

25 July 2016

Velpic Quarterly Activities Report

Quarter Ended 30 June 2016

Highlights

- Continued strong client growth, with enterprise client growth of 20% for the quarter
- Version 3.0 of Velpic's next generation cloud-based video eLearning platform launched, marking entry into the SME market segment
- Launch of two Velpic apps, enhancing the mobility and accessibility of Velpic's lessons for supervisors and trainees
- All three pillars for Velpic go-to-market strategy now in place; Enterprise, Resellers & SME
- Multiple strategic partnerships secured, including first distribution partnership
- Successful completion of rights issue raising \$5.7 million, with strong investor support
- Company is well funded to accelerate its international and domestic expansion initiatives

Velpic Limited (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 30 June 2016.

OPERATIONS

Successful Launch of Version 3.0 Ahead of Schedule

Velpic released Version 3.0 of its eLearning platform during the quarter, three months ahead of schedule, facilitating the activation of its third and final major sales channel. Version 3.0 specifically targets the Small and Medium Enterprises market (SME), expected to be a key growth driver for the business.

Version 3.0 offers SMEs a cost effective solution for smaller workforce training and induction requirements and included a range of functional improvements, including improved lesson completion tracking to assist businesses train their staff more effectively. Another new feature includes 'Self Sign Up' and automatic payment options to make it easier for SME clients to sign up for trials and become paying clients without sales assistance.

The SME version will generate revenue for the Company via a monthly subscription fee, with Pay Per View fees for SME clients included in the new pricing packages. With a "soft" launch through May and June 2016 to beta test the SME version, with limited digital marketing, the first trial accounts have begun using the platform and it has passed all quality assurance criteria. The Company is now ready to launch its full digital market strategy to drive client acquisition.

Velpic Enters Product Training Market

Velpic signed workforce management software solutions company, ComOps as a client during the quarter, representing Velpic's first entry into the product training market.

ComOps provides a range of workplace solutions including rostering and scheduling services and labour cost management software. It supports more than 180 customers in over 5,800 locations globally.

Velpic is providing training solutions that allow ComOps to train their clients in their software offering.

Velpic Signs Canterbury League Club

The Canterbury Leagues Club, home of the Canterbury-Bankstown Bulldogs NRL Team in NSW has signed on to Velpic's enterprise offering and plans to use Velpic's eLearning platform to induct new employees and train the existing 500-plus workforce at its Club. The Canterbury Leagues Club is recognised as one of Sydney's premier hospitality destinations

and the venue hosts multiple bars, restaurants and cafes, entertainment lounges and a 24-hour health club and is currently undergoing a \$120+ million refurbishment.

Sustained Client Growth

Validating the strength of the Company's offering, Velpic experienced strong client growth during the quarter, entering several new market segments with multiple new clients signed up. Clients that have agreed to be disclosed include Shelf Subsea and Boggabri Coal. Velpic also entered the local government market providing safety training and induction.

Velpic Releases Two Mobile Apps

During the quarter, the Company released the first native app for its eLearning platform, with the 'Velpic Supervisor' companion app launched on the Google Play and Apple App Store. The app provides a variety of productivity and convenient follow-up tasks for training management and industry compliance via a smartphone, increasing the mobility and functionality of Velpic's platform for supervisors.

The second native app, also available through Google Play and the Apple App Store, called 'Velpic Learn', enhances the trainees experience by providing increased flexibility allowing lessons to be completed remotely in any location on a smartphone or tablet. This increased mobility further reduces the efforts and costs required for customers to train their staff.

Both apps are bundled with Velpic's Lite, Standard, Plus and Enterprise packages that are currently on offer for all of the Company's existing and future clients.

Strategic Partnerships with Big Review TV and Cognitives

Velpic entered into two strategic partnerships during the quarter to extend the reach of Velpic's offering to new potential customers.

- **Big Review TV**

Velpic signed a collaboration agreement with Big Un Limited (ASX: BIG), the parent company of Big Review TV Ltd (BRTV), which provides online video content, video reviews and online marketing services to small and medium enterprises through its platform. Big and Velpic will collaborate to develop and produce video content for specific customer requirements such as inductions and focused training lessons.

- **Cognitives**

Cognitives is a SaaS (software-as-a-service) publishing platform that allows businesses to build an online website and community around their content and brands through social aggregation. Under the partnership, Cognitives will provide a specially designed platform for Velpic to place curated content that will be accessible to the learning community, allowing them to participate on the platform by publishing their own articles.

MOU signed with TikForce

The Company also signed a Memorandum of Understanding (MOU) with Tikforce Limited, a human resource technology provider that develops solutions for workplace identity verification and qualification validation, including bio-metrics confirmation. Investigations have advanced regarding the integration of TikForce's online security technology with the Velpic platform.

Distribution Agreement with Panalitix

During the quarter, Velpic signed its first distribution agreement with Panalitix. Panalitix delivers business advisory tools for accountants, automating the marketing and delivery of advisory services. It currently has over 400 clients in Australia and New Zealand and a further 300 in the US, Canada and the UK.

Through the agreement, Panalitix becomes 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 which then further accelerates Velpic's market penetration in the SME sector in Australia and internationally.

CORPORATE

Completion of Rights Issue

Immediately subsequent to the end of the quarter, Velpic announced that it had completed a 2 for 5 renounceable rights issue raising \$5.7 million before costs, with strong support from shareholders and new investors. The Company received applications for 190 million shares, with CPS Capital partially underwriting the deal.

Under the offer, shareholders were able to subscribe for 2 new shares for every 5 existing shares they already owned at an issue price of \$0.03 per share. One free attaching option was also included for every 2 new shares subscribed for, with an exercise price of \$0.06 and a term of 24 months.

Net proceeds, in conjunction with existing cash reserves, will be used to accelerate the Company's expansion both domestically and internationally through partnerships and digital marketing, as well as providing funds for further platform development.

FINANCE

The Company experienced sustained client growth during the quarter, driving revenues for Velpic from subscription and pay per view fees. During the quarter, the Company experienced enterprise client growth of 20%.

The Company's closing cash position at the end of the reporting period was \$1.2 million. The Company completed its Rights issue subsequent to year-end, which raised a further \$5.7 million before costs, significantly bolstering the Company's cash position and providing funding to execute its growth initiatives.

OUTLOOK

With a number of new client's secured during the quarter and the launch of Version 3.0 to target the SME space now fully tested, Velpic is making strong inroads towards a market leading position in the multi-billion-dollar global Learning Management System market.

Following the completion of a successful capital raise with strong support from investors, the Company is funded to accelerate its international expansion focusing on the US and the UK. Currently, the Company is working on a number of international initiatives, with further updates expected in the coming months.

In addition, with a number of partnerships signed, Velpic expects continued growth momentum and penetration of the SME market in the quarter ahead. In particular, there will be a strong emphasis on the development of additional sales partnerships and digital marketing channels to drive further strong revenue uplift.

****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.