28 September 2018

VELTYCO GROUP PLC

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

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 2018.

Financial highlights

- Revenues increased by 40% to €8.9 million (H1 2017: €6.4 million)
- Operating EBITDA for the period increased 5% to €4.0 million (H1 2017: €3.8 million)
- Operating profit increased to €3.71 million (H1 2017: €3.65 million)
- Net profit after tax amounted to €3.3 million (H1 2017: €3.6 million)
- Basic earnings per share 5.38 euro cents per share (H1 2017: 5.13 euro cents per share)
- Net cash balance as at 30 June 2018 of €1.0 million (31 December 2017: €0.7 million)
- Company paid a maiden dividend of 0.25p per share on the 2017 results in July 2018
- Actively seeking to reduce the Company's total receivable position as at 30 June 2018 €12.6 million (31 December 2017: €14.4 million)

Operational highlights

- Acquired database of active customers in the financial trading industry, with a view of launching our own regulated online financial trading brand during Q4 2018
- Ahead of launch of own regulated online financial trading brand, decision taken to reduce marketing spend for third parties in this vertical
- Veltyco shares admitted to trading on the Frankfurt Stock Exchange (FRA: 24GN)
- Renewed the exclusive marketing partnership with Betsafe in Germany to May 2021
- New corporate banking relationships being secured, to continue to assist in addressing the Group's overall receivable position

Commenting on the results, Gilles Ohana, Non-Executive Chairman, said:

"The first half of 2018 has been a very busy period for the Group, with a number of important developments taking place.

With regards to our own brand and operations, the Group continues to invest in Bet90 to further increase its contribution to the Group's results.

Following the recent acquisition of a database of active customers in the financial trading industry, we expect to be launching our own regulated brand in the online financial trading sector during Q4 2018. With the launch in mind, we have taken the decision to reduce marketing spend in this vertical which will impact *revenues in the second half of 2018, though operating margins are expected to increase. However, we expect this new operation to contribute positively to the results in 2019 and lead to a further reduction of trade receivables in this vertical."*

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
Gilles Ohana, 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 / Miles Nolan / Zach Cohen	

About Veltyco

Veltyco 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. Veltyco focuses on complementary activities under one umbrella, leveraging its historical cash generative activities of marketing online casinos and sports betting.

Website: www.veltyco.com

CHAIRMAN'S STATEMENT

I am pleased to present the unaudited interim results for the six months ended 30 June 2018, which consolidate the results of Veltyco Group plc ("Veltyco" or "the Company") and its subsidiaries ("the Group").

Business review

During H1 2018, Veltyco has been busy with a number of important developments taking place. We have continued to focus on our core competency of marketing third party brands in the three verticals the Group is active in (sportsbook & casino, lottery and online financial trading) and we have further extended our own operations via Bet90, in which we have a 51% interest. More recently we have also acquired a database of active users in the financial trading industry and we plan to launch our own regulated financial trading brand in Q4 2018.

In February 2018, the Group entered into an exclusivity period regarding the potential acquisition of the BTTY branded sportsbook in Germany and Austria. However, following completion of due diligence by the Group and certain developments regarding the German licence program, the Board decided to terminate the negotiations in early July 2018. In the meantime, the Group had successfully renewed its marketing agreement with the Betsson Group, to market the Betsafe brand in Germany through to May 2021 on broadly similar terms as the previous agreement.

Bet90, the Group's sportsbook and casino operated brand in which it has a 51% interest, continues to achieve growth, albeit, as announced on 26 July 2018, slower than anticipated. As a result, the Board took the decision to accelerate investments in the marketing of the Bet90 brand, including its roll out into South America, which resulted in increased marketing costs in the first six months of 2018. I am pleased to confirm that following these initiatives, Bet 90 has been trading strongly since the period end.

In January 2018, the Company's shares started trading on the Quotation Board Segment of the Open Market of the Frankfurt Stock Exchange ("FSE"), also known as the Regulated Unofficial Market of the FSE, or Freiverkehr. The entire issued share capital of the Company continues to trade on AIM.

Financial review

Revenue for the first six months of 2018 amounted to €8.9 million (H1 2017: €6.4 million), representing an increase of 40%, driven predominately by growth in the online financial trading vertical as well as the inclusion of revenues from Bet90 for the first time, having been launched in August 2017.

