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VPC IN TRADING HALT

Velpic Signs Transformational Deal with NowForce and Proposed Capital Raising

- Velpic signs transformational partnership with disruptive Israeli SaaS security software company NowForce to bring online learning to the global \$220bn¹ Security Sector
- Velpic and NowForce to integrate their platforms to provide a value-added solution to new and existing clients of both platforms
- NowForce to sell the integrated solution internationally with 100+ existing clients including Multinationals, USA Federal Agencies and a number of North America's most prestigious Universities
- NowForce chooses Velpic as its sole distributor in Australia & New Zealand to service the growing \$8.8b² Australia & New Zealand Security Industry
- Velpic recurring revenues set to grow with contributions from both Velpic SaaS and NowForce SaaS sales in Australia & New Zealand directly and globally through NowForce and its Partners reselling Velpic integrated into the NowForce platform
- Velpic to take part in NowForce's current fund-raising by acquiring approximately 5% of NowForce for US\$1m
- Velpic to undertake a 2 stage AU\$3.14m capital raise with funds used to acquire a stake in NowForce, launch NowForce in Australia & New Zealand and integrate the two products
- A top-tier Australian University with more than 28,000 students and 1,800 staff has already purchased NowForce to manage campus security and will become the first customer of the new partnership

¹ Forecast to 2018 Lucintel, Growth Opportunities in the Global Security Services Market

² Ibis research and NZSA

Velpic Limited (ASX: VPC) (“Velpic” or “the Company”) is pleased to announce that it has signed a transformational deal with Israeli based SaaS Security company NowForce Limited (www.nowforce.com).

NowForce has developed an affordable, user-friendly SaaS solution for the global Security Industry, a growing market currently worth \$220bn. The NowForce platform consists of three integrated apps that provide a comprehensive, state-of-the-art, end-to-end solution for public safety situations. Starting with incident reporting via a personal safety app, to an industry-leading, cloud-based computer aided dispatch system that then hands over to a mobile response tool to reduce response times, increase situation awareness and enhance communications in security and public safety situations.

NowForce has an expanding blue-chip client base and partnership model that has seen its rapid adoption particularly in the USA where it is currently being used by Multinationals, Federal Agencies and a number of North America’s most prestigious Universities. With over 100 enterprise grade clients, NowForce is an industry disrupting, one-stop solution for campus security, private security and public safety organisations and this year has been named as a Top 10 Homeland Security Solution Provider by govCIO in the USA.

After six months of its own rapid expansion, Velpic has successfully specialised its platform and industry-leading training content to focus on high-growth verticals including Schools, Sports, Infrastructure & Construction and most recently Franchises. The global security industry is the next vertical that Velpic will address and by partnering with NowForce, Velpic has established a transformative, mutually-beneficial partnership that provides multiple opportunities for recurring revenue growth.

Velpic and NowForce will integrate their platforms to provide a seamless value-added solution to new and existing clients of both platforms. The integration will create a solution for the global Security Industry that is unique and game-changing. Solutions in the Security Industry typically focus on incident management, whereas the integration of Velpic and NowForce will create a

product that has a global first-mover-advantage, in that it will be able to better train the people responding to incidents but also educate the people potentially affected by incidents, with the ultimate goal of proactively reducing the number of incidents in the first place.

The Velpic NowForce global partnership will extend beyond platform integration with Velpic appointed as NowForce's sole distributor in Australia & New Zealand to service the growing \$8.8b Australasian security industry. Under its exclusive reseller agreement with NowForce, Velpic will launch Velpic Security, a new specialised service in Australia & New Zealand that will sell the integrated Velpic NowForce industry-leading platform. Velpic Security will specifically target local industries including education, mining, oil & gas, venues and the public sector.

Assaf Shafran, Chief Executive Officer, NowForce commented: *"NowForce achieved significant growth through strategic reseller and OEM partnerships and we are delighted to appoint Velpic as an exclusive reseller in Australia and New Zealand. We have already secured a number of exciting opportunities in the region and we expect sales to accelerate with the new partnership. We are also excited to integrate the Velpic technology into our platform and develop a truly unique and compelling end-to-end solution for the Security Sector"*.

