30 September 2019

VELTYCO GROUP PLC

("Veltyco" or "the Group" or "the Company")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

Veltyco Group plc (AIM:VLTY), the online marketing and operating company for the gaming industry, announces its unaudited interim results for the six months ended 30 June 2019.

Financial overview

- Revenues for continuing businesses decreased slightly to €1.8 million (H1 2018: €2.1 million) due to some large customer wins in May and June 2019
- Net loss after tax amounted to €1.0 million (H1 2018: profit of €3.3 million)
- Completed raising of €1.355 million during the period to provide working capital
  - Raised a further €300k in September 2019 pursuant to a convertible loan

Operational overview

- Paul Duffen joined the Board as Non-executive Chairman in January 2019, before being appointed Executive Chairman in March 2019
- Streamlined operational structure to match the revised business model, which is now focused on its sportsbook and casino operations through Bet90 and marketing activities for the Betsafe brand in Germany

Commenting on the results, Paul Duffen, Executive Chairman, said: *"2019 has been a very challenging period for the Group, with a focus on operational restructuring following termination of non-cash generating activities in the online financial trading vertical in the second half of 2018. We have made good progress and will continue to focus on expanding the operations of Bet90 and Betsafe."*

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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About Veltyco

Veltyco is a group of companies focused on the operation of its own online Sportsbook and Casino product as well as marketing activities for other online gaming companies.

Website: www.veltyco.com

CHAIRMAN'S STATEMENT

I hereby present the unaudited interim results for the six months ended 30 June 2019, which consolidate the results of Veltyco Group plc ("Veltyco" or "the Company") and its subsidiaries ("the Group").

Business

As communicated in our accounts for the year ended 31 December 2018, the Group is now focused on its sportsbook and casino operations in which the Group undertakes marketing activities for the Betsafe brand in Germany and operates our own Bet90 sportsbook and casino business, in which we have a 51% interest. This follows the Company's decision to cease all of the Group's marketing activities in the online financial trading and lottery verticals towards the end of 2018, which resulted in the full impairment of the Group's outstanding receivable balance of €10.7 million in the 2018 accounts in respect of such activities.

I was appointed as Non-executive Chairman on 30 January 2019, following Gilles Ohana decision to step down from the Board. On 7 March 2019, I assumed the role of Executive Chairman.

Following these changes, the Company's Board and management team now consists of Paul Duffen (Executive Chairman), Rainer Lauffs (Executive Director and COO), Marcel Noordeloos (Executive Director and CFO) and Mark Rosman (Non-Executive Director). The composition of the Board will continue to be reviewed as the business develops.

Financial review and outlook

Revenue for the first six months of 2019 amounted to €1.8 million. Although the reported revenue for H1 2018 amounted to €8.9 million, the H1 2018 revenue for the continuing businesses amounted to €2.1 million. This was a small decrease due to a number of large winners, which did not occur in 2018, across the Group's sportsbook and casino activities, which significantly impacted the revenue and the net result for the period.

As a result of the refocusing of the Group on its sportsbook and casino operations, the Directors sought to restructure the Group's operating costs to match current operations during the first half year of 2019 and these activities are ongoing. This has included the Group now taking in-house the operations for its service centre, previously outsourced to a third party. As a result, the Group now has a fully dedicated in-house team focused on the Group's Bet90 operations and the provision of customer service and player retention activities. This affords the Group a more efficient resource to focus on growing the Bet90 activities. Despite these measures, the Group reported a loss for the first six months of 2019 of €1.0 million.

During the period the Company completed a number of fundraises to provide additional working capital, raising €555,500 (£500,000) via an issue of new ordinary shares in January 2019, a loan from certain Directors amounting to €500,000 in April 2019 and €300,000 through the issue of new ordinary shares in May 2019. Following the period end, the Company raised a further €300,000 in September 2019 through the issue of a three year unsecured convertible loan, with a 10% coupon, with an existing investor.

Whilst trading since the end of June 2019 has been in line with the Board's expectations, as set out in its 2018 Accounts, the Group continues to be reliant on being able to manage its creditors, which continue to be meaningfully in excess of the Group's current cash resources. Whilst the Group has sought to reduced its operating costs to match its current operations, including accruing Directors' salaries until further funding is secured, the Group has continued to be loss making on a monthly basis, though the Directors expect this to improve going forward. The Directors continue to manage the Group's cash resources carefully, and whilst they believe that the Group will be able to continue to manage its creditors, should trading not be in line with expectations going forward and/or the Group is not able to manage its creditors, the Group's ability to meet such liabilities may be impacted. Accordingly, the Directors continue to explore further appropriate sources of capital.

