

28 October 2016

Velpic Quarterly Activities Report

Quarter Ended 30 September 2016

Highlights

- **Company rapidly began international expansion** with successful inclusion in the UK Government's G-Cloud and integration into ADP's marketplace in the USA
- **Successfully launched version 3.1** of the eLearning platform, incorporating new features to enhance the user experience and an improved pricing structure
- **Continues to experience strong client growth** across enterprise and SME customers, due to successful enterprise sales initiatives and ramp up of SME self-sign up digital campaigning
- **Cash inflows of \$473k** during the quarter, with recurring revenue experiencing a continued upward trend
- **Completion of rights issue** raising \$5.7 million to further fuel and drive expansion initiatives into international markets

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 September 2016.

OPERATIONS

International Expansion Commenced

During the quarter, the Company successfully tendered for inclusion in the UK Government portal, G-Cloud, marking the beginning of its international expansion plans. Inclusion in the G-Cloud portal provides Velpic with access to over 38,000 public sector buyers in the UK.

Further building its international reach, the Company also completed the integration of its platform into NASDAQ-listed ADP's global resources management marketplace in the USA, delivering an addressable market of over 630,000 ADP customers.

Incorporation into these marketplaces represents a key part of Velpic's sales strategy, opening up new markets and making the platform easily available. It also follows the industry trend where marketplace availability is becoming increasingly important for B2B SaaS sales. In addition, it also offers further validation of Velpic's platform and capabilities.

Following on from the successful marketplace inclusions the Company is now in discussions with local UK and USA based partners to help promote and sell Velpic directly and through these marketplaces.

Platform Development and Success

Marking an important milestone, Velpic released Version 3.1 of its Learning Management System (LMS) during the quarter. The platform includes new features that enhance the user experience and further increase accessibility for clients. Version 3.1 allows users to create lessons by uploading existing content in a variety of standard document formats, eliminating the need for clients to recreate the lesson content.

In tandem with the release of Version 3.1, the Company has also updated its pricing structure, incorporating a 'per active user' fee, meaning clients are charged a fee for each active user, or staff member on the platform. The new structure makes it easier for clients to undertake as many lessons as required and enables *Continuous Learning* and *Knowledge Sharing* to easily become a key part of company culture.

Post the quarter, Velpic was ranked seventh on *Capterra's Top 20 Most User Friendly LMS'* and claimed a position in the *Top 20 Most Affordable LMS'*. With over 500 LMS solutions listed on *Capterra*, the web service connecting buyers and sellers of business software, achieving positions in the Top 20 clearly demonstrates the quality of the Velpic LMS offering globally.

Update on Client Wins

The Enterprise sales team performed strongly during the quarter, signing multiple new clients across multiple industries including Fredon, SRG, Vassallo Construction, Enjo, Ranger Drilling and Bid Metrics.

The Company expanded its reseller network during the quarter, with the total now at 21. These resellers have won their first clients for the Company including clients such as A.P. Eagers, demonstrating the merit of establishing a strong reseller network.

The self-sign up digital marketing campaigns for SME clients launched during the quarter and the number of self-sign up clients has been steadily building. The Company expects to see this pillar begin to accelerate in the coming quarters as the digital marketing campaigns generate further traction.

CORPORATE

Completion of Rights Issue

On 5 July 2016, Velpic 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.

The funds raised, in conjunction with existing cash reserves, will be used to accelerate the Company's expansion both domestically and internationally, targeting additional partnerships, enhancing sales and marketing initiatives, as well as providing funds for further platform development.

FINANCIAL

Annualised recurring revenue generated from the Velpic platform increased 28% on the June 2016 quarter demonstrating a strong upward trend.

The Company reported cash inflows of \$473k and the closing cash position at the end of the September reporting period was \$5.74 million.

The Company's revenue generating activities are increasingly helping to fund operational activities and the business remains well funded to drive its international and domestic expansion initiatives.

OUTLOOK

Velpic has in place a strong sales team and a focused sales and marketing strategy to continue its client traction both domestically and internationally. The Company is pleased with its progress to date in growing its direct sales and reseller partner network.

The platform is being sold through a number of partner businesses including advisory platform provider Panalitix, global human capital management (HCM) technology provider ADP® and the Surf Boardsports Industry Association (SBIA) web site.

The Company is focused on growing its reseller network and presence within marketplaces, which is a key part of its sales and marketing strategy. The sales team continues to garner traction among enterprise clients in Australia and the Company boasts a robust sales pipeline. Additionally, the SME self-sign up initiative is increasingly picking up new customers as online marketing activities have ramped up.

Velpic Chief Executive, Russell Francis commented:

"We are extremely pleased with the significant progress the Velpic team has managed to achieve over this quarter. The updates to the platform, the new pricing structure and international expansion via extremely well respected and patronised marketplaces will have lasting effects on this business as it strives forward. Being well funded, with a strong plan for success means that we are extremely well placed to consolidate in the December quarter and accelerate our growth through 2017."

****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.