds the carrying amount and therefore no impairment is considered necessary as at 30 June 2023. The valuation methodology ('value in use' or 'VIU') model reflects updated forecasts and progress made on the MotifMicro technology.

The following key assumptions and results arising from the VIU methodology applied are as follows:

- Revenue growth from conversion of sales pipeline of \$274,714 for FY2023 with an annual long-term growth rate of 12.5% until 2027 that follows the industry growth rate with a long-term annual growth rate of 2% thereafter;
- Discounted cash flow modelling to 2035 (the expiry date of the patent licence) with no terminal value;
- A WACC of 27.21% (post-tax) assuming a long-term debt/equity ratio of nil; and

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- The group securing sufficient funding in future periods to continue as a going concern.

The valuation methodology has been updated as at 30 June 2023 to reflect updated forecasts and progress made on the MotifMicro technology.

The total impairment loss recorded as at 30 June 2023 is \$3,057,690 (30 June 2022: \$2,942,732), and this loss can be reversed in future periods to the extent that future recoverable amounts support a higher carrying value.

*Licence Agreement*

On 16 March 2023 YPB Group Limited has signed a 10-year licence with NVISO SA of Switzerland to allow YPB to develop applications to determine the authenticity of video and media.

NVISO's Artificial Intelligence (AI) applications detect human behaviour and have successfully been deployed to work with next generation human machine interfaces such as autonomous vehicles, companion robots and other applications. Under the agreement, NVISO will work with YPB to develop interfaces to its core technology to allow YPB to build applications to determine the authenticity of a digitally generated video product. In its second phase, YPB will seek to develop applications to determine other AI-generated media.

**Note 6. Trade and other payables**

	<b>As at 30 June 2023 \$</b>	<b>As at 31 December 2022 \$</b>
Trade payables	913,152	982,221
Other payables and accruals	1,144,990	1,051,572
	<u>2,058,142</u>	<u>2,033,793</u>

**Note 7. Financial liabilities**

	<b>As at 30 June 2023 \$</b>	<b>As at 31 December 2022 \$</b>
Related party loans - (i)	1,014,367	<u>1,021,085</u>

(i): The loan during the year consists (31 December 2022 : \$1,000,000) of short-term borrowing from a related party, repayable within 12 months from the commencement date, and at an interest of 17.48% per annum (or part thereof) (31 December 2022 : 16.73%).

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**Note 8. Equity – Issued Capital**

	<b>30 June 2023</b>	<b>31 December 2022</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares – fully paid	743,461,469	406,546,153	85,397,039	83,877,039

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$</b>
Balance	1 January 2023	406,546,153	83,877,039
Issuance as payment for grant of 10 years licence	15 Mar 2023	10,000,000	50,000
Share placements	22 Mar 2023	202,702,703	900,000
Share placements	30 Jun 2023	112,612,613	500,000
Conversion of performance rights	30 Jun 2023	11,600,000	70,000
Balance	30 June 2023	<u>743,461,469</u>	<u>85,397,039</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 9. Equity – Reserves**

		<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Issued options reserve	(a)	210,000	210,000
Share-based payment reserve	(b)	149,266	418,826
Foreign currency translation reserve	(c)	1,288,362	1,777,530
		<u>1,647,628</u>	<u>2,406,357</u>

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(a) Issued options reserve

The option reserve records items recognised as expenses on valuation of share options issued.

<b>Details</b>	<b>Date</b>	<b>Options</b>	<b>\$</b>
Balance	1 January 2023	142,560,000	210,000
Options granted to investors of capital raise	13 January 2023	200,000,000	-
Options granted to investors of capital raise	30 June 2023	112,612,613	-
Balance	30 June 2023	<u>455,172,613</u>	<u>210,000</u>

(b) Share-based payment reserve

The share-based payment reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services rendered.

<b>Details</b>	<b>Date</b>	<b>\$</b>
Balance	1 January 2023	418,826
Performance Rights reversed	23 March 2023	(318,939)
Performance Rights issued under share-based payments	24 March 2023	120,000
Performance Rights reversed	30 June 2023	(24,621)
Performance Rights converted to shares	30 June 2023	(40,000)
Performance Rights issued under share-based payments	30 June 2023	24,000
Performance Rights converted to shares	30 June 2023	(30,000)
Balance	30 June 2023	<u>149,266</u>

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(c) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. Monetary items receivable from or payable to foreign operations whereby settlements to these receivables and payables are not planned nor likely to occur in the foreseeable future are classified as net investment in foreign operations. Exchange differences arising from monetary items that forms part of the Group's net investment in foreign operations are recognised as foreign currency translation reserve in equity.

**Note 10. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 11. Events after the reporting period**

On 25 July 2023, YPB agreed to upgrade the licence with Nviso SA to an exclusive 10-year licence with NVISO Group Limited, providing YPB exclusivity in YPB's core domains of consumer engagement, brand protection and authentication utilizing Nviso's Artificial Intelligence (AI) solutions. The prior agreement with Nviso SA was dated 15 March 2023 and that previous agreement was terminated contemporaneously with the signing of the new exclusive agreement.

The term of the Licence is 10 years and is effective as at 27 July 2023. YPB has paid \$250,000 for the exclusive licence and quarterly royalties for the term of the licence at 7.5% of the net amount of any receipts or the value of non-monetary payments received by YPB from the development or sub-licensing of the NVISO AI Solution.

Other than the above, no matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

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**Note 12. Earnings per share**

	<b>30 June 2023</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of YPB Group Limited	(813,126)	(2,631,589)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	524,448,199	244,837,262
Weighted average number of ordinary shares used in calculating diluted earnings per share	524,448,199	244,837,262
	<b>Cents</b>	<b>Cents</b>
Basic/Diluted earnings per share	(0.16)	(1.07)

**Note 13. Related party transactions**

	<b>Transaction values for the period ended 30 June 2023</b>	<b>Transaction values for the year 31 December 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Manifest Capital Management Pty Ltd</i> <i>(related entity of Gerard Eakin)</i> Investor Relations	20,000	39,993
<i>J F Houston Holdings Pty Limited</i> <i>(related entity of John Houston)</i> Loan Facility Agreement	1,014,367	1,021,085

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

*Other transactions with related parties*

There were no other transactions with related parties for the half year ended 30 June 2023.

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In the directors' opinion:

- the attached consolidated financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached consolidated financial statements and notes give a true and fair view of the Consolidated Entity's consolidated financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to Section 303(5)(a) of the Corporations Act 2001.

For and on behalf of the directors

  
\_\_\_\_\_  
John Houston  
Executive Chairman

Date: 31 August 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

### TO THE MEMBERS OF YPB GROUP LIMITED

#### Conclusion

We have reviewed the accompanying half-year financial report of YPB Group Limited ("the company"), which comprises the consolidated statement of financial position as at Friday, 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of YPB Group Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at Friday, 30 June 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Independence*

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.



### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 of the financial statements which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

### **Responsibility of the Directors for the Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at Friday, 30 June 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'S Lindemann', written over a light blue horizontal line.

SHAUN LINDEMANN  
PARTNER

31 AUGUST 2023  
BRISBANE