

ASX: YPB

ASX/MEDIA ANNOUNCEMENT

22 December 2015

YPB RAISES \$7.78 m FOR ACQUISITION AND GROWTH

- **YPB placement to raise A\$7.78 million**
- **Placement comprises a A\$2.78 m placement to professional and sophisticated investors in addition to a A\$5 m cornerstone investment**
- **Funding to secure Motif Micro acquisition and investment for growth**

Brand authentication solutions company YPB Group Limited (ASX:YPB) has secured A\$7.78 million in funding through a placement to institutional, professional and sophisticated investors at 26 cents per share.

The placement includes a A\$5 million investment by Lanstead Capital LP (Lanstead) by way of a placement of 19,230,769 ordinary shares at \$0.26 per share, details of which include the following:

- YPB will receive A\$750,000 of the investment upfront with the remainder invested in an equity sharing agreement between the two parties. Under the agreement YPB will receive 18 monthly cash settlements for the remaining A\$4.25m of the investment by Lanstead Capital. This sharing agreement allows the Company to secure much of the potential upside arising from the anticipated share price performance of YPB.
- The A\$4.25m cash component will be determined by the Company's share price based monthly on a Volume weighted average price for 5 trading days prior to each settlement date against a benchmark price of A\$0.3467 per share, and if the YPB share price exceeds the benchmark price for that month, YPB will receive more than 100% of the monthly settlement due on a pro rata basis. Importantly, there is no upper limit placed on the additional funds receivable by the Company as part of the monthly settlements. Should the share price be below the benchmark price for that month, YPB will receive less than 100% of the expected monthly settlement on a pro rata basis (so that the total cash received by YPB may exceed or fall below A\$4.25 m). In addition, YPB has agreed to make a value payment to Lanstead of 961,538 ordinary shares as consideration for the sharing agreement. The future performance of the YPB share price will not result in any increase to the number of shares issued to Lanstead Capital.

Placement shares are expected to be issued on Thursday 24th December 2015.

Net proceeds from the raising will be used in part for funding the A\$1.39 million initial cash consideration for the acquisition of Motif Micro, as announced on 8 December 2015, as well as for working capital and growth investment.

BW Equities Pty Ltd acted as sole lead manager for the placement with TMT Partners Pty Ltd acting

as corporate adviser.

YPB Group's CEO and Executive Chairman John Houston commented: "This capital raising puts the Company in an excellent position to continue the progress of our PROTECT DETECT CONNECT strategy, which continues to gather momentum with recurring revenue, new clients and complementary acquisitions such as Motif Micro. In particular, Lanstead Capital joining as a substantial shareholder shows its commitment to support YPB and our vision. We welcome them as a shareholder and look forward to increasing overall shareholder value together."

The Company's securities will today be released from trading halt upon lodgement of this announcement with the ASX.

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About YPB

YPB Group (ASX: YPB) is a pioneer in advanced brand protection solutions. Listed on the Australian Securities Exchange, we are expanding our global footprint with an established presence in China, USA, Australia and South East Asia.

YPB's patented anti-counterfeit technology combined with its security packaging solutions, consulting and forensic services enables businesses to protect their high value brands from the risks of counterfeit and product diversion.

YPB's full range of services will give businesses the ability to cost effectively protect their brands, easily detect counterfeits and give them the opportunity to connect with their consumers about the authenticity of their brand.

PROTECT

Security print packaging and labeling

YPB offers a wide range of intelligent security packaging and labeling solutions that can be included into almost any material and is a cost effective brand protection solution for companies wanting to protect the integrity and value of their brands in high-risk markets.

IP solutions & forensic services

YPB's IP solution specialists will work with quality brands and Governments, to develop personalised brand protection strategies and solutions that will deliver real protection and safety for brands, products and consumers.

DETECT

Scanner and tracer protection solutions

YPB's patent protected state-of-the art tracer technology is invisible, cannot be copied or destroyed.

Brand owners that include YPB's tracers in their packaging can use YPB's scanners to verify their product's authenticity. If a counterfeit is detected YPB's forensic services will consult with a brand owner to develop strategic solutions to protect the brand counterfeiting and product diversion.

CONNECT

Smartphone applications to detect and connect

YPB's sophisticated, user friendly and powerful smartphone applications allow brand owners and consumers to identify and report suspected counterfeit or divergent products and allows brands to connect and engage with consumers via QR codes, near field communication, track and trace, product scanning and consumer engagement. Giving brand owners valuable and actionable "big data" about their consumers and products through a powerful data analytics capability.

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