Paul J. Duffen
Executive Chairman
27 September 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	*Unaudited* Period ended 30 June 2019 €	*Unaudited* Period ended 30 June 2018 €	*Audited* Year ended 31 December 2018 €
Continuing operations				
Revenues		1,808,222	2,103,342	4,686,923
Cost of Sales		(982,570)	(656,921)	(1,337,518)
Gross profit		825,652	1,446,421	3,349,405
Salary expense		(576,822)	(491,197)	(1,222,887)
Marketing and selling expense		(575,073)	(1,329,744)	(2,945,609)
General administrative expense		(704,734)	(912,926)	(1,497,148)
Depreciation, amortisation and impairment expense		(48,327)	(60,414)	(128,850)
Total administrative expenses		(1,904,956)	(2,794,281)	(5,794,494)
Operating loss		(1,079,304)	(1,347,860)	(2,445,089)
Financial (expense)/income		(1,606)	25,988	38,851
(Loss) before tax		(1,080,910)	(1,321,872)	(2,406,238)
Taxation		93,735	(83,767)	(52,933)
(Loss) for the period from continuing operations		**(987,175)**	**(1,405,639)**	**(2,459,171)**
Discontinued operations				
Profit/(loss) for the period from discontinued operations	3	-	4,659,065	(14,244,131)
Profit/(loss) for the period		**(987,175)**	**3,253,426**	**(16,703,302)**
Attributable to:				
Equity holders of the Company		(891,292)	4,021,473	(15,177,112)
Non-controlling interests		(95,883)	(768,047)	(1,526,190)
		(987,175)	**3,253,426**	**(16,703,302)**

(Loss)/earnings per share attributable to equity holders of the Company

	Note	Period ended 30 June 2019	Period ended 30 June 2018	Year ended 31 December 2018
Continuing operations				
- Basic (in €)	2	(0.0113)	(0.0085)	(0.0125)
- Diluted (in €)	2	(0.0113)	(0.0085)	(0.0125)
Continuing and discontinued operations				
- Basic (in €)	2	(0.0113)	0.0538	(0.2029)
- Diluted (in €)	2	(0.0113)	0.0538	(0.2029)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	*Unaudited* 30 June 2019 €	*Unaudited* 30 June 2018 €	*Audited* 31 December 2018 €
Non-current assets				
Goodwill		1,410,931	1,743,485	1,410,931
Other intangible assets	5	1,384,217	7,785,567	1,431,925
Investments		-	25,000	-
Property, plant and equipment		619	1,800	1,238
Total non-current assets		2,795,767	9,555,852	2,844,094
Current assets				
Trade and other receivables	6	921,613	12,568,743	854,215
Cash and cash equivalents		189,975	1,019,231	1,031,071
Total current assets		1,111,588	13,587,974	1,885,286
Total assets		3,907,355	23,143,826	4,729,380
Equity and liabilities				
Share capital		-	-	-
Additional paid-in capital		14,644,702	13,736,202	14,344,702
Reverse asset acquisition reserve		(6,046,908)	(6,046,908)	(6,046,908)
Retained earnings		(6,110,582)	14,071,308	(5,262,376)
Equity attributable to owners of the parent		2,487,212	21,760,602	3,035,418
Non-controlling interests		(1,507,461)	(585,080)	(1,411,578)
Total shareholders' equity		979,751	21,175,522	1,623,840
Non-current liabilities				
Borrowings		528,230	27,480	27,858
Total non-current liabilities		528,230	27,480	27,858
Current liabilities				
Trade and other payables		2,399,374	1,940,824	3,077,682
Total current liabilities		2,399,374	1,940,824	3,077,682
Total equity and liabilities		3,907,355	23,143,826	4,729,380