The NowForce solution can be applied to many industries and in many situations from asset management where a mining company can dispatch the appropriate engineer real-time to a mechanical breakdown, to a sports stadium responding to antisocial behaviour. Campus Security is another sector where NowForce is a world-leader. There have been industry-wide calls for universities to address sexual violence within their communities and universities are responding by adopting the NowForce system. In November 2017, NowForce was purchased by a top tier Australian university with more than 28,000 students and 1,800 staff to manage campus security and this university will become the first customer of the new partnership.

Russell Francis, Chief Executive Officer, Velpic commented: *“Security is a growing concern for many businesses and in the community in general. Companies need to have the tools to proactively protect their staff and clients and respond to incidents that are time critical. From terrorist attacks, to campus security, to accidental injury and asset protection; security has never been more topical or critical. I’m extremely pleased to announce our strategic and game changing partnership with NowForce and I very much look forward to bringing this industry disrupting technology to the Australian and New Zealand markets.”*

The Velpic NowForce partnership will increase Velpic’s go-to-market recurring revenue streams. Velpic recurring revenues are set to grow with contributions from both Velpic SaaS and NowForce SaaS sales in Australia & New Zealand directly and globally through NowForce and its Partners reselling Velpic integrated into the NowForce platform:

1. EXISTING - Velpic direct sales with revenues in the September Quarter growing 156%;
2. NEW - NowForce direct sales in Australia and New Zealand via Velpic Security; and
3. NEW - International sales of an integrated NowForce Velpic platform via NowForce and its Partners.

The strategic nature of this partnership and upside potential for both Velpic and NowForce has prompted Velpic to take part in NowForce’s current fund-raising initiative by acquiring approximately 5% of NowForce for US\$1m. NowForce will use these funds in part to help integrate the two platforms.

To help fund this strategic investment, launch Velpic Security in Australia & New Zealand and to integrate the two products, Velpic plans to undertake a 2 part capital raising of up to AU\$3.14m, with Jindalee Partners Pty Ltd (AFSL: 488739) and Merchant Corporate Advisory Pty Ltd (AFSL: 303566) acting the role of lead managers and advisors. Velpic’s cash position (unaudited) as at 31 October 2017 was \$2.17m.

The capital raising will comprise:

1. A Placement to sophisticated investors of a maximum of 121,155,925 ordinary shares at a price of \$0.008 per share to raise \$969,247. For every 7 ordinary shares subscribed, 2 free attaching options will also be issued with a strike price of \$0.02 per option and an expiry date of 30 November 2019 (a total of 34,615,978) options; and
2. A partially under-written non-renounceable rights issue on a 2 for 5 basis raising a maximum of \$2,171,114 through the issue of a maximum of 271,389,270 shares (and 77,539,791 free attaching options) with an identical structure and pricing as the placement referred to above. Underwriting is to the extent of \$1m, with the Prospectus for this rights issue anticipated to be lodged with ASIC on 29 November 2017.

Velpic will remain in trading halt until the results of the sophisticated investor placement referred to immediately above are known and the market can be updated. At that time, an update on the Prospectus lodgement date will also be given.

At the close on Friday 24 November 2017 Velpic's share price was \$0.011 with a 20 Day VWAP of \$0.01125 and thus the proposed capital raising price of \$0.008 represents a discount of 28.89% to the 20 Day VWAP, without considering the inclusion of the free options.

If the prospectus is lodged on 29 November, the Record Date for determining entitlements will be 4 December 2017 and the Closing Date will be 18 December 2017, with new securities anticipated to commence trading on 28 December. These dates will obviously change if the date of lodgement of the Prospectus changes.

Leanne Graham, Chair, Velpic commented: *"It is extremely pleasing to be able to find a single partnership that addresses so many of the ambitions of the Velpic Board - revenue growth, international expansion, greater market sector coverage and continuing innovation. This is a strategic and sensible transformational partnership for Velpic and NowForce."*

****ENDS****

For further information, please contact:

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About Velpic (www.velpic.com)

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.

About NowForce (www.nowforce.com)

NowForce has developed an affordable, user-friendly solution for agencies through personal safety apps, cloud-based computer aided dispatch and mobile response tools to reduce response times, increase situation awareness and enhance communications in security and public safety situations.

Disclosure

Mr Harry Karelis is both a Director of both Velpic Limited and Jindalee Partners Pty Ltd and has abstained from all discussions and negotiations with the respect to the subject matter of this announcement.