

29 January 2016

Velpic Quarterly Activities Report

Quarter Ended 31 December 2015

Highlights

- Transformative quarter for Velpic with successful ASX listing and commencement of trade under the code "VPC"
- Strong sales momentum with continued client growth on both the East and West Coast of Australia
- First reseller partnership secured with leading retail industry trainer John Blake, activating a second major sales channel in customer growth strategy
- National expansion strategy executed with Business Development Managers appointed East Coast of Australia
- Top-tier management team reinforced with Chief Technology Officer and Chief Financial Officer appointed
- Velpic well funded to execute growth plans and strategy

Velpic Group (ASX: VPC) ('Velpic' or the 'Company') is pleased to provide an update of the Company's activities in the quarter ended 31 December 2015.

OPERATIONS

Major client wins including Alcoa

Strong client growth continued during the December quarter, with the Company securing a number of major enterprise clients to its unique cloud-based video eLearning platform. The new clients represented a broad range of industries on both the East and West coast of Australia. The client wins, particularly on the east coast, are consistent with the Company's customer expansion strategy.

Included among the client wins was Alcoa of Australia Limited, owned by global giant Alcoa Inc (NYSE:AA). Alcoa had previously engaged Velpic to create desktop multi-media training, and have now chosen to renew their engagement to use the full platform to provide training for existing staff and union members, as well as induction training to new staff members. The signing of Alcoa, a world-leading aluminium producer, provides strong validation for the Company's technology.

Also among the new clients was the Company's first franchise owner, Supercheap Storage with 20 locations nationally and eight locations in NSW. Other major client wins include Queensland Mitchells Services, Karridale Group (construction and maintenance contractor) and KSJV, a joint venture between Southern Cross Electrical Engineering & Irish Group Kentech.

Client growth for the quarter averaged 14% per month.

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First reseller partnership secured

During the quarter, Velpic activated a second major sales channel in its three-pronged strategy for customer growth with the signing of its first reseller partnership agreement. This was with leading retail industry trainer John Blake, who will utilise the Velpic eLearning platform to create video-based retail lessons. Mr Blake will then promote and sell the lessons to members of the Surf Boardsports Industry Association and their retail employees working in over 1,000 member owned stores across Australia.

Through this single partnership, Velpic now has access to over 1,000 potential new SME clients, clearly demonstrating the high growth potential of the platform.

Establishment of National Sales Team

Velpic commenced its national expansion strategy with the relocation of Velpic co-founder and National Sales & Marketing Manager, Mr Glen Moora from Perth to Sydney, and the hiring of Business Development Managers (BDM) across the East Coast of Australia to further enhance client growth. The BDM appointments are:

- New South Wales – Glen Moora
- Queensland – Lesley McCormack
- Victoria / South Australia / Tasmania – Renee Thiedeman
- Western Australia – Maurice Bonarrigo

In addition, the Company's management structure was reinforced to better support Velpic's growth. Mr Justin Panté from Dash Digital has been appointed to the role of Chief Technology Officer. Mr Panté has an extensive background in IT and most recently was the Global Practise Head for Lab 49 in New York, a technology consultancy that builds advanced solutions for the financial services industry.

Mr Daniel Rohr has been appointed under a consultancy arrangement to provide financial leadership for Velpic Group as the interim Chief Financial Officer. Mr Rohr has over 20 years management, corporate advisory, finance and accounting experience across a range of listed and unlisted companies in Australia and overseas.

In addition, a number of high-level staff from Dash Digital have transitioned to Velpic's management team, including Gabriela Pasqualon as Communications and Marketing Manager and Richard Johnson as Head of Customer Success.

CORPORATE

Non-Executive Director Leanne Graham appointed as Chairperson

During the quarter the Company appointed Non-Executive Director, Ms Leanne Graham as Chairperson of the Velpic Board. Ms Graham is a successful entrepreneur with a strong track record in managing and growing SaaS-based (software as a service) companies. She brings extensive tech start up experience, having successfully driven the growth of early stage mobile employment management platform, GeoOp as Chief Executive Officer. Additionally, Ms Graham is the co-founder and director of iExecute SaaS Ltd, a consulting business advising early stage and established SaaS companies on business strategy and execution. Prior to

this, Ms Graham had a tremendously successful tenure as General Manager and Global Head of Sales at Xero.

Completion of ASX listing and capital raise

On 12 November 2015 Velpic commenced trading on the Australian Securities Exchange (ASX) under the code “VPC”, following the successful acquisition of Velpic Limited by International Coal Limited (which has now been renamed Velpic Limited).

As part of the acquisition by International Coal, the Company completed a \$4 million capital raise and is well funded to execute its growth strategy.

FINANCE

Continued growth

In the quarter ended 31 December 2015 the Company averaged Enterprise Client growth of 14% per month, peaking at 21% in November. The strong growth in client numbers will drive increased subscription fee revenues and pay per view fees in coming months as new clients ramp up usage.

Cash Position

The Company is well funded to pursue its growth plans and had A\$3.25 million cash in the bank at the end of the December 2015 quarter. Several non-recurring costs were incurred during the quarter related to completion of the acquisition included termination payments to former Directors.

Velpic Chief Executive, Russell Francis, commented:

“The past quarter has been a substantial one for Velpic as we continued the transition from a start-up company to a mid-sized enterprise with a nationwide presence. With strong growth in our client base, including a number of blue-chip clients, I am confident the Company is well on its way to becoming a leading player in the global Learning Management Software industry. With top-tier managerial appointments across the Country and the appointment of a new Chairperson with substantial tech experience, Leanne Graham, the Company now has the managerial capability to maximise its growth potential. This is a very exciting period in the Velpic journey and I look forward to continuing to update the market with our progress in the months ahead”.

****ENDS****

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About the Velpic Group

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The Velpic Group consists of two related entities: Velpic, a cloud-based video e-Learning platform, and Dash Digital, a brand technology agency.

Velpic has developed a unique online platform that provides a scalable, cloud-based training, induction and education solution for businesses. The platform allows businesses to create their own training lessons and distribute them to staff and contractors, who can access the Velpic Platform on all devices including mobile phones and tablets.

The cloud-based platform has global potential and is set to disrupt the traditional Learning Management System (LMS) marketplace and Velpic already has an extensive list of ASX 200 clients using the platform.

Dash Digital is a full service digital branding, marketing, web and app development organisation that seamlessly blends creative and development talents across all disciplines – visual design, print graphics, websites, software development and online marketing.

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