

19 December 2019

Veltyco Group plc
("Veltyco", the "Company" and, together with its subsidiaries, the "Group")

Convertible Loans
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Issue of Equity

Veltyco Group plc (AIM:VLT), the online marketing and operating company for the gaming industry, is pleased to announce that it has raised £500,000 (approximately €593,000) pursuant to a subscription for convertible loan notes (the "December Convertible Loan") by Mr Peter Paul Westerterp (the "Investor"). The Investor owns approximately 5.1% of the Company's issued share capital and is the holder of the, in aggregate, €300,000 convertible loan notes issued in September 2019 (the "September Convertible Loan") (further details of which are set out in the Company's announcement of 16 September 2019). The terms of the September Convertible Loan have been amended to match those of the December Convertible Loan (together, the "Convertible Loans"), as set out below.

The Convertible Loans have a three-year term and a 5% annual coupon, payable in arrears on 30 June and 31 December, with the first instalment due to be paid on 30 June 2020. The Convertible Loans are convertible at any time by the Investor at a price of 5p per new ordinary share of no par value in the Company ("Ordinary Share"). The Convertible Loans will automatically convert into Ordinary Shares if the closing mid-market price of an Ordinary Share is 10p or more for 25 consecutive business days. The Convertible Loans are unsecured.

Under the Convertible Loans, the Company has £669,000 (approximately €793,000) outstanding as at the date of this announcement, which is held by the Investor. The September Convertible Loan and the December Convertible Loan are due for repayment in September 2022 and December 2022 respectively.

Potential Acquisition of Bet90

The Company is pleased to announce that it has also entered into a non-binding heads of terms (the "Heads of Terms") with Binbar GmbH to acquire the 49% of Quasar Holdings Ltd ("Quasar") not currently held by the Company (the "Potential Acquisition"). Quasar wholly owns Bet90 Sports Ltd ("Bet90"), an online sportsbook and casino gaming company. Veltyco currently holds 51% of the issued share capital of Quasar and therefore, should the Potential Acquisition complete, the Company will own 100% of Quasar.

The Heads of Terms sets out the consideration payable by Veltyco in order to complete the Potential Acquisition, which is as follows:

- the issue of 5,000,000 new Ordinary Shares;
- initial cash consideration of €200,000 (the "Cash Consideration"); and
- ten monthly cash instalments of €30,000 (the "Monthly Instalments").

It is proposed that, subject to completion of the Potential Acquisition, the proceeds of the December Convertible Loan will be utilised to satisfy the Cash Consideration and provide general working capital to the Group. The Board intendeds that the Monthly Instalments will be paid out of the Group's operating cash flow. If the Potential Acquisition does not complete, the proceeds of the December Convertible Loan will be applied towards general working capital purposes.

It is envisaged that on completion of the Potential Acquisition, all of Bet90's terminal operations will be terminated, allowing Bet90 to focus completely on online operations and expansion. The termination of this operation will result in lower revenues, but given it is loss making, the Board believes that it should improve the net result of the business.

The Proposed Acquisition is subject to, *inter alia*, execution of a share purchase agreement and other formal documentation, which is expected to occur in shortly. There is no guarantee that the Proposed Acquisition will complete or that the proposed terms will not be amended. The Board will provide further updates as appropriate.

Should the Potential Acquisition complete, the Directors believe that it would be important step in the development of the Group's new strategy, which is focused on regulated online sportsbook and casino operations and expanding these operations in additional territories. The Company is aiming to partner with external experts and expand online operations, with a view to increasing marketing efforts for brand recognition and driving additional traffic to the platform.

The results for Bet90 are already consolidated into the Group's accounts and for the year ended 31 December 2018, Bet90 had revenues of €2.2 million and a loss of €3.1 million. In the six months ended 30 June 2019, Bet90 had revenues of €1.6 million and a loss of €0.6 million and as at 30 June 2019, had net liabilities, excluding amounts due to the Company which are netted off on consolidation, of €1.0 million, reflect the accumulated losses.

Trading update

The Directors continue to manage the Group's cash resources carefully, given, as previously announced the Group continues to be reliant on being able to manage its creditor balance, which will continue to exceed its cash resources following receipt of the proceeds of the December Convertible Note. As a result, the Directors continue to explore further appropriate sources of capital.

In the event that trading in the short term is not in line with the Board's revised expectations and/or the Group is not able to manage its creditors and/or the Group continues to trade at a loss and/or the Group is not able to secure further funding as outlined above, the Group's ability to continue as a going concern and to meet its liabilities will be materially impacted.

