

Target Market Determination

- Made by:** YPB Group Limited (ACN 108 649 421) of Unit 1, 295 Rokeby Road Subiaco Western Australia 6008 (**Company**)
- Product:** Listed options to acquire fully paid ordinary shares in the capital of the Company with an exercise price of \$0.035 and expiry date 2 years from the date of their issue (**Options**).
- Effective Date:** June 2022

1. About this document

This target market determination (**TMD**) relates to the issue:

- (a) 52,500,000 Options to professional and sophisticated investors (**Convertible Note Options Offer**);
 - (b) 52,500,000 Options to Investors (**Additional Convertible Note Options Offer**); and
 - (c) 52,500,000 Options to EverBlu Capital Pty Ltd (**Advisor Offer**),
- (together, the **Offers**).

The Offers are being made by the Company under a prospectus dated 9 June 2022 (**Prospectus**). A copy of the Prospectus is available on the Company's website, www.ypbsystems.com.

The Options are being offered under the Prospectus to qualify the Options for securities, trading and their quotation on the Australian Securities Exchange (**ASX**).

The Offers will be made under, or accompanied by, a copy of the Prospectus. Any recipient of this TMD should carefully read and consider the Prospectus in full and consult their professional adviser if they have any questions regarding the contents of the Prospectus. Any recipient of this TMD who wants to acquire Options under the Offers will need to complete the application form that will be in, or will accompany, the Prospectus. There is no cooling off period in respect of the issue of the Options. This TMD is not a disclosure document for the purposes of the *Corporations Act 2001* (Cth), and therefore has not been lodged, and does not require lodgement, with the Australian Securities and Investments Commission (**ASIC**).

This TMD does not take into account what you currently have, or what you want and need, for your financial future. It is important for you to consider these matters and read the Prospectus before you make an investment decision. The Company is not licensed to provide financial product advice in relation to the Options.

Unless otherwise defined in this TMD, capitalised terms have the meaning given to them in the Prospectus.

2. Target Market

The table below summarises the overall class of consumers that fall within the target market for CDIs, based on the product key attributes and the objectives, financial situation and needs that it has been designed to meet.

Factor	Target Market
Investment Objective	The Company expects that an investment in the Options will be suitable to investors who have the right, but not the obligation, to gain exposure to equities

	in a small/mid cap product authentication and consumer engagement solutions provider Company listed on the ASX.
Investment Timeframe	The target market of investors will take a short term outlook in relation to their investment in the Company and are in a financial position that is sufficient for them to invest their funds over the time period prior to 5.00pm (AEST) on 22 February 2022, should they wish to exercise their Options.
Investment Metrics	While the Company does not have an established eligibility framework for investors based on metrics such as age, expected return or volatility, it is expected that the target market of investors will be able to withstand potential fluctuations in the value of their investment. The Options offer no guaranteed income or capital protection.
Risks	<p>The Company considers that an investment in the Options is highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment.</p> <p>Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in Options as an asset class generally and the more specific risks of investing in the Company.</p>

3. Distribution Conditions

The offer of Options under the Prospectus is being made to those institutional, sophisticated and professional investors who participated in the Placement.

The Prospectus will only be made available to institutional, sophisticated and professional investors who are confirmed as participants in the Placement before they apply for Options.

The Company considers that these distribution conditions will ensure that persons who invest in Options fall within the target market in circumstances where personal advice is not being provided to those persons by the Company.

4. Review Triggers

The Options are being offered for a limited offer period set out in the Prospectus, after the conclusion of which the Options will no longer be available for investment by way of issue. It follows that the TMD will only apply in the period between the commencement of the offer of the Options and the issue of the Shares shortly after the close of the Offers (**Offer Period**), after which the TMD will be withdrawn.

To allow the Company to determine whether circumstances exist that indicate this TMD is no longer appropriate to the Offers and should be reviewed, the following review triggers apply for the Offer Period:

- (a) there is a material change to the Options key attributes that make it no longer consistent with the likely objectives, financial situation and needs of clients in the target market;
- (b) the Company lodges with ASIC a supplementary or replacement prospectus in relation to the Prospectus;
- (c) the occurrence of a significant dealing in Options that is not consistent with this TMD. The Company does not consider that an on-sale of the Options on market is a significant dealing;
- (d) the Company identifies a substantial divergence in how the Options are being distributed and purchased from this TMD;
- (e) ASIC raises concerns with the Company regarding the adequacy of the design or distribution of the Options or this TMD; and
- (f) material changes to the regulatory environment that applies to an investment in the Options.

The Company may also amend this TMD at any time.

5. Review Period

If a review trigger occurs during the Offer Period, the Company will undertake a review of the TMD in light of the review trigger as soon as reasonably practicable and, in any case, within 5 business days of the review trigger occurring.

The Company will otherwise complete a review of the TMD immediately prior to the issue of Options under the Offer.

Periodic reviews of the TMD will not occur during the Offer Period, noting that the Offer Period is (subject to any decision to extend) less than one month. If the Offer Period is extended for more than one month, the TMD will be reviewed on a monthly basis.

6. Information Reporting

The reporting requirements of all distributors is detailed in the table below:

Reporting requirement	Period for reporting to the Company by the distributor	Information to be provided
Whether the distributor received complaints about the Options.	<ul style="list-style-type: none">For such time as the Offer Period remains open, within 5 business days after the end of each quarter.Within 5 business days after the end of the Offer Period.	<ul style="list-style-type: none">The number of complaints received.A summary of the nature of each complaint or a copy of each complaint.
A significant dealing of the Options that is not consistent with this TMD	As soon as reasonably practicable after the significant dealing occurs, but in any event no later than 5 business days after the significant dealing occurs.	<ul style="list-style-type: none">Details of the significant dealing.Reasons why the distributor considers that the significant dealing is not consistent with this TMD.
A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.	Within 5 business days after the end of the close of the offer of Shares in accordance with the Prospectus.	A summary of the steps taken by the distributor to ensure that its conduct was consistent with this TMD.

7. Contact Details

Contact details in respect of this TMD for the Company are:

Sebastian Andre
Company Corporate Secretary
Phone: +61 8 6555 2950
Email: investors@ypbystsms.com.au