Due to the increase in revenues, there has been a corresponding increase in the Group's cost of sales, relating to Bet90's operations, and increases in marketing & selling expenses relating to its marketing activities, which included the additional market spend on Bet90 as set out above, and the Group's general & administrative expenses. As a result of the increased costs, operating EBITA increased at a lower rate than revenues to €4.0 million (H1 2017: €3.8 million) and profit before tax for H1 2018 was similar to that achieved in H1 2017, at €3.7 million (HY1 2017: €3.7 million). The net cash balance as at 30 June 2018 was €1.0 million (31 December 2017: €0.7 million). As at 21 September 2018, the Group's cash balance was €1.2 million.

Details of the operating EBITDA are as follows:

	Period ended 30 June 2018	Period ended 30 June 2017
	€	€
Operating profit	3,711,205	3,654,055
Depreciation and amortisation expense	200,512	147,299
Share based payment (included in salary expense)	100,931	21,811
Operating EBITDA	4,012,648	3,823,165

Board changes

In March 2018, the Company made a number of changes to its Board and senior management, in order to position the Group for the next phase of its development. As previously announced, the Board confirms that it is seeking to appoint a further independent Non-executive Director in line with the continuing growth of the Company and a further announcement is expected to be made shortly.

Update on trade receivables and accrued income

During 2018, the Board has been very focused on reducing the Group's receivable balance, which had grown to €14.1 million as at 31 December 2017. The balance at the end of 2017 related to the Group's activities in the online financial trading vertical. In the period to 30 June 2018, the Group's receivable balance has been reduced as follows, with the settlements being made against the oldest receivables:

- the €4.0 million consideration relating to the acquisition of a database of users from Altair Entertainment N.V. ("Altair") in the online financial trading vertical, was offset against Altair's receivable balance;
- €2.5 million has been settled against a loan provided to the Group by Winslet Enterprises Ltd ("Winslet"), a related party (ultimately controlled by Uwe Lenhoff, a previous director of the Company who is also the Company's main shareholder) for a corresponding amount;
- €0.35 million was offset against amounts due to a subsidiary of Altair, Payific Ltd; and
- €2.5 million was received in cash by the Group from trading operators.

As a result of trading in H1 2018, the Group's trade receivable balance, including accrued income, as at 30 June 2018, was €11.5 million of which €3.4 million was due from Altair, €7.0 million from Celestial Trading Limited ("Celestial"), which now operates the online financial trading brands for which the Group undertakes marketing activities, and €1.1 million in relation to the Group's other operations.

Since the period end, the Company agreed a payment schedule with Altair in respect of its historical receivable, pursuant to which Altair will settle a minimum of €0.3 million per month, with Veltyco having already received the first two monthly payments for July and August. In addition, the Company has received, in aggregate, €1.5 million from trading operators across all of its verticals.

Taking into account trading since 30 June 2018, the Group's trade receivable balance and accrued income for August 2018, as at 21 September 2018, amounted to €10.7 million, of which €9.4 million relates to the Group's online financial trading marketing activities.

€6.6 million of this balance is due from Celestial, of which €1.5 million relates to activities in 2017 and €5.1 million relates to activities in 2018. €3.8 million of the balance due in respect of 2018 activities is overdue and the remaining €1.3 million being within current payment terms. The remainder of the balance due in relation to marketing activities for online financial trading, being €2.8 million, is due from Altair in respect of the Group's activities in 2017 and is expected to be reduced in line with the agreement detailed above. The reminder of the balance, being €1.3 million, relates to the Group's other verticals.

As at 21 September 2018, the latest practicable date prior to the interims, the Group's aggregate cash balances amounted to €1.2 million (€1.0 million as at 30 June 2018), with a further €0.3 million expected to be received shortly from Altair as detailed above in respect of its September monthly payment.

Whilst trading in the online financial trading vertical was strong in H1 2018, as the Group has already announced, it has continued to struggle with cash collection in this vertical. The Directors continue to work with the operators to settle the outstanding receivables and the Group is currently seeking to renegotiate the payment terms, in order to collect the new receivables within 45 days after invoice date, from a current term of 90 days. During 2018 the Group has been able to secure new corporate banking relationships and the Group continues to seek additional relationships in order to assist in addressing its overall receivable position.

