

30 January 2019

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

£0.5 million Subscription, Update on Receivables and Board Changes

Veltyco Group plc (AIM:VLTY), the online marketing and operating company for the gaming industry, is pleased to announce that it has raised £0.5 million (before expenses) through a subscription with certain existing investors at a price of 15 pence per share (the "Issue Price") (the "Subscription").

The Company also provides an update on its operations and receivable position, as well as changes to its Board.

The Subscription

The Company has raised £0.5 million through the subscription of 3,333,333 new ordinary shares of no par value ("Ordinary Shares") (the "Subscription Shares"), with certain existing investors, at the Issue Price. The Issue Price represents a 57.9 per cent. premium to the Company's closing middle market share price of 9.5 pence on 29 January 2019, being the last practicable business day prior to this announcement.

Update on operations and use of proceeds

Following receipt of the proceeds of the Subscription, the Company will have cash resources of approximately €0.8 million.

The net proceeds of the Subscription will be utilised to provide general working capital to the Group and to pursue the recovery of the overdue receivable balances owed to the Group.

In addition, the Board will invest in the launch of its own regulated online financial trading brand, which is expected to be launched during Q1 2019, as announced on 31 December 2018.

Given the difficulty in receiving funds from the Group's lottery vertical, the Board is restructuring these operations to engage an alternative operator. Following the restructuring, the Board is proposing to invest in the marketing of the Group's re-launch of its lottery vertical expected during Q2 2019.

Trading in the Group's sportsbook and casino vertical remains in line with management expectations.

Update on receivables

Following the Group's decision to stop marketing activities in the online financial trading vertical, as announced on 22 November 2018, and with no further payments having been received from either Celestial Trading Limited ("Celestial") or Altair Entertainment N.V. ("Altair") in the intervening period, the Board has now resolved not to recognise further revenues, capping its receivable position in respect of this vertical.

As a result, the Group's overall outstanding receivable balance increased marginally from €10.6 million as at 20 November 2018 to, in aggregate, €10.9 million as at 31 December 2018 as a result of invoices issued in the normal course in the casino and sportsbook vertical. Of this figure, €9.3 million remains outstanding in respect of the online financial trading vertical, with €6.8 million being overdue from Celestial, with €1.5 million relating to activities in 2017 and €5.2 million relating to activities in 2018, and €2.5 million being overdue from Altair. The remainder of the balance, being €1.6 million, relates predominately to the Group's lottery vertical, operated by Altair, with such payments now being overdue.

Given the above, the Board is taking appropriate legal action in respect of recovering these outstanding amounts. However, there can be no certainty that the Group will be able to recover all, or any, of the monies due to it from Celestial and/or Altair. The Board has therefore concluded that if the current position prevails, it will need to impair the outstanding receivables due from both Celestial and Altair, together with an impairment of related intangible assets in this vertical, which will result in a material impairment charge in the Group's audited results for the financial year ended 31 December 2018, resulting in a significant net loss for the year and reduced reserves.

Board changes

The Board is pleased to announce that Paul Duffen will join the Board and is appointed as Non Executive Chairman with immediate effect. Paul brings 35 years in management experience in various industries and, being an entrepreneur, he is very much welcomed by the Board.

Paul was co-founder and Chief Executive Officer (until 2006) of Catalyst Media Group plc, which specialised in the sports, media and entertainment sectors, including motor racing in the USA and Horse Racing in the UK. He subsequently served as Executive Chairman of Hull City Football Club, securing their first promotion to the Premier League in 2008 and Chairman of Newsdesk Media Ltd, an international publishing Group. He currently serves as a non-executive Director of Animus Associates Ltd, a business intelligence consultancy, and has recently joined the Board of eSports.com Group Ltd.

The Company also announces that current Non-Executive Chairman, Gilles Ohana, has informed the Board of his decision to step down from the Board with immediate effect. The Board has accepted his resignation and would like to thank Gilles for his contribution to the Group over the last year and wishes him every success in the future.

Furthermore, the Company confirms that it intends to appoint an additional independent Non-Executive Director in due course.

In addition, the Board has commenced discussions with potential CEO candidates to join the Board. This process has the highest priority for the Board and we will make further announcements in due course as and when appropriate.

Additional information on Mr Paul J. Duffen

The following additional information is provided in accordance with paragraph (g) of Schedule Two to the AIM Rules for Companies:

Paul Jeremy Duffen (aged 60)

Current Directorships/Partnerships

Animus Associates Limited
eSports.com Group Limited
Paul Duffen Associates Limited
Star Corporate Services Limited
Tiger Nation Enterprises Limited

Past Directorships/Partnerships (last 5 years)

Centipede Ventures Limited
Clinker Limited
Excellence First Limited
Ignition Leasing Limited
Juicemaster Juicebars Limited
Maddox Advisors (UK) Limited
RISC Management Limited
The Magazine Networks Limited

Centipede Ventures Limited, a company of which Paul Duffen was a director, filed for voluntary liquidation in July 2008. The liquidation process was undertaken by an appointed joint liquidator and was completed on 21 February 2017 with a shortfall of £3.77 million, of which approximately £3.7 million was due to HMRC, with the remainder being due to trade and expense creditors.

RISC Management Limited, a company of which Paul Duffen was a director, appointed an administrator in February 2014. The process is ongoing and whilst the final position is not yet known, it is likely there will be a shortfall to creditors.

There is no other information that is required to be disclosed pursuant to paragraph (g) of Schedule Two to the AIM Rules for Companies.

Fee shares

The Board has resolved to issue 200,000 new Ordinary Shares to an adviser *in lieu* of certain fees (the “Fee Shares”).

Application to trading on AIM

The Subscription is conditional on the admission of the Subscription Shares to trading on AIM. Application will be made to the London Stock Exchange for the Subscription Shares and the Fee Shares to be admitted to trading on AIM (“Admission”). It is expected that Admission will become effective and that dealings in the Subscription Shares and Fee Shares will commence at 8.00 a.m. on 5 February 2019.

Following the issue of the Subscription Shares and the Fee Shares, the Company’s total issued share capital will consist of 78,489,492 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 Subscription Shares will be fully paid and will rank *pari passu* in all respects with the Company’s existing Ordinary Shares.

On Admission of the Subscription Shares, the abovementioned figure of 78,489,492 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, Veltycos under the Financial Conduct Authority’s Disclosure and Transparency Rules.

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

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About Veltycos

Veltycos is a group of companies focused on generating marketing leads and entering into marketing contracts for the activities of various partners in the gaming industry as well as operating its own brands. Veltycos focuses on complementary activities under one umbrella, leveraging its historical cash generative activities of marketing online casinos and sports betting.

Website: www.veltyco.com