

Tuesday 12 December 2017

Velpic December 2017 Sales Update

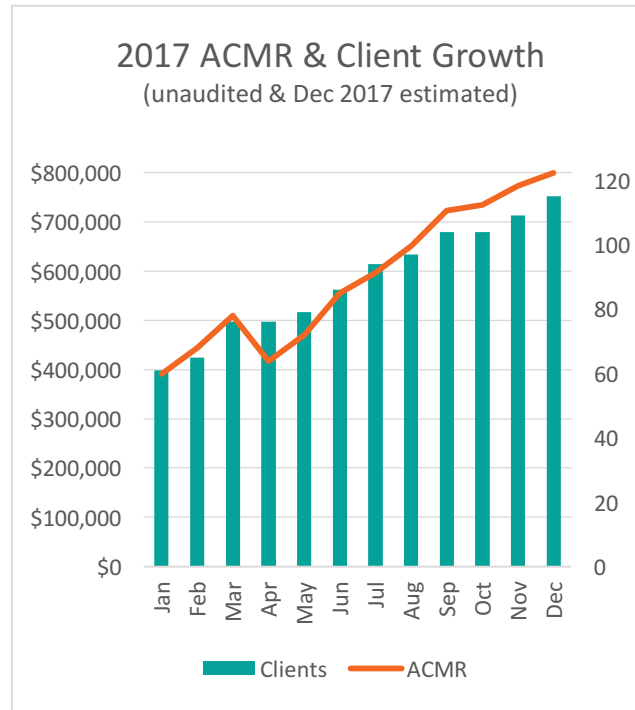
- Annualised Committed Monthly Revenue (ACMR) on track to exceed \$800,000
- Costs Significantly reduced by up to \$1m per annum over 2017
- Pricing for NowForce software expected to start from \$25,000 pa for customers
- Sales of NowForce software expected to accelerate ACMR due to the significantly higher pricing than current Velpic products

Velpic Limited (ASX: VPC) (“Velpic” or “the Company”) is pleased to announce that the growth in sales during the December Quarter is continuing to drive ACMR to record levels and is expected to exceed \$800,000 by the end of December 2017, 130% growth from the December 2016 quarter.

Following two record breaking quarters for revenue growth in March and September, the December Quarter looks poised to exceed expectations in what is typically a quieter period seasonally. This was helped by the NRL deal announced on 11th December 2017 and a number of other new customers including CTI Logistics, Fernwood Fitness using Velpic Franchise and Seventh Day Adventist using Velpic Schools across 56 NSW schools with plans to expand nationally.

The strong revenue growth over the past three quarters has coincided with a restructure of the business to significantly reduce costs. After successfully investing in Sales & Marketing to set up the Sydney Office earlier in the calendar year, the Company has subsequently reduced annual costs by up to \$1m to help fund this investment. The cost reduction combined with the growth in revenue has significantly improved the Company’s path to profitability.

A lower cost base has also provided the Company with the opportunity to commercialise new partnerships with the first of these, NowForce, to power the new Velpic Security service.



Velpic Security (powered by NowForce) is expected to be available at the end of January 2018 and will provide a significant opportunity to drive further revenue growth. The entry level pricing for the security product starts at \$25,000 per annum, which is significantly higher than the current average pricing for the Velpic LMS of \$7,200 per annum. The increased magnitude of revenue per customer combined with higher profitability per customer will greatly accelerate the Company’s path to profitability. In addition, following the integration of Velpic and NowForce, Velpic will also be sold as a white-labelled product within NowForce internationally by NowForce directly and its global distribution partners. This provides Velpic with a significant low risk opportunity to grow its international presence with the first integrated features expected to be available at the end of March 2018.

The work done over the last three quarters has strengthened the Velpic business and provides a solid foundation for the Company to aggressively grow its revenue base in order to drive significant value for shareholders.

Russell Francis, CEO Velpic, commented: *“Transformational deals and partnerships like the NRL and NowForce, on top of growing ACMR, with a significantly lower cost base, puts Velpic in a very strong position for 2018 to take the business to the next level.”*

****ENDS****

For further information, please contact:

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About Velpic

Velpic has developed a unique online platform that provides a scalable, cloud-based training, induction and education solution for businesses. The platform allows companies 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.