

28 July 2017

Velpic Quarterly Activities Report

Quarter Ended 30 June 2017

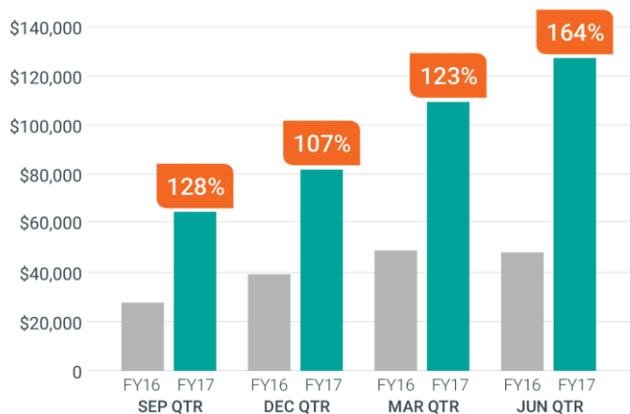
Highlights

- Revenue (unaudited) of \$461k for the June Quarter
- Year-on-Year increases of 164% in Velpic’s recurring SaaS revenue for June Quarter
- Record breaking recurring revenue growth in month of June
- Record number of Monthly Active Users (MAU) and lessons completed in June 2017
- Velpic expands its distribution network in the US
- Closing cash of \$3.25m 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 June 2017.

FINANCIAL

Year-on-Year Recurring SaaS Revenue
(unaudited)



New Recurring SaaS Revenue
(unaudited)



Revenue (unaudited) for the June Quarter totalled \$461k up from \$426k in the March Quarter. Removing seasonality effects, by comparing against the same quarter last year, Velpic's recurring SaaS revenue increased 164% for the June Quarter. All four quarters of FY17 saw triple digit growth over the comparable quarters in FY16. Strong sales in the current quarter produced a 404% growth in new recurring SaaS revenue over the same quarter last year.

42% of the new client sign ups in the quarter opted for upfront annual contracts, locking in clients for a minimum of 12 months and positively affecting Velpic's cash position. Cash receipts totaled \$457k for the quarter vs \$467k in the previous quarter as a result of seasonal variances for the Dash Digital professional service business and the restructure of the Velpic Sales & Marketing team in April.

June 2017 was a record breaking month for new recurring subscription sales resulting in a 76% increase over the previous highest month in March 2017. The new Sydney-based sales team achieved a 247% year-on-year increase for new sales closed in the month of June 2017 compared to June 2016 and a 404% increase when comparing the June 2017 quarter to the same quarter last year. New signups for the quarter added over \$125,000 in annualised recurring revenue.

The Company's closing cash position at the end of the reporting period was \$3.25 million.

OPERATIONS

June was a record setting month for both Monthly Active Users (MAU) and number of lessons completed. 15,958 lessons were completed in the June Quarter 2017, which equates to a 240% increase over the equivalent June Quarter in 2016.

During the June Quarter, Velpic took the opportunity to restructure and consolidate its Sales & Marketing team and focus its investment and efforts into a single, highly effective Sydney-based team. This was a cost neutral restructure as redundancies made in Perth were balanced by new hires in Sydney. The restructure, along with seasonal variances, particularly with the number of

school and public holidays in April, meant that sales growth slowed in April but recovered in May and exceeded previous records in June.

Immediately following the end of the June Quarter, Velpic also announced it has entered into a strategic partnership in North America with MyCloudCure (MCC), a Managed IT services business with significant experience in selling and supporting SaaS platforms. MCC is Velpic's first authorised eLearning Partner in the US with a dedicated Velpic Sales & Support team located in New Hampshire, USA.

Russell Francis, Chief Executive Officer of Velpic commented: *"To consolidate the inflection point in sales achieved in the March Quarter, Velpic kicked off the June Quarter by restructuring our Sales & Marketing team. The restructure impacted growth in April but the decision was justified eight weeks later with a 76% increase in new sales comparing March 2017 to June 2017."*

****ENDS****

For further information, please contact:

Investor queries:

Russell Francis
CEO
+61 8 6160 4455
russell@velpic.com
www.velpic.com

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Velpic Limited

ABN

65 149 197 651

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	457	1,937
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(106)	(476)
(c) advertising and marketing	(123)	(526)
(d) leased assets	-	-
(e) staff costs	(1,172)	(3,966)
(f) administration and corporate costs	(159)	(677)
(g) good and services tax paid	(26)	(30)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	34
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes benefit (R&D incentive)	-	174
1.7 Government grants and tax incentives	-	-
1.8 Other - tenement costs	-	(30)
1.9 Net cash from / (used in) operating activities	(1,123)	(3,560)

2.	Cash flows from investing activities		
2.1	Payments to acquire/disposal of:		
	(a) property, plant and equipment	(4)	(21)
	(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	5	13
	(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	1	170

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.

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	4,372	2,005
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,123)	(3,560)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1	170
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	3,250	3,250

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	3,250	4,372
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)	3,250	4,372

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	95
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	

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	110
9.3	Advertising and marketing	140
9.4	Leased assets	-
9.5	Staff costs	1,100
9.6	Administration and corporate costs	130
9.7	Other (provide details if material)	-
9.8	Total estimated cash outflows*	1,480

* 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:28/07/2017.....

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.