

IZI Finance p.l.c.

Interim Financial Statements (unaudited)

For the six-months period 1 July to 31  
December 2022

# **Contents**

Directors' report	2
Statement of comprehensive income	4
Statement of financial position	5
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Statement pursuant to Capital Markets Rule 5.75.3	11

## **Directors' report**

The directors present their half-yearly report and the interim financial statements for the period 1 July 2022 to 31 December 2022.

### **Basis of preparation**

The published figures for the reporting period have been extracted from the unaudited consolidated financial statements of IZI Finance p.l.c. ('the group') for the six months period ended 31 December 2022. No comparative consolidated statement of comprehensive income has been presented since IZI Finance p.l.c. was incorporated on the 30 December 2021. Comparative balance sheet information as at 30 June 2022 has been extracted from the audited financial statements of the group for the period ended on that date. This report is being published in terms of the Capital Markets Rule 5.74 issued by the Listing Authority and has been prepared in accordance with the applicable Capital Markets Rules and International Accounting Standard 34, 'Interim Financial Reporting'. In terms of Capital Markets Rule 5.75.5, the Directors are stating that this Half-Yearly Financial Report has not been audited, or reviewed, by the group's independent auditors.

### **Principal activities**

IZI Finance p.l.c. ('the company') was registered with the Malta Financial Services Authority on the 30<sup>th</sup> day of December 2021. The company holds interests in several subsidiaries involved in the gaming industry including the management and operation of the Dragonara Casino, The National Lottery of Malta, Retail Gaming (Sports Betting and Electronic Gaming Machines), Commercial Bingo, Interactive Gaming, Intellectual Property (IP) and Real Estate.

### **Review of financial performance**

During the six-month period that ended on 31 December 2022, the group generated total revenue and other income of € 36.4 million. Out of this, € 22.4 million or 61.63% of the group's total revenue came from its retail gaming business which includes € 14.8 million generated from draw-based games (DBGs) that the group started operating as from the 5 July 2022. The Dragonara Casino contributed € 12.8 million in revenues or 35.02% of the group's total revenue whilst its interactive gaming business contributed € 1.2 million or 3.35% of total revenue.

Earnings before interest, tax, depreciation, amortisation, and rent (EBITDAR) for the period amounted € 7.8 million (21.4% of total revenue and other income) of which € 4.8 million or 61.11% derived from retail gaming, € 2.9 million or 37.11% from the Dragonara Casino, € 0.3 million or 4.18% from interactive gaming and a negative contribution of € 0.2 from non-operating entities.

Due to the materially high depreciation and amortisation of intangible assets, property, plant and equipment and right-of-use of asset amounting to € 6.1 million, € 1.5 million and € 0.8 million, respectively, or a total of € 8.4 million (23% of total revenue and other income), the group incurred a loss of € 2.2 million.

Total finance costs for the period amounted to € 2.2 million of which € 0.9 million relates to bank borrowings, € 0.7 million to bonds in issue and € 0.6 million to finance leases. Other charges below EBITDAR include short-term leases amounting to € 0.2 million.

Consolidated total assets as at 31 December 2022 amounted to €285.2 million (30 June 2022: €283.7 million), with the Group's total equity at 31 December 2022 standing at €83.7M, representing 29% of the total asset).

### **State of affairs and outlook**

During the six-month period under review, the Group expanded its operations through the successful commencement of the national lottery operations enabling it to establish itself as the leading land-based gaming operator in Malta, covering the widest portfolio of games possible in the market. This is the outcome of the Group's long-term strategy to focus on its core businesses transforming them into commercial pillars of sustainable growth. The Group's operating and financial performance in the period under review strongly reaffirm the Group's vision and the management's capabilities to realise it across all the Group's subsidiary operations.

Over the next months, the commercial synergies derived out of the consolidation of its operations in the retail gaming arm will be accelerated to enable the Group to strengthen its retail gaming network, align its identity to The National Lottery brand and leverage its technological capabilities to offer a wider portfolio of games to its client-base. This coupled with the steady growth being generated in the operations of the Dragonara Casino will contribute towards the Group's attainment of its financial projections for the full year, empowering it to register record turnover and EBITDAR levels in the current financial year ending 30th June 2023.