Outlook

Following the acquisition of the database of users in online financial trading and the Group's intention to launch its own regulated online financial trading brand during Q4 2018. Together with the continued slow reduction in its receivable position in the online trading financial vertical, the Board has decided to reduce its third party marketing activities in this vertical, as it seeks to transition revenues to its own regulated operations. Whilst this will reduce the Group's overall revenues in H2 2018 compared to H1 2018, the Board believes that it will improve the Group's operating margin and importantly, over time, its cash position, as the Group seeks to launch and generate revenues from its own regulated online financial trading brand and is expected to contribute positively to the Group's results in H2 2019.

Since the period end, trading has been in line with management expectations across all other verticals.

The Group continues to invest in our 51% owned sportsbook and casino brand, Bet90, with the view of entering into new territories.

Dividend

The Board was delighted to announce a maiden dividend at the time of the 2017 full year results and we will update the market on our future dividend plans during the first half of 2019.

Gilles Ohana
Chairman
28 September 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	***Unaudited*** period ended 30 June 2018 €	***Unaudited*** period ended 30 June 2017 € *restated*	***Audited*** Year ended 31 December 2017 €
Revenues		8,884,124	6,355,573	16,194,791
Cost of Sales		(524,127)	-	(976,763)
Gross Margin		8,359,997	6,355,573	15,218,028
Salary expense		(491,197)	(367,176)	(1,087,235)
Marketing and selling expense		(2,829,552)	(1,770,023)	(4,550,529)
General administrative expense		(1,127,531)	(417,020)	(1,717,962)
Depreciation, amortisation and impairment expense		(200,512)	(147,299)	(380,173)
Total administrative expenses		(4,648,792)	(2,701,518)	(7,735,899)
Operating profit		3,711,205	3,654,055	7,482,129
Financial income		25,988	40,291	98,779
Profit before tax		3,737,193	3,694,346	7,580,908
Taxation		(483,767)	(92,350)	(801,116)
Total comprehensive income		**3,253,426**	**3,601,996**	**6,779,792**
Attributable to:				
Equity holders of the Company		4,021,473	3,592,893	7,333,280
Non-controlling interests		(768,047)	9,103	(553,488)
		3,253,426	**3,601,996**	**6,779,792**
Earnings per share attributable to equity holders of the Company				
- Basic (in €)	3	0.0538	0.0513	0.1017
- Diluted (in €)	3	0.0501	0.0477	0.0944

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	*Unaudited* 30 June 2018 €	*Unaudited* 30 June 2017 € *restated*	*Audited* 31 December 2017 €
Non-current assets				
Goodwill		1,743,485	1,743,485	1,743,485
Other intangible assets		7,785,567	4,088,127	3,985,347
Investments		25,000	-	25,000
Property, plant and equipment		1,800	3,344	2,530
Loans receivable		-	916,197	997,476
Total non-current assets		9,555,852	6,751,153	6,753,838
Current assets				
Loans receivable		-	1,627,034	1,558,057
Trade and other receivables	4	12,568,743	4,776,969	11,881,469
Cash and cash equivalents		1,019,231	1,320,692	700,192
Total current assets		13,587,974	7,724,695	14,139,718
Total assets		23,143,826	14,475,848	20,893,556
Equity and liabilities				
Share capital		-	-	-
Additional paid-in capital		13,736,202	13,170,817	13,665,233
Reverse asset acquisition reserve		(6,046,908)	(6,046,908)	(6,046,908)
Retained earnings		14,071,308	5,991,244	9,948,904
Equity attributable to owners of the parent		21,760,602	13,115,153	17,567,229
Non-controlling interests		(585,080)	745,558	182,967
Total shareholders' equity		21,175,522	13,860,711	17,750,196
Non-current liabilities				
Borrowings		27,480	26,730	1,355,223
Total non-current liabilities		27,480	26,730	1,355,223
Current Liabilities				
Trade and other payables		1,940,824	588,407	1,788,137
Total current liabilities		1,940,824	588,407	1,788,137
Total equity and liabilities		23,143,826	14,475,848	20,893,556

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 2017	-	10,614,354	(6,046,908)	2,376,540	6,943,986	-	6,943,986
Profit for the financial period	-	-	-	3,592,893	3,592,893	9,103	3,601,996
Share based payments	-	-	-	21,811	21,811	-	21,811
Non-controlling interests acquired	-	-	-	-	-	736,455	736,455
Issue of share capital	-	2,556,463	-	-	2,556,463	-	2,556,463
Balance as at 30 June 2017 (restated)	**-**	**13,170,817**	**(6,046,908)**	**5,991,244**	**13,115,153**	**745,558**	**13,860,711**