Directors' Loan Conversion

On 1 April 2019, the Company announced that three of its Directors, being Paul Duffen, Marcel Noordeloos and Mark Rosman (together, the "Conversion Directors"), had entered into loan agreements pursuant to which each Conversion Director provided a loan of €166,667 to the Company, totalling €500,000 (the "Directors' Loans").

The Conversion Directors have entered into agreements to convert their respective Director Loan into new Ordinary Shares ("Conversion Shares") at 5p per share. Following the conversion, the Conversion Directors will have the following interests in the Company:

| Conversion Director | Existing number of Ordinary Shares | Number of Conversion Shares issued | Resulting holding of Ordinary Shares | % of the Company's issued share capital as enlarged by the Conversion Shares |
|---------------------|------------------------------------|------------------------------------|--------------------------------------|--|
| Paul Duffen | - | 2,800,000 | 2,800,000 | 3.08% |
| Marcel Noordeloos | 859,954 | 2,800,000 | 3,659,954 | 4.03% |
| Mark Rosman | 183,798 | 2,800,000 | 2,983,798 | 3.28% |

Mark Rosman, Paul Duffen and Marcel Noordeloos as Directors of the Company are deemed to be related parties of the Company pursuant to the AIM Rules for Companies ("AIM Rules") and the conversions of the Directors' Loans are therefore related party transactions for the purposes of Rule 13 of the AIM Rules. Rainer Lauffs, being the independent director for the purposes of the conversions, considers, having consulted with Strand Hanson Limited, the Company's nominated adviser, that the terms of the conversions are fair and reasonable insofar as Veltyco's shareholders are concerned.

Admission and total voting rights

Application will be made to the London Stock Exchange for the Conversion Shares to be admitted to trading on AIM (“Admission”). It is expected that Admission will become effective and that dealings in the Conversion Shares will commence at 8.00 a.m. on 24 December 2019.

Following Admission, the Company’s total issued share capital will consist of 90,889,492 Ordinary Shares with voting rights. The Company does not hold any Ordinary Shares in treasury and accordingly there are no voting rights in respect of any treasury shares. The Conversion Shares will be fully paid and will rank *pari passu* in all respects with the Company's existing Ordinary Shares.

Paul Duffen, Executive Chairman of the Company, commented:

We are very pleased to have received the further support from the Investor that has provided much needed working capital and enabled us to enter into the Heads of Terms for the potential acquisition of the remaining 49% of Bet90 we do not already own.

“Should the Potential Acquisition complete, we believe that this would be a crucial step in the roll-out of the Group’s new strategy, which is completely focused on regulated online sportsbook and casino operations and expanding these operations in additional territories. We are looking to partner with external experts and expand online operations, with a view to increasing marketing efforts for brand recognition and driving additional traffic to our platform.

“There is still much to do and additional capital required, but we are cautiously optimistic that the Group’s new strategy will ultimately deliver value for shareholders.”

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

For further information please contact:

Veltyco Group Plc +44 (0)1624 605 764
Paul Duffen, Executive Chairman
Marcel Noordeloos, Chief Financial Officer

Strand Hanson Limited (Nominated Adviser) +44 (0)20 7409 3494
James Harris / Richard Tulloch / James Dance

Whitman Howard Ltd (Broker) +44 (0)20 7659 1234
Nick Lovering / Christopher Furness

IFC Advisory (Financial PR & IR) +44 (0)20 3934 6630
Graham Herring / Tim Metcalfe / Zach Cohen

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

PDMR Notifications

| | | | |
|-----------|--|--|-----------|
| 1. | Details of the person discharging managerial responsibilities / person closely associated | | |
| a) | Name | <ol style="list-style-type: none"> 1. Paul Duffen 2. Marcel Noordeloos 3. Mark Rosman | |
| 2. | Reason for the Notification | | |
| a) | Position/status | <ol style="list-style-type: none"> 1. Executive Chairman 2. Chief Financial Officer 3. Non-executive Director | |
| b) | Initial notification/amendment | Initial notification | |
| 3. | Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor | | |
| a) | Name | VELTYCO GROUP PLC | |
| b) | LEI | 2138007KWLZHV51A979 | |
| 4. | Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv) each place where transactions have been conducted | | |
| a) | Description of the Financial instrument, type of instrument | Ordinary Shares of no par value | |
| | Identification code | IM00BYT32K14 | |
| b) | Nature of the Transaction | Conversion of loans into ordinary shares in the Company | |
| c) | Price(s) and volume(s) | Share Price (GBX) | Volume |
| | | 1. 5 pence | 2,800,000 |
| | | 2. 5 pence | 2,800,000 |
| | | 3. 5 pence | 2,800,000 |
| d) | Aggregated information - Aggregated volume - Price | N/A | |
| e) | Date of the transaction | 19 December 2019 | |
| f) | Place of the transaction | AIM, London Stock Exchange | |