

6 August 2018

Agreement reached with Choose Digital for the sale to it of all “Dash Digital” contracts

Velpic Limited (ASX: VPC) (the “Company”) has entered into an agreement with Choose Digital Pty Ltd (“Choose Digital”) to sell to it the Company’s “Dash Digital” customer contracts for the sum of \$50,000 (“Proposed Transaction”). Dash Digital is the Company’s digital marketing and App development business unit. Due to its relatively low level of contribution to the Company’s revenue, assets and EBITDA, there is no requirement under the Listing Rules to seek shareholder approval to the sale.

The Board of Directors has determined that a sale on these terms offers the best value for Shareholders, in all the circumstances. In particular, the Board considers that the price of \$50,000 is fair and reasonable in light of Dash being a loss-making business unit. Further the Company’s overheads and cash burn are reduced by the disposal of Dash in a market where profitability in the medium term did not appear to be achievable.

Details of the Proposed Transaction

The key terms and impact of the Proposed Transaction are as follows:

1. The consideration payable on Completion by Choose Digital is \$50,000;
2. Completion is subject only to the condition precedent that all Dash Digital clients have been notified of the Proposed Transaction in writing;
3. Completion will take place as soon as possible with immediate handover, other than a small amount of work in progress which will be completed in-house, and with the Company being able to sub-contract any other staff required to assist with an orderly handover at cost from Choose Digital;
4. To facilitate the handover of Dash Digital clients, Choose Digital will also have access to all accounts, graphics, usernames/passwords, website and source codes, email accounts and host and AWS environments that exist in relation to current Dash Digital work; and
5. Choose Digital proposes to offer one Dash Digital staff member employment with them,

Further Information

For further information please contact Chairperson Leanne Graham on leanne.graham@velpic.com, or Company Secretary Catherine Anderson on catherine.anderson@velpic.com