YPB clarifies commercial value of smartphone readability technology

- **Significantly expanded addressable market**
- **Increased probability of successful sale and a much shorter sales cycle**
- **China's leading anti-counterfeit label supplier first client**

Product authentication and consumer engagement solutions provider YPB Group Limited (ASX:YPB) is pleased to provide further information on the opportunities unlocked by its smartphone authentication breakthrough in response to numerous recent shareholder enquiries.

On 12 September, YPB reported a major technical breakthrough, namely: ***smartphone readability of a high security authentication mark under "real world" conditions*** which the Company believes is a world-first achievement.

YPB's 16 September presentation illustrated the commercial significance of this breakthrough. Subsequent shareholder enquiries suggest further clarification of its significance is warranted. The commercial benefits for YPB include:

1. **A larger potential customer base**: sales shift from a B2B solution (anti-counterfeit for the supply chain) to a B2C solution (consumer authentication) with a far wider set of interested customers (brands) and a far greater potential revenue pool;
2. **An increased sales probability**: because brands are buying a novel, low cost, highly effective marketing solution; and
3. **A much shorter sales cycle**: greater urgency to take action and drive direct engagement with consumers.

These benefits flow from YPB's integration of smartphone authentication with YPB Connect, the Company's SaaS-based consumer-direct engagement solution.

Smartphone readability of a high security authentication mark means consumers can assure themselves that a product is either fake or real. Authenticity is a major trigger to engagement, particularly in high-fake geographies of China and SE Asia.

Via YPB Connect, smartphone product authentication opens a direct digital channel to the brand, allowing it to cultivate an ongoing, personalised relationship with the consumer via the smartphone.

Valuable consented data is also captured by YPB Connect in the process. Brands are increasingly struggling to understand who their consumers are, and their needs and preferences, particularly export consumers. YPB Connect's data set consists of comprehensive, first-person information allowing brands to know and communicate directly with their consumers.

As announced 16 September, YPB has signed its first commercial client for the technology, Pan Pass Inc, China's largest data identity management service provider which produces 3 billion QR codes and marks over 15 billion items per annum for its customers.

YPB Executive Chairman John Houston said: *"YPB's smartphone authentication technology is without doubt transformational for us. We are now selling something a much bigger* *population of brands genuinely want. We are now selling direct consumer engagement powered by assured authenticity rather than anti-counterfeit. This is a game-changer as it radically lifts the value proposition to brands. We are creating an entirely new marketing channel directly from the brand to every consumer's hip pocket, and those consumers are willingly engaged. Brands value consumer engagement very highly, and interest in our target sectors of wine, dairy, health and beauty, pharmaceutical and legal cannabis is strong and building.*

"Our recent presentation sets out clear deliverables for H2 2019 and 2020, and our willingness to explicitly set clear milestones is based on our interactions with significant channel partners and brands. We are intent on converting this opportunity into tangible financial outcomes as quickly as we can."

Ends.

For further information please contact:

Investor enquiries
investors@ypbsystems.com

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