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	*Additional paid in capital*	*Other reserves - Reverse asset acquisition reserve*	*Retained earnings*	*Total*	*Non-controlling interest*	*Total Equity*
	€	€	€	€	€	€	€
Balance as at 1 January 2018	-	13,665,233	(6,046,908)	9,948,904	17,567,229	182,967	17,750,196
Profit for the financial period	-	-	-	4,021,473	4,021,473	(768,047)	3,253,426
Share based payments	-	-	-	100,931	100,931	-	100,931
Issue of share capital	-	70,969	-	-	70,969	-	70,969
Balance as at 30 June 2018	-	13,736,202	(6,046,908)	14,071,308	21,760,602	(585,080)	21,175,522
Balance as at 1 January 2018	-	13,665,233	(6,046,908)	9,948,904	17,567,229	182,967	17,750,196
(Loss) for the financial period	-		-	(15,177,112)	(15,177,112)	(1,526,190)	(16,703,302)
Dividend paid	-		-	(210,912)	(210,912)	(68,355)	(279,267)
Share based payment	-		-	176,744	176,744	-	176,744
Shares to be issued	-	555,500	-	-	555,500	-	555,500
Issue of share capital	-	123,969	-	-	123,969	-	123,969
Balance as at 31 December 2018	-	14,344,702	(6,046,908)	(5,262,376)	3,035,418	(1,411,578)	1,623,840
(Loss) for the financial period	-	-	-	(891,292)	(891,292)	(95,883)	(987,175)
Share based payment	-	-	-	43,086	43,086	-	43,086
Issue of share capital	-	300,000	-	-	300,000	-	300,000
Balance as at 30 June 2019	-	14,644,702	(6,046,908)	(6,110,582)	2,487,212	(1,507,461)	979,751

CONSOLIDATED STATEMENT OF CASH FLOWS

	note	***Unaudited*** 30 June 2019 €	***Unaudited*** 30 June 2018 €	***Audited*** *31 December 2018* €
Cash flows from operating activities				
Operating (loss)/profit		(1,079,304)	3,711,205	(17,297,953)
Adjustments for:				
Share based payments		43,086	100,929	176,744
Depreciation		619	730	1,292
Amortisation of intangibles		47,706	199,780	403,222
Impairment of intangibles		-	-	6,482,752
Bad debt impairment		-	-	10,737,715
Cash flow from operations before working capital changes		**(987,893)**	**4,012,644**	**503,772**
(Increase)/decrease in trade and other receivables		(67,398)	(4,598,547)	(1,058,697)
(Decrease)/increase in trade and other payables		(585,805)	859,242	533,580
Cash flow from operations		**(1,641,096)**	**273,339**	**(21,345)**
Tax (paid)/received		-	(51,257)	(86,823)
Cash flow from operating activities	4	**(1,641,096)**	**222,082**	**(108,168)**
Cash flow from investing activities				
Interest received		-	25,988	38,851
Net cash inflow/(outflow) from investing activities		**-**	**25,988**	**38,851**
Cash flow from financing activities				
Proceeds of issue of new shares		300,000	70,969	679,469
Dividends paid		-	-	(279,273)
Loans received		500,000	-	-
Net cash inflow from financing activities		**800,000**	**70,969**	**400,196**
Net (decrease)/ increase in cash and cash equivalents		(841,096)	319,039	330,879
Cash and cash equivalents at start of period		1,031,071	700,192	700,192
Cash and cash equivalents at end of period		**189,975**	**1,019,231**	**1,031,071**

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

1. Basis of preparation

The interim consolidated financial statements incorporate the results of Veltyco Group plc (the "Company") and entities controlled by the Company (its subsidiaries) (collectively the "Group").

The interim consolidated financial statements are unaudited, do not constitute statutory accounts and were approved by the Board of Directors on 27 September 2019. The auditor's report on the year ended 31 December 2018 financial statements was unqualified, though it made reference to a material uncertainty in relation to going concern. The year ended 31 December 2018 Annual Report and financial statements is available on the Company's website.

The preparation of unaudited interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018.

The unaudited interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. These policies are consistent with those to be adopted in the Group's consolidated financial statements for the year ended 31 December 2018. The accounting policies applied by the Group in this interim report are the same as those applied by the Group in the consolidated financial statements for the year ended 31 December 2018, with the exception of the adoption of IFRS 16. The adoption of this standard has not had a material effect on the accounting policies of the Group.

The principal risks and uncertainties of the Group have not changed since the last annual financial statements for the year ended 31 December 2018, where a detailed explanation of such risks and uncertainties can be found.

2. Earnings per share

The calculation of earnings per share is based on the following earnings and number of shares.

