

28 April 2016

Velpic Quarterly Activities Report

Quarter Ended 31 March 2016

Highlights

- Strong client growth continues across Australia with average month-on-month Enterprise client growth peaking at 18%, with a number of new clients secured on the east coast
- Multiple reseller partnership agreements secured, providing Velpic with exposure to a multitude of clients through one touch sales point
- International expansion strategy accelerated with ADP Marketplace agreement that pushes Velpic platform into multiple new geographies
- Two new revenue streams activated with clients secured for On-Demand and Lesson Marketplace features
- Development of next generation platform – Version 3.0 – set to complete well ahead of schedule

Velpic Group (ASX: VPC) ('Velpic' or the 'Company') is pleased to provide an update of the Company's activities for the three months to the end of 31 March 2016.

OPERATIONS

Continued Strong Enterprise Client Growth

Enterprise client sales continued its solid growth momentum during the March quarter, following the appointment of a number of Business Development Managers across Australia early in the reporting period. Client growth on the east coast is proceeding as planned, with a number of new Enterprise clients secured in Queensland, New South Wales and Victoria. Enterprise sales are affected by seasonal events and as such January was expectedly quiet but February and March saw significant new Enterprise clients sign up with growth peaking in March at 18%, with an average month-on-month growth across the three months of 11%.

Clients secured during the reporting period come from a range of sectors including heavy industry, engineering, resources, hospitality and retail. Notable client wins during the reporting period include:

- Cargotech (VIC)
- Southern Cross Electrical Engineering (WA)
- CV Services Group (QLD)
- Infigen Energy Ltd (NSW)
- LD Total (WA)

Velpic Limited
ABN 65 149 197 651

243 Hay St Subiaco WA 6008
t 1800 463 828 f (08) 6160 4445
e info@velpic.com velpic.com

In March, Velpic commenced its international expansion strategy with Enterprise sales kicking off in New Zealand. This initiative is being led by Velpic Co-Founder Glen Moora who oversees the Company's enterprise sales strategy from his Sydney base.

Multiple Reseller Partnerships Secured

Velpic bolstered its reseller sales channel during the quarter, securing a number of reseller partnerships across Australia where the partners have agreed to on-sell the Company's eLearning platform. New partners include:

- Risk Link (WA)
- Gavin Miles (WA)
- Marlene Liontis (VIC)
- Keegan Consulting (QLD)
- Beling Consulting (QLD)
- Kleinhardt Consultants (QLD)
- Volta Technologies (QLD)

Through these reseller partnerships Velpic has extended its sales reach nationwide, with a single partnership providing one touch point to a multitude of new clients in a number of new market verticals, and representing substantial client acquisition potential.

In addition, the reseller sales channel was further strengthened with the appointment in March of Mrs Carrie Flanagan as Partner Program Manager. Mrs Flanagan will be responsible for managing and expanding Velpic's reseller agreements, which will be pivotal in growing the Company's client base.

International Expansion Commences

Velpic accelerated its international expansion strategy during the quarter, signing an agreement with NASDAQ-listed ADP, LLC – a leading global provider of cloud-based human capital management (HCM) solutions with more than 630,000 clients and 35 million end-users in over 100 countries.

Under the agreement, Velpic's eLearning platform will be included in the ADP Marketplace, which will initially market the Company's video eLearning platform by promoting a link to Velpic. In the second phase, Velpic will fully integrate its platform into ADP's platform to provide clients of both systems with a seamless user experience. Integration is targeted for completion by the end of Q3 CY2016.

The ADP Marketplace is a cloud-based "one-stop-shop" designed to help employers dynamically manage an ecosystem of enterprise applications from ADP and world-class partners via a secure, single-sign-on process.

The ADP agreement provides Velpic with a significant opportunity to showcase its eLearning platform to thousands of ADP clients, and push the platform into new geographies including the key USA market.

Commencement of New Revenue Streams

Velpic diversified its revenue sources during the reporting period with the commencement of its On-Demand and Lesson Marketplace features. The launch of the new features enhance Velpic's customer service offering and opens a market opportunity for existing and new customers whilst bolstering the Company's SaaS revenue and Pay Per View (PPV) fees.

The On-Demand feature provides organisations the flexibility to offer a library of video lessons without the need for scheduling and for staff to view lessons when and where it is most convenient for them.

The Lesson Marketplace offering is a cloud-based lesson store where Velpic, in collaboration with third parties, have curated a library of pre-developed eLearning content from industry experts. These lessons can be purchased by customers and be customised for specific training needs and branding. The Lesson Marketplace feature is consistent with the long-term strategy of providing an eLearning platform that is flexible and accessible to SMEs.

Development of SME Version 3.0 Significantly Ahead of Schedule

Development continued on Version 3.0 with the process entering its final testing phase subsequent to the reporting period. As previously advised, Velpic anticipates that Version 3.0 will be deployed significantly earlier than the previous targeted completion time of Q3 CY2016.

In March, Velpic released new pricing information and upcoming features on its customer-focused website www.velpic.com as part of preparation for the launch of Version 3.0.

Development of Version 3.0 has been targeted to the SME market, which is quickly becoming a significant growth driver of the global Learning Management System (LMS) market. This new platform will significantly enhance Velpic's ability to grow its client base by providing a fully automated interface for SME clients to sign up to the Velpic platform. This provides the opportunity to significantly scale the Company's client growth with minimal additional overhead, positioning Velpic to emulate the success of other SME targeted SaaS businesses such as Xero (ASX:XRO) and Atlassian (NASDAQ: TEAM).

Version 3.0 will activate Velpic's third and final major sales channel of its three pillar sales strategy. All three pillars, including pillar one for enterprise sales and pillar two for reseller partnerships, will advance Velpic's key growth initiatives of accelerating client growth and expanding market share.

CORPORATE

Non-Executive Director Appointment

During the quarter, the Company appointed Mr Daniel Rohr as a Non-Executive Director to the Board of Velpic. Mr Rohr is a Chartered Accountant with more than 20 years management, corporate advisory, finance and accounting experience across a range of listed and unlisted companies in Australia and overseas. He has extensive experience in the IT industry and was responsible for the development and launch of financial

products comparison and advisory site, *helpmechoose.com.au*. Mr Rohr was also the Chief Financial Officer of ecorp Limited, a digital investment company that established eBay in Australia and ninemsn (through joint ventures) as well as acquiring Ticketek and invested in the start-up of Wizard Mortgage Corporation.

FINANCE

The strong growth in Velpic client numbers over the quarter will drive increased subscription fee revenues and pay per view fees after a typical three to four month lag period from sign up as clients initially use the Velpic platform to develop their training content before they commence scheduling and delivery of lessons.

The Company's closing cash position at the end of the reporting period was A\$2.015m.

****ENDS****

For further information, please contact:

Investor queries:

Russell Francis
CEO – Velpic
+61 8 6160 4455
russell@velpic.com
www.velpic.com - for product information
www.velpiclimited.com - investor relations

Media queries:

Ben Grubb
Senior Account Manager
Media and Capital Partners
+61 414 197 508
ben.grubb@mcpartners.com.au

About the Velpic Group

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.