The Group's strategic focus will remain on the optimisation of its growth efforts, underpinned by further investment in technology and the upskilling of its workforce. In parallel, the Group will be embarking on an enterprise-based impetus to determine and entrench the Group's ESG principles across all its operations, through a multi-annual programme being shaped by management.

### **Directors**

The following have served as directors of the company during the period under review:

Christian Gernert - Chairman (appointed upon incorporation)  
Johann Schembri (appointed upon incorporation)  
Franco De Gabriele (appointed upon incorporation)  
Joseph Mallia (appointed upon incorporation)  
Jacqueline Camilleri (appointed on 23 February 2022)  
Stephanie Fabri (appointed on 23 February 2022)  
Otto Karasek (appointed on 23 February 2022)

In accordance with the company's Articles of Association, the present directors remain in office.

On behalf of the Board,

**Johann Schembri**  
Director

**Christian Gernert**  
Director

Registered address:  
Portomaso Business Tower  
Level 11, Portomaso  
St. Julian's  
Malta

## Statement of comprehensive income

	Note	2022 (6 months) €
Revenue	2	35,632,343
Other income		790,269
Staff costs		(6,863,716)
Gaming tax		(10,581,000)
Other operating expenses		(11,207,579)
<b>Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)</b>		<b>7,770,317</b>
Depreciation and amortisation		(8,388,894)
Finance costs		(2,212,088)
Other charges		(230,209)
<b>Loss before tax</b>		<b>(3,060,874)</b>
Tax expense		829,155
<b>Loss for the period</b>		<b>(2,231,719)</b>
<b>Loss for the period attributable to:</b>		
Non-controlling interest		410,757
Owners of the parent		(2,642,476)
		<b>(2,231,719)</b>

## Statement of financial position

	Notes	31 December 2022 €	30 June 2022 €
<b>Assets</b>			
<b>Non-current</b>			
Goodwill		62,351,466	62,351,466
Intangible assets	3	136,403,784	142,049,060
Property plant and equipment	4	14,971,232	11,926,675
Right-of-use asset		44,608,701	42,275,934
Investment properties		1,367,638	1,181,764
Investment in associate		400	400
Other non-current assets		2,587,019	2,182,439
Deferred tax asset		1,952,642	420,169
Trade and other receivables		197,546	197,546
		<b>264,440,428</b>	<b>262,585,453</b>
<b>Current</b>			
Inventories		431,167	271,770
Trade and other receivables		1,928,707	2,031,459
Current tax receivable		2,836	2,836
Cash and cash equivalents		18,383,634	18,869,268
		<b>20,746,344</b>	<b>21,175,333</b>
<b>Total assets</b>		<b>285,186,772</b>	<b>283,760,786</b>

## Statement of financial position – continued

	Notes	31 December 2022 €	30 June 2022 €
<b>Equity</b>			
Share capital		80,000,001	80,000,001
Accumulated losses		(2,932,667)	(290,191)
		<b>77,067,334</b>	<b>79,709,810</b>
Non-controlling interest		6,619,891	6,209,134
<b>Total equity</b>		<b>83,687,225</b>	<b>85,918,944</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Bank borrowings	5	45,203,887	7,720,103
Debt securities in issue		29,395,236	29,332,152
Trade and other payables		67,356,874	65,984,949
Deferred tax liability		9,912,023	9,208,738
Lease liabilities		26,267,809	23,770,083
		<b>178,135,829</b>	<b>136,016,025</b>
<b>Current</b>			
Bank borrowings	5	3,147,265	1,605,252
Debt securities in issue		86,174	86,174
Trade and other payables	6	19,313,414	59,359,845
Lease liabilities		816,865	774,546
		<b>23,363,718</b>	<b>61,825,817</b>
<b>Total liabilities</b>		<b>201,499,547</b>	<b>197,841,842</b>
<b>Total equity and liabilities</b>		<b>285,186,772</b>	<b>283,760,786</b>

## Statement of changes in equity

	Share capital €	Accumulated losses €	Attributable to the owners of the parent €	Non- controlling interest €	Total equity €
At 30 June 2022	80,000,001	(290,191)	79,709,810	6,209,134	85,918,944
Loss for the period	-	(2,642,476)	(2,642,476)	410,757	(2,231,719)
<b>At 31 December 2022</b>	<b>80,000,001</b>	<b>(2,932,667)</b>	<b>77,067,334</b>	<b>6,619,891</b>	<b>83,687,225</b>
Issue of share capital	80,000,001	-	80,000,001	-	80,000,001
Non-controlling interest from business combination	-	-	-	5,945,197	5,945,197
Loss for the period	-	(290,191)	(290,191)	263,937	(26,254)
<b>At 30 June 2022</b>	<b>80,000,001</b>	<b>(290,191)</b>	<b>79,709,810</b>	<b>6,209,134</b>	<b>85,918,944</b>



## Statement of cash flows

	<b>2022</b>
	<b>(6 months)</b>
	<b>€</b>
<b>Operating activities</b>	
Loss before tax	(3,060,874)
Adjustments	10,600,982
Net changes in working capital	365,267
<b>Net cash generated from operating activities</b>	<b>7,905,375</b>
<b>Investing activities</b>	
Payments to acquire intangible assets	(342,096)
Payments to acquire property, plant and equipment	(4,590,570)
NL concession payment	(40,000,000)
Payments to acquire investment properties	(185,874)
<b>Net cash used in investing activities</b>	<b>(45,118,540)</b>
<b>Financing activities</b>	
Proceeds from bank loans	40,000,000
Repayments of bank loans	(974,203)
Repayments of lease liabilities	(802,633)
Interest paid on lease liabilities	(386,281)
Interest paid	(597,518)
<b>Net cash from financing activities</b>	<b>36,727,531</b>
<b>Net change in cash and cash equivalents</b>	<b>(485,634)</b>
Cash and cash equivalents, beginning of period	18,869,268
<b>Cash and cash equivalent, end of period</b>	<b>18,383,634</b>

## Notes to the financial statements

### 1 Summary of accounting policies

The accounting policies adopted in the preparation of the group's Half-Yearly Report are the same as those adopted in the preparation of the audited financial statements for the period ended 30 June 2022.

### 2 Segment reporting

Management currently identifies the group's three revenue streams as its operating segments. The group's Chief Operating Decision Maker (CODM) is the chief executive officer, and he monitors the performance of these operating segments as well as deciding on the allocation of resources to them.

Segment information for the reporting period is as follows:

	<b>2022</b> <b>(6 months)</b> <b>€</b>
Retail gaming	21,898,905
Casino and catering	12,528,784
Online gaming	1,204,654
	<hr/> <b>35,632,343</b> <hr/>

### 3 Intangible assets

The group's intangible assets include concession fee, software, trademark and domains and key money. Acquisitions during the period amounted to € 342 thousand.

### 4 Property, plant and equipment

Property, plant and equipment acquired during the period amounted to € 4.6 million.

**5 Bank borrowings**

	<b>31 December</b>	<b>30 June</b>
	<b>2022</b>	<b>2022</b>
	<b>€</b>	<b>€</b>
<b>Non-current</b>		
Bank loan I	2,717,610	3,113,631
Bank loan II	1,338,416	1,539,739
Bank loan III	1,683,597	1,923,229
Bank loan IV	984,427	1,143,504
Bank loan V	38,479,837	-
	<b>45,203,887</b>	<b>7,720,103</b>
<b>Current</b>		
Bank loan I	648,496	641,331
Bank loan II	302,090	282,456
Bank loan III	417,382	427,537
Bank loan IV	259,134	253,928
Bank loan V	1,520,163	-
	<b>3,147,265</b>	<b>1,605,252</b>

**Bank loan V**

The group has a loan facility with BOV amounting to € 41 million and € 4 million guarantee facility as per the bank sanction letter dated 19 April 2022. Drawdowns were made in July and December 2022 of € 20 million each, which were used to finance the upfront fee of the national lottery concession.

**6 Trade and other payables**

Current trade and other payables as at 30 June 2022, include the upfront fee of the national lottery concession amounting to € 40 million. This was paid in July and December 2022.

## **Statement pursuant to Capital Markets Rule 5.75.3**

We confirm that to the best of our knowledge:

- the interim financial statements give a true and fair view of the financial position of IZI Finance p.l.c. as at 31 December 2022, and of its financial performance and its cashflows for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the EU applicable to interim financial reporting (International Accounting Standard 34 – Interim Financial Reporting, and
- the interim Directors' Report includes a fair view of the information required in terms of Capital Market Rules 5.81 to 5.84.

**Johann Schembri**  
Director

**Christian Gernert**  
Director

28 February 2023