

IZI Finance p.l.c.

Interim Condensed Consolidated
Financial Statements (unaudited)

For the six-months period 1 July to 31
December 2023

Contents

Directors' report	2-3
Condensed consolidated statement of comprehensive income	4
Condensed consolidated statement of financial position	5-6
Condensed consolidated statement of changes in equity	7
Condensed consolidated statement of cash flows	8
Notes to the interim condensed consolidated financial statements	9-11
Statement pursuant to Capital Markets Rule 5.75.3	12

Directors' report

The directors present their half-yearly report and the interim condensed consolidated financial statements for the period 1 July 2023 to 31 December 2023.

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 2023 and the comparative period in 2022. Comparative balance sheet information as of 30 June 2023 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 30th day of December 2021. The company holds interests in several subsidiaries involved in the lottery and gaming industry including the management and operation of the National Lottery of Malta and the Dragonara Casino.

Review of financial performance

During the six-month period that ended on 31 December 2023, the Group generated total revenue and other income of € 45.5 million (2022: € 36.4 million), from the following operations:

€ 30.7 million (2022: € 22.4 million), 67.5% (2022: 61.5%) from the National Lottery;
€ 13.3 million (2022: € 12.8 million), 29.2% (2022: 35.2%) from the Dragonara Casino; and
€ 1.5 million (2022: € 1.2 million), 3.3% (2022: 3.3%) from the interactive gaming business.

Earnings before interest, tax, depreciation, amortisation, and rent (EBITDAR) for the period amounted to € 12.6 million (2022: € 7.8 million), 27.7% (2022: 21.4%) of total revenue and other income, derived from the following operations:

€ 9.0 million (2022: € 4.8 million), 71.4% (2022: 61.5%) from the National Lottery;
€ 3.2 million (2022: € 2.9 million) or 25.4% (2022: 37.2%) from the Dragonara Casino;
€ 0.5 million (2022: € 0.3 million) or 4.0% (2022: 3.9%) from the interactive gaming business; and
€ 0.1 million negative contribution (2022: € 0.2 million negative contribution), negative 0.8% (2022: negative 2.6%) from non-operating entities.

Depreciation and amortisation of intangible assets, property, plant and equipment and right-of-use of asset amounting to € 6.0 million, € 2.2 million, and € 1.0 million (2022: € 6.1 million, € 1.5 million and € 0.8 million), respectively, or a total of € 9.2 million (2022: € 8.4 million) or 20% (2022: 23%) of total revenue and other income.

Total finance costs for the period amounted to € 2.8 million (2022: € 2.2 million) of which € 1.3 million (2022: € 0.9 million) relates to bank borrowings, € 0.7 million (2022: € 0.7 million) to bonds in issue and € 0.8 million (2022: € 0.6 million) to interest related to leasing arrangements, as per the requirements of IFRS 16 accounting standards. Other charges below EBITDAR include short-term leases amounting to € 0.2 million (2022: € 0.2 million).

During the 6 months period, the Group managed to generate a profit of € 0.2 million (2022: loss of € 2.2 million).

Consolidated total assets as at 31 December 2023 amounted to € 278.1 million (30 June 2023: € 279.0 million), with the Group's total equity at 31 December 2023 standing at € 81.5 million (30 June 2023: € 81.3 million), representing 29.3% (30 June 2023: 29.1%) of the total assets.

State of affairs and outlook

The financial performance of the Group reflect the remarkable operational performance of all its business units which are now delivering in line with the growth projections set by the board of directors. The financial results delivered in this period validates the commercial strategy adopted by the Group and are a positive reaffirmation of the business models it has pursued across all its operations, building its underlying value on sustainable growth, technology adoption and investment in people.

Over the next months, the directors will work with management to sustain the commercial strategy and start shifting a stronger focus on the realisation of efficiency gains and the attainment of better optimisation as a result of the Group's consolidation. This approach will be built on further investment in technology, the attraction of high-calibre talent and the continuous efforts of all business units to sustain their pace of growth through innovation and excellence in customer experience.

Directors

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

Christian Gernert - Chairman
Johann Schembri
Franco De Gabriele
Jacqueline Camilleri
Stephanie Fabri
Otto Karasek
Joseph Mallia (resigned 17 November 2023)

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:
The Quad Central, Q3, Level 11
Triq l-Esportaturi, Zone 1, CBD
Birkirkara
Malta

Condensed consolidated statement of comprehensive income

	Note	31 December 2023 (6 months) €	31 December 2022 (6 months) €
Revenue	3	44,970,770	35,632,343
Other income		573,112	790,269
Staff costs		(7,217,138)	(6,863,716)
Gaming tax		(13,614,529)	(10,581,000)
Other operating expenses		(12,162,095)	(11,207,579)
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)		12,550,120	7,770,317
Depreciation and amortisation		(9,283,543)	(8,388,894)
Finance costs		(2,772,574)	(2,212,088)
Other charges		(170,861)	(230,209)
Profit (loss) before tax		323,142	(3,060,874)
Tax (expense) income		(150,710)	829,155
Profit (loss) for the period		172,432	(2,231,719)
Profit (loss) for the period attributable to:			
Non-controlling interest		429,261	410,757
Owners of the parent		(256,829)	(2,642,476)
		172,432	(2,231,719)

Condensed consolidated statement of financial position

	Notes	31 December 2023 €	30 June 2023 €
Assets			
Non-current			
Goodwill		61,595,544	61,595,544
Intangible assets	4	124,659,442	130,180,791
Property plant and equipment	5	24,290,821	21,849,400
Right-of-use asset	6	50,254,584	44,689,878
Investment properties		1,529,053	1,424,975
Investment in associate		400	400
Other assets		2,879,820	2,939,252
Deferred tax asset		1,201,677	1,385,280
		266,411,341	264,065,520
Current			
Other assets		-	6,000
Inventories		793,136	875,045
Trade and other receivables		2,143,031	2,511,118
Current tax receivable		2,836	2,836
Cash and cash equivalents	7	8,713,402	11,568,859
		11,652,405	14,963,858
Total assets		278,063,746	279,029,378

Condensed consolidated statement of financial position – continued

	Notes	31 December 2023 €	30 June 2023 €
Equity			
Share capital		80,000,001	80,000,001
Accumulated losses		(5,908,691)	(5,651,862)
		74,091,310	74,348,139
Non-controlling interest		7,424,912	6,995,651
Total equity		81,516,222	81,343,790
Liabilities			
Non-current			
Bank borrowings		37,558,252	41,131,363
Debt securities in issue		29,547,587	29,504,500
Trade and other payables	8	60,678,409	57,943,686
Deferred tax liability		8,288,499	8,321,392
Lease liabilities	6	32,682,545	26,809,560
		168,755,292	163,710,501
Current			
Bank borrowings		7,163,021	7,009,511
Trade and other payables	8	19,616,106	26,019,871
Lease liabilities	6	1,013,105	945,705
		27,792,232	33,975,087
Total liabilities		196,547,524	197,685,588
Total equity and liabilities		278,063,746	279,029,378


Johann Schembri
Director


Christian Gernert
Director

Condensed consolidated statement of changes in equity

	Share capital €	Accumulated losses €	Attributable to the owners of the parent €	Non- controlling interest €	Total equity €
At 1 July 2023	80,000,001	(5,651,862)	74,348,139	6,995,651	81,343,790
(Loss) profit for the period	-	(256,829)	(256,829)	429,261	172,432
At 31 December 2023	80,000,001	(5,908,691)	74,091,310	7,424,912	81,516,222
At 1 July 2022	80,000,001	(290,191)	79,709,810	6,209,134	85,918,944
(Loss) profit for the period	-	(2,642,476)	(2,642,476)	410,757	(2,231,719)
At 31 December 2022	80,000,001	(2,932,667)	77,067,334	6,619,891	83,687,225

Condensed consolidated statement of cash flows

	Notes	31 December 2023 (6 months) €	31 December 2022 (6 months) €
Operating activities			
Profit (loss) before tax		323,142	(3,060,874)
Adjustments	9	12,432,287	10,600,982
Net changes in working capital	9	(2,396,981)	(146,567)
Net cash generated from operating activities		10,358,448	7,393,541
Investing activities			
Payments to acquire intangible assets		(2,101,823)	(40,342,096)
Payments to acquire property, plant and equipment		(4,891,192)	(4,590,570)
Payments to acquire investment properties		(104,078)	(185,874)
Bank guarantees		(25,630)	-
Net cash used in investing activities		(7,122,723)	(45,118,540)
Financing activities			
Proceeds from bank loans		-	40,000,000
Repayments of bank loans		(3,439,598)	(974,203)
Repayments of lease liabilities		(745,324)	(802,633)
Interest paid on lease liabilities		(673,891)	(386,281)
Interest paid		(1,232,369)	(597,518)
Net cash (used in)/from financing activities		(6,091,182)	37,239,365
Net change in cash and cash equivalents		(2,855,457)	(485,634)
Cash and cash equivalents, beginning of period		11,568,859	18,869,268
Cash and cash equivalents, end of period		8,713,402	18,383,634

Notes to the interim condensed consolidated financial statements

1 General information, basis of preparation and statement of compliance with IFRS

The Interim Condensed Consolidated Financial Statements are for the six months ended 31 December 2023 and are presented in Euro, which is the functional currency of the Group. They have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the audited consolidated financial statements for the year ended 30 June 2023.

IZI Finance p.l.c. (the 'company') is the Group's parent company. It is a public limited liability company incorporated and domiciled in Malta. On 1st December 2023, the company moved its offices from the Portomaso Tower in St. Julian's to The Quad Central, Q3, Level 11, Triq l-Esportaturi, Zone 1, Central Business District, Birkirkara.

The Interim Condensed Consolidated Financial Statements were approved for issue by the Board of Directors on 28 February 2024.

2 Summary of accounting policies

The Interim Condensed Consolidated Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 30 June 2023.

3 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:

	31 December 2023 (6 months) €	31 December 2022 (6 months) €
National Lottery	30,493,046	21,898,905
Casino	12,798,234	12,240,554
Interactive Gaming	1,395,439	1,204,654
Others	284,051	288,230
Total revenue	44,970,770	35,632,343

4 Intangible assets

The Group's intangible assets includes concession fee, software, trademark and domains and key money. Acquisitions during the period amounted to € 474,878 whilst depreciation for the period amounted to € 5,996,227.

5 Property, plant and equipment

Property, plant and equipment acquired during the period amounted to € 4,620,012 whilst depreciation for the period amounted to € 2,199,771.

6 Right-of-use assets and lease liability

As disclosed in note 1, the Group moved its offices to The Quad Central in December 2023. The office spaces are being leased for a period of 15 years. Initial measurement of the right-of-use asset and lease liability relating to this lease amounted to € 4,830,661.

Also the Group leased additional National Lottery point of sales during the period. Initial measurement of the right-of-use asset and lease liability relating to these leases amounted to € 1,694,557.

Total depreciation of right-of-use assets for the period amounted € 961,512.

7 Cash and cash equivalents

Cash and cash equivalents include the following components:

	31 December	30 June
	2023	2023
	€	€
Bank deposits	5,075,833	9,276,508
Cash in hand	3,637,569	