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First Distribution Agreement Expected to Significantly Boost Forward Revenues

Highlights

- First distribution partnership agreement secured with high growth business advisory platform provider Panalitix
- Single new distribution partnership has potential for current recurring monthly revenues to triple within a 12-month period based on conservative assumptions
- Agreement provides Velpic with access to an immediate 165 new customers and potentially 500 new customers in both Australia and the USA
- Multi-tiered sales strategy enables Velpic to generate revenue through direct subscription package with Panalitix and a reseller revenue sharing arrangement
- Accelerates Velpic's market penetration into the SME sector in Australia and internationally

Velpic Limited (ASX: VPC) ("Velpic" or "the Company") is pleased to advise it has entered into an agreement with business advisory software provider, Panalitix, in the Company's first distribution partnership arrangement, accelerating Velpic's market penetration into the SME sector in Australia and internationally.

Panalitix is a groundbreaking cloud software solution, created by successful entrepreneurs Rob Nixon and Colin Dunn that delivers business advisory tools for accountants. It automates the marketing and delivery of advisory services by overlaying and drawing data from MYOB, Xero and Intuit accounting software systems. Armed with the real time data, Panalitix then provides accountants with access to over 130 hours of eLearning courses to give them the tools to help their clients improve their business, as well as improve their own accounting firm and training their team members

The distribution partnership employs a multi-tiered sales strategy that will see Panalitix become a distributor of Velpic's eLearning platform to its member accountants. These members will then become resellers of the eLearning platform to their own clients.

This single distribution partnership provides Velpic with the potential to triple recurring monthly revenues with exposure to a multitude of SMEs. It also demonstrates the high growth potential for the Company to rapidly increase its SME client base with the addition of only a few strategic partnerships.

Panalitix currently has over 400 clients in Australia and New Zealand and a further 300 in the US, Canada and the UK. Based on current growth forecasts, Panalitix expects its customer base to reach 1,200 firms by 31st December 2016 bolstered by its ongoing drive into the US market.

The Panalitix distributor partnership is a proto-type of the distributor partnerships the Company intends to establish in different geographies and industries. This will transform these partners and allow them to create new revenue streams for their own businesses as well as their clients.

Velpic will generate revenues through a new monthly subscription fee for Panalitix as well as a revenue sharing arrangement where Panalitix will resell Velpic to their clients, accounting firms, and then these accounting firms will then further resell Velpic to their clients, SMEs.

Assuming a conservative 5% potential take up of the Velpic platform through this distribution partnership arrangement, the Company estimates an approximate 200% increase in current recurring monthly revenues within a 12 month period.

Commenting on the partnership, Panalitix founder and CEO Rob Nixon said:

“We believe that Accountants are the natural trusted advisor. Nearly every small business in the world is connected to an Accountant in some way. When Accountants have access to the real time information and the correct education they can make a massive difference to their client’s condition.

“We’ve been working with Accountants all over the world for 20+ years and we know how they operate and how to help them. They can be the gateway to business success. Our intention is to use our extensive global reach and help them train their clients.

“With the Velpic e-learning platform and our training content, we can distribute business improvement training programs direct to the Accountants without the Accountant doing a thing.”

Velpic Chief Executive, Russell Francis, commented:

“We are very pleased to be working with Panalitix as the Company’s first distribution partner, and we believe the eLearning platform will be extremely complementary to Panalitix’s business advisory cloudware and to its clients’ operations.

“The distribution partnership also marks significant progress in the evolution of Velpic’s reseller partnership channel and clearly demonstrates the high scalability of Velpic’s platform to accelerate growth in its client base, thereby achieving a key growth initiative.

“The new Panalitix distributor partnership will become the blueprint for many other partnerships in different geographies and industries, all using the Velpic platform to create new revenue streams for their own businesses and their clients.

“As part of the international expansion strategy, Velpic is increasingly focused on partnership reseller arrangements and we will look to replicate this arrangement with other distributors in the near term.”

****ENDS****

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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.