

28 April 2017

Velpic Quarterly Activities Report

Quarter Ended 31 March 2017

Highlights

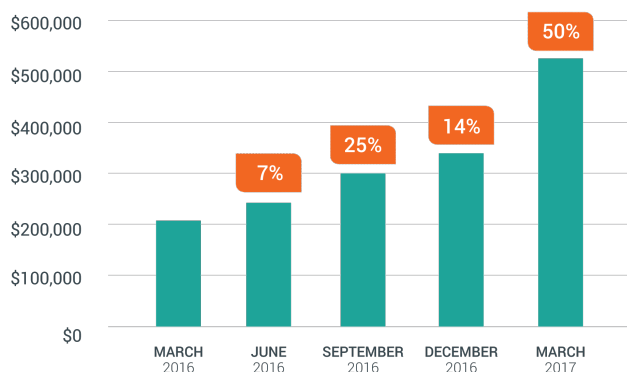
- Revenue (unaudited) of \$426k for the quarter, with recurring Software as a Service (SaaS) revenue increasing its contribution to the revenue base, now accounting for 27%
- Annualised Committed Monthly Revenue (ACMR) over \$0.5 million, a 50% increase on the previous quarter
- New record levels of Monthly Active Users (MAU) with administrator logins recorded across over 400 cities globally in March 2017
- New Virtual Reality (VR) capabilities added, delivering a highly engaging product and enabling Velpic to capitalise on the rapidly growing VR market
- Robust sales pipeline and closing cash of \$4.37m 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 31 March 2017.

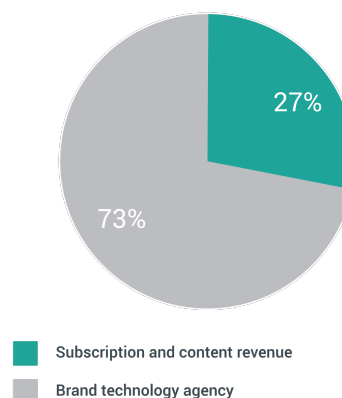
FINANCIAL

Growth across key metrics

ACMR Quarterly Growth



Revenue (unaudited) Breakdown March 2017 Quarter



Revenue (unaudited) for the March quarter totaled \$426k, with SaaS revenue accounting for 27% of total revenue vs 24% in the previous quarter and new subscription clients increased by 133% on the previous quarter.

Annualised Committed Monthly Revenue (ACMR) from the subscription customers increased by a record 50% demonstrating the strong market demand for a Learning Management System (LMS).

Cash receipts totaled \$467k for the quarter vs \$540k in the previous quarter, a result of timing of projects underway in the Dash Digital Business. The Company's closing cash position at the end of the reporting period was \$4.37 million, reflecting the successful receipt of its first research and development tax incentive and growing SaaS revenue.

OPERATIONS

Expansion of Product Offering

Velpic launched its Virtual Reality (VR) offering with training content to range from premium immersion experiences through to entry-level content available through the Velpic platform. This extends Velpic's global first mover advantage, becoming the first LMS to offer VR lesson creation seamlessly within the Velpic platform.

Velpic, in partnership with Mills Oakley, a leading national law firm, launched a new offering specifically for schools. The new offering focuses on reducing the hazards and risks associated with tasks carried out by school employees across Australia.

Velpic launched its developer site to help integrate the Velpic platform into internal HR management tools, streamlining the process of skills management. A number of customers are utilising this API feature.

OUTLOOK

Velpic has delivered increased subscription clients and recurring revenue. The Company expects this trend to continue through its sales and marketing initiatives and new products which have expanded the Company's offering and target markets.

Mr Russell Francis, CEO, Velpic commented: *"This quarter has been the culmination of much hard work across the team in 2016 as well as the efforts of our newly enhanced sales team in Sydney. I'm delighted with such significant growth from our recurring subscription revenue and this is the major focus for our business going forward. Growing annualised committed monthly revenue this quarter by 50% is an exceptional result."*

****ENDS****

For further information, please contact:

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About the Velpic Group

The Velpic Group consists of two related entities: Velpic, a cloud-based video eLearning 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.

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

Name of entity

Velpic Limited

ABN

65 149 197 651

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		467	1,480
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(109)	(370)
(c) advertising and marketing		(115)	(403)
(d) leased assets		-	-
(e) staff costs		(1,027)	(2,794)
(f) administration and corporate costs		(143)	(523)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		8	28
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes benefit (R&D incentive)		174	174
1.7 Government grants and tax incentives		-	-
1.8 Other - tenement costs		-	(30)
1.9 Net cash from / (used in) operating activities		(745)	(2,438)

Quarterly report for entities subject to Listing Rule 4.7B

2.	Cash flows from investing activities		
2.1	Payments to acquire/disposal of:		
	(a) property, plant and equipment	(6)	(17)
	(b) businesses (see item 10)	-	(32)
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	8
	(b) businesses (see item 10)	-	210
	(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	(6)	169

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	4,931*
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	-	(296)
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	-	4,635

* Proceeds in relation to the Company's renounceable rights issue completed in July 2016. \$0.77 million of the \$5.7 million raised was received in June 2016.

Quarterly report for entities subject to Listing Rule 4.7B

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	5,123	2,005
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(745)	(2,437)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	169
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	4,635
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	4,372	4,372

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	4,372	5,123
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)	4,372	5,123

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
98
-

Fees and salaries paid to Directors

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

N/A

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

8. Financing facilities available

Add notes as necessary for an understanding of the position

	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	150
9.4 Leased assets	-
9.5 Staff costs	1,180
9.6 Administration and corporate costs	145
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows*	1,590

* 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:28/04/2017.....

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.