



ASX/MEDIA ANNOUNCEMENT

ASX: YPB | 10th September 2018

YPB boosts Brand Protection franchise in retail anti-theft

- **Concept Tag, a highly effective advance in retail anti-theft**
- **Trials at national retail groups in train, losses eliminated**
- **Potential to become major revenue contributor***
- **Retail brand protection creates opportunities for YPB Connect**
- **First sale now contracted**

Brand Protection and Customer Engagement solutions provider YPB Group Ltd (ASX: YPB) has secured its first customer for Concept Tag, an anti-theft tag that dramatically reduces in-store theft rates. YPB has partnered with the Australian distributor and has a number of trials in train with major Australian retailers. Success rates are such that Concept Tag is expected to become a major revenue contributor to YPB over time.*

Developed in Europe, Concept Tag relies on a unique locking mechanism that is non-magnetic, practically impossible to remove by force and cannot be removed from garments without the use of Concept Tags' patented Auto Electric Detacher technology. Its creators believe it to be the most innovative development in retail anti-theft in generations and that is being confirmed by YPB's discussions with Australian retailers.

Theft rate reductions in the trials being conducted by YPB with major Australian retailers have certainly been dramatic. Concept Tag quotes average loss reduction of 66% amongst its UK clients but in recent YPB trials with one of Australia's largest sporting goods retailers, shoplifting dropped from an average of five high value items per day to zero in their highest theft store in Victoria. Other Australian retailers conducting trials with YPB are also seeing close to complete elimination of theft.

Most current retail anti-theft tags are easily removed in store due to simple magnetic or hook locking mechanisms that have not changed significantly since their invention in the 1960's. Many shoplifters come equipped to disarm these tags. One of the benefits of Concept Tag has been criminal displacement – Concept Tag protected shops are simply avoided by thieves. Stock shrinkage costs Australian retailers AUD4.5bn per annum.^

YPB has made its first sale of a Concept Tag suite to a Sportszone franchisee in Darwin. This client will be a modest revenue contributor but due to the success of the trials to date and the level of retailer interest YPB expects Concept Tag to become a major revenue contributor in 2019.*

Retail Brand Protection is an extension of both YPB's brand protection and customer engagement businesses. It has valuable revenue potential in its own right and has shorter sales cycles than anti-counterfeit and customer engagement. More importantly it can act as the door opener to larger relationships with retailers and their suppliers for YPB Connect's proximity recognition capabilities and personalised customer engagement solutions. Proximity recognition may be used, for example, by a retailer in monitoring store foot-traffic



and adjusting store layout in response, or in serving 'specials' direct to customers' phones in-store over Bluetooth. This functionality of YPB Connect leverages its capabilities in a range of technologies that allow the smartphone to become a direct to customer channel.

YPB Executive Chairman John Houston said: "YPB has always stood for Brand Protection and with our existing capabilities in labelling products it is a short route to meaningful revenue for the Group both in Australia and in Asia. More importantly, it opens doors to national retailers and the possibilities for YPB Connect in-store are significant. Already, the first implementations of Connect with a national liquor group for in-store monitoring are generating moderate revenues to YPB.* In the near term, Concept Tag is such an effective product that adoption by national retailers is likely later in 2018 and into 2019. It is a product highly differentiated by its effectiveness and fits neatly with our strategy of taking compelling IP-based solutions to sectors targetted because of compelling need."

*Please note:

Modest revenue contribution: <AUD100K per annum

Moderate revenue contribution: >AUD100K <AUD1m per annum

Major revenue contribution: >AUD1m per annum

^ Source: <https://www.nra.net.au/technology-can-reverse-retail-shrinkage-trend/>

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About YPB:

YPB Group Ltd (ASX:YPB) lives by three words - certainty of authenticity. We deliver on this through our experience in creating revolutionary, patented anti-counterfeit and customer engagement solutions. Solutions that detect and prove certainty of authenticity and connect brands directly to their customers, empowering them to engage one-on-one. In an evolving marketplace and with the rapid growth of cross border commerce, our expertise presently focuses on the rapidly growing markets of Australia, South East Asia and China.

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