	6 months ended 30 June 2019 €	6 months ended 30 June 2018 €	Year ended 31 December 2018 €
Earnings			
Earnings for the purpose of basic and diluted earnings per shares being net profit attributable to equity shareholders			
- Continuing operations	(891,292)	(1,405,639)	(2,459,171)
- Discontinued operations	-	4,659,065	(14,244,131)
- Continuing and discontinued operations	(891,292)	3,253,426	(16,703,302)
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	78,567,270	74,689,492	74,819,180
Weighted average number of dilutive share options	-	5,517,844	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	78,567,270	80,207,336	74,819,180
Earnings / (loss)per share from discontinued operations			
Basic earnings / (loss per share (in €)	-	0.0623	(0.1904)
Diluted earnings / (loss per share (in €)	-	0.0581	(0.1904)

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options and/or warrants. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value, considering the monetary value of the subscription rights attached to outstanding share options.

3. Discontinued operations

During the second half of 2018, the Group terminated its marketing agreements related to the online financial trading and the lottery verticals. The Group has not recorded any further revenues after July 2018 and used the months after the termination to restructure the operational structure. The Group now believe the online financial trading and lottery verticals to be discontinued.

The results of these discontinued activities were as follows:

	6 months ended 30 June 2019 €	6 months ended 30 June 2018 €	Year ended 31 December 2018 €
Revenue	-	6,780,282	6,947,250
Administrative expenses	-	(1,721,302)	(21,800,114)
Profit/(loss) from operations	-	5,058,980	(14,852,864)
Profit/(loss) on disposal of discontinued operations	-	-	-
Profit/(loss) before tax	-	5,058,980	(14,852,864)
Tax charge	-	(399,915)	608,733
Profit/(loss) after tax	-	4,659,065	(14,244,131)

4. Cash generated from/(used in) continuing operations

	6 months ended 30 June 2019 €	6 months ended 30 June 2018 €	Year ended 31 December 2018 €
Operating profit/(loss)	(1,079,304)	(1,347,860)	(2,445,089)
Share based payments	43,086	100,929	176,744
Depreciation and amortisation charge	48,325	60,414	128,850
(Increase)/decrease in receivables	(67,398)	(420,282)	(521,596)
Increase/(decrease) in payables	(585,805)	(581,928)	934,826
Cash generated from/(used in) continuing operations	(1,641,096)	(2,188,727)	(1,726,265)
Cash generated from/(used in) discontinued operations	-	2,462,066	1,704,920
Tax paid	-	(51,257)	(86,823)
	(1,641,096)	222,082	(108,168)

5. Impairment of intangible fixed assets

During the year ended 31 December 2018, the Group recorded an impairment charge on the Intangible assets related to the online financial trading and lottery verticals, amounting to €6,482,752.

6. Trade and other receivables

During the year ended 31 December 2018, the Group recorded an impairment charge for potential recoverability problems on the receivables, amounting to €10,712,715. A provision for impairment of trade receivables is established using an expected loss model. Expected loss is calculated from a provision matrix based on the expected lifetime default rates and estimates of loss on default.

7. Significant events during the reporting period

On 30 January 2019, the Company announced that it had raised £500,000 by issuing 3,333,333 new ordinary shares to certain existing investors, at a price of £0.15 (15p) per share. Furthermore, the Company announced on the same day that Paul Duffen joined the Board as Non-Executive Chairman. Gilles Ohana, stepped down from the Board on the same day.

On 15 February 2019, the Company announced that it had granted options over, in aggregate, 2,420,000 ordinary shares to the Directors and certain employees of the Company. The new options have an exercise price of 15p (£0.15) per share and vest in accordance with the terms of Company's Long Term Incentive Plan. On the same day, a total of 600,000 options granted to Directors on 5 July 2017 were cancelled. In addition, 109,846 existing warrants that were granted by the Company on 5 October 2017, have had the terms amended, such that they will now be exercisable at a price of 15p (£0.15) per share.

On 7 March 2019, the Company announced that Paul Duffen was appointed as Executive Chairman.

On 1 April 2019, the Group announced that it had entered into separate loan agreements with three of its Directors, being Paul Duffen, Marcel Noordeloos and Mark Rosman, pursuant to which each Director provide a loan of €166,667 to the Company, totalling €500,000.

On 30 May 2019, the Company announced that it had raised €300,000 from an existing investor by issuing 4,000,000 new ordinary shares, at a price of 6.6p (£0.066).

8. Subsequent events

Fundraise

On 16 September 2019, the Company announced that it had raised €300,000 through the issue of a three year unsecured convertible loan, with a 10% coupon, to an existing investor.