	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 2017	-	10,614,354	(6,046,908)	2,376,540	6,943,986	-	6,943,986
Profit for the financial period	-	-	-	7,333,280	7,333,280	(553,488)	6,779,792
Share based payments	-	161,000	-	239,084	400,084	-	400,084
Exercise of stock options and warrants	-	333,416	-	-	333,416	-	333,416
Non-controlling interests acquired	-	-	-	-	-	736,455	736,455
Issue of share capital	-	2,556,463	-	-	2,556,463	-	2,556,463
Balance as at 31 December 2017	-	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**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	*unaudited*	*audited*
	30 June	*30 June*	*31 December*
	2018	*2017*	*2017*
	€	€	€
Cash flows from operating activities			
Operating profit	3,711,205	3,654,055	7,482,129
Adjustments for:			
Share based payments	100,929	21,811	239,084
Depreciation	730	812	1,628
Amortisation of intangibles	199,780	146,487	378,545
Cash flow from operations before working capital changes	**4,012,644**	**3,823,165**	**8,101,386**
(Increase) in trade and other receivables	(4,598,547)	(2,192,529)	(9,279,131)
Increase/(decrease) in trade and other payables	859,242	(540,823)	146,894
Cash flow from operations	**273,339**	**1,089,813**	**(1,030,851)**
Tax paid	(51,257)	-	(72,152)
Cash flow from operating activities	**222,082**	**1,089,813**	**(1,103,003)**
Cash flow from investing activities			
Acquisitions of subsidiaries	-	(2,510,000)	(2,510,000)
Acquisitions of intangible assets	-	-	(75,000)
Acquisitions of investments	-	-	(25,000)
Loans granted	-	-	(189,681)
Loans repayments received	-	-	225,000
Interest received	25,988	40,291	15,007
Net cash outflow from investing activities	**25,988**	**(2,469,709)**	**(2,559,674)**
Cash flow from financing activities			
Proceeds of issue of new shares	70,969	2,556,463	2,889,879
Loans repaid	-	-	1,328,865
Net cash inflow from financing activities	**70,969**	**2,556,463**	**4,218,744**
Net increase in cash and cash equivalents	319,039	1,176,567	556,067
Cash and cash equivalents at start of period	700,192	144,125	144,125
Cash and cash equivalents at end of period	**1,019,231**	**1,320,692**	**700,192**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 24 September 2018. The auditor's report on the year ended 31 December 2017 financial statements was unqualified, though it made reference to a material uncertainty in relation to going concern. The year ended 31 December 2017 Annual Report and financial statements is available on the Company's website.

The preparation of 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 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 2017.

The 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 2017, with the exceptions of the adoption of IFRS 9 financial instruments and IFRS 15 Revenue from contracts with customers. The adoption of these standards has not had a material effect on the accounting policies of the Group.

IFRS 9 requires the Group to make impairment provisions for expected credit losses in respect of its trade receivables and accrued income balances, based on reasonably supportable information. The Group has a small number of clients with which it has been trading for a limited period of time. At the time of this report, the Directors have no indication to expect any material credit losses to occur in respect of the currently outstanding trade receivables and accrued income balances, although a significant amount of these are overdue, and have no history of requiring impairment provisions against such balances given the short trading period to date. No public information is available in respect of the clients where payments are overdue as there are no filing requirements in their countries of incorporation. Therefore, the Directors are of the opinion that no reasonably supportable information is available upon which to base a calculation of expected credit losses and therefore no provision has been recognised in the financial statements. However, given the size of the trade receivable and accrued income balance, and the significant proportion which is overdue, the Directors will continue to monitor the situation closely and take all necessary actions to recover such amounts. In the event that such amounts are not recoverable, the Company will likely need to make a provision against these balances.

The principal risks and uncertainties of the Group have not changed since the last annual financial statements where a detailed explanation of such risks and uncertainties can be found.

At the time of the reporting of the financial position for the period ending 30 June 2017, the acquisition accounting for Quasar Holdings ltd and T4U Marketing ltd was incomplete. The period ending 30 June 2017 has been restated for the completion of this accounting.

