

26 October 2017

Velpic Quarterly Activities Report

Quarter Ended 30 September 2017

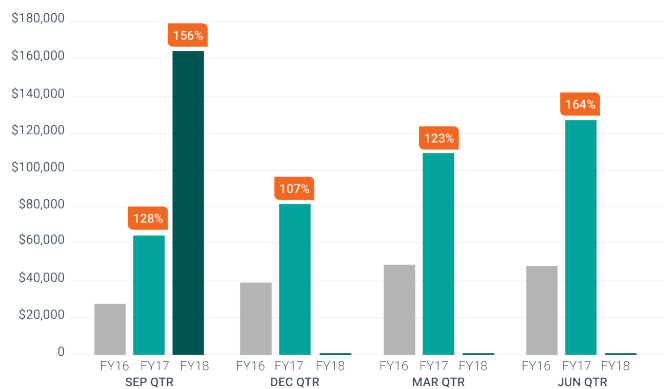
Highlights

- Revenue (unaudited) of \$539k for the September Quarter
- Year-on-Year increase of 156% in Velpic’s recurring SaaS revenue the quarter
- Record breaking recurring revenue growth in September Quarter
- Record number of Monthly Active Users (MAU) and lessons completed in quarter
- Closing cash of \$2.37m to fund growth

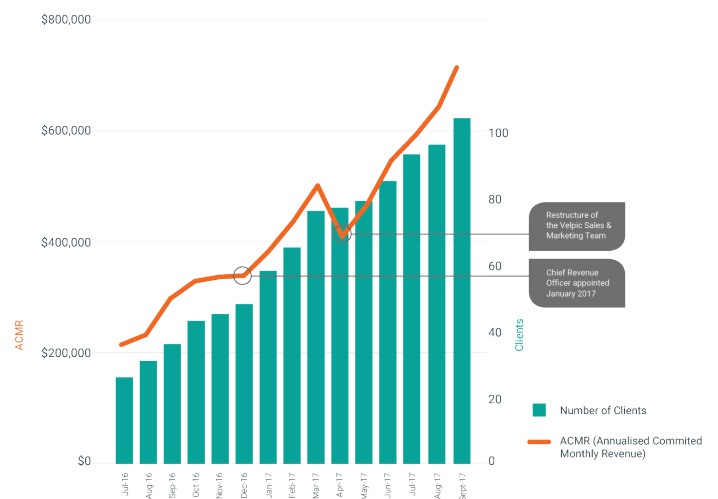
Velpic Limited (ASX: VPC) (“Velpic” or “the Company”) is pleased to provide an update of the Company’s activities for the quarter ended 30 September 2017.

FINANCIAL

Year-on-Year Recurring SaaS Revenue (unaudited)



ACMR & Client Growth (unaudited)



Revenue (unaudited) for the September Quarter totalled \$539k up from \$461k in the June Quarter. Velpic's recurring SaaS revenue increased 156% for the September Quarter, in comparison against the same quarter last year, as a result of new record sales.

Cash receipts were up 24% from \$457k in the June Quarter to \$567k in the September Quarter and cash used was down 22% from \$1,123k in the June Quarter to \$877k in the September Quarter. New net sales for the quarter added over \$189,000 in annualised recurring revenue.

The Company's closing cash position at the end of the reporting period was \$2.37 million.

OPERATIONS

September was a record setting quarter for both Monthly Active Users (MAU) and number of lessons completed. Over 27,000 lessons were completed in the September Quarter.

Following on from new additions to the Sales Team in the March Quarter and a restructure of the Sales & Marketing team in the June Quarter, the September Quarter is the first full operating quarter where there has been a consistent, uninterrupted opportunity for the Velpic Sales & Marketing Team to work at an optimal level. This resulted in record levels for new sales, revenue generation and usage of the platform.

Russell Francis, Chief Executive Officer of Velpic commented: *"The Velpic Sales & Marketing Team has set a new baseline for performance this quarter and has underlined the growth possible for Velpic in a rapidly expanding marketplace."*

****ENDS****

For further information, please contact:

Investor queries:

Russell Francis
CEO

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Pursuant to Listing Rule 4.7B(b), this Quarterly Report will be the last lodged by the Company, it having complied with the requirement under the Listing Rules to provide the same to ASX for the first eight quarters following its re-admission under Listing Rule 11.1.3

Name of entity

Velpic Limited

ABN

65 149 197 651

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	567	567
1.2 Payments for		
research and development	-	-
product manufacturing and operating costs	(117)	(117)
advertising and marketing	(83)	(83)
leased assets	-	-
staff costs	(1,103)	(1,103)
administration and corporate costs	(145)	(145)
good and services tax paid	-	-
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes benefit (R&D incentive)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - tenement costs	-	-
1.9 Net cash from / (used in) operating activities	(877)	(877)

2.	Cash flows from investing activities		
2.1	Payments to acquire/disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,250	3,250
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(877)	(877)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,373	2,373

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,373	3,250
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,373	3,250

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
119
-

Fees and salaries paid to Directors

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter*	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	115
9.3 Advertising and marketing	90
9.4 Leased assets	-
9.5 Staff costs	1,000
9.6 Administration and corporate costs	125
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows*	1,330

* The estimated cash outflows for the quarter will be partially offset by the cash inflows for the quarter.

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director)



Date:26/10/2017.....

Print name:Russell Francis

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.