2. Auditor

In view of the substantial changes in the management structure of the Group, the Board considers that audit quality would be best safeguarded by maintaining continuity in the audit team. It is therefore proposed that the expected five year term of the current senior statutory auditor is extended for a maximum of two years, subject to annual review.

3. Earnings per share

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

	6 months ended 30 June 2018 €	**6 months ended 30 June 2017 €**	**Year ended 31 December 2017 €**
Profit/(loss) for the purposes of basic loss per share being net profit/(loss) after tax attributable to equity	4,021,473	3,592,893	7,333,280
Number of shares			
Weighted average number of ordinary shares for the purposes of basic earnings per share	74,689,492	70,023,762	72,128,655
Weighted average number of dilutive share options	5,517,844	5,344,020	5,520,072
Weighted average number of ordinary shares for the purposes of diluted earnings per share	80,207,336	75,367,782	77,648,727
Basic earnings per share (in €)	0.0538	0.0513	0.1017
Diluted earnings per share (in €)	0.0501	0.0477	0.0944

Basic earnings per share has been calculated by dividing the net results attributable to ordinary shareholders by the weighted average number of shares in issue during the period.

4. Trade and other receivables

	30 June 2018 €	30 June 2017 €	31 December 2017 €
Trade receivables	9,099,226	4,180,456	8,801,189
VAT receivables	42,865	24,248	37,714
Other receivables and prepayments	997,346	201,076	299,998
Accrued income	2,429,306	371,189	2,742,568
Total	12,568,743	4,776,969	11,881,469

5. Significant events during the reporting period

On 11 January 2018, the Company announced that its shares started trading on the Quotation Board Segment of the Open Market of the Frankfurt Stock Exchange ("FSE"), also known as the Regulated Unofficial Market of the FSE, or Freiverkehr. Accordingly, the Ordinary Shares were admitted to trading on the FSE under the symbol 24GN. The entire issued ordinary share capital of the Company will continue to trade on the AIM market of the London Stock Exchange under the symbol VLTY.

On 26 March 2018, the Company announced a number of changes to its Board and Senior Management, in order to position the Group for the next phase of its development, including the appointment of Melissa Blau as Chief Executive Officer and Rainer Lauffs as Chief Operating Officer. Gilles Ohana was also appointed Non-executive Chairman. As communicated before, the Board confirms that it is seeking to appoint a further independent Non-executive Director in line with the continuing growth of the Company and a further announcement is expected to be made shortly.

On 25 May 2018 the Company announced that it had entered into an agreement to acquire Marsovia Holding ltd, a company that holds a database with approximately 43,500 customers from the online trading sector. The consideration payable by the Group for the Acquisition was €4.0 million and was settled by offsetting the consideration against the existing indebtedness of, in aggregate, approximately €2.6 million pursuant to certain loans provided by the Group and certain trade receivables of approximately €1.4 million resulting from the Existing Marketing Agreements, resulting in the Acquisition being cash neutral for Veltyco.

In May 2018, the Group entered into a set-off agreement with Winslet Enterprises Ltd pursuant to which the balance of an existing loan of €2.5 million was settled in full against a corresponding amount of trade receivables from operators for whom Veltyco undertakes marketing activities in the online financial trading sector. As a result, the trade receivables reduced by an equivalent amount, resulting in the set-off agreement being cash neutral to the Group.

6. Subsequent events

Update on potential acquisition

On 9 July 2018, the Company announced that it had terminated the negotiations with Ruleo to not further pursue the acquisition of the BTTY branded sportsbook in Germany and Austria. Following the completion of due diligence by Veltyco and recent developments regarding the German licence program that could impact on BTTY going forward, the Veltyco Board decided to terminate the negotiations.

Betsafe contract renewed

On 21 August, the Company announced that its wholly owned subsidiary, Sheltyco Enterprises Ltd, had agreed with Betsson Services Ltd ("Betsson"), the sports book operator, to renew its marketing agreement until May 2021. Pursuant to this new agreement, the Group will continue to exclusively market Betsson's Betsafe brand in Germany on broadly similar terms as the previous agreement.

Veltyco has been working with Betsson since March 2012 as its exclusive marketing partner for the German speaking market, receiving a share of all revenues generated from the Betsafe brand in German speaking countries, in recognition of its marketing activities. Historically, Veltyco has increased the visibility and recognition of the Betsafe brand, through premium marketing partnerships with top German Bundesliga clubs and other high-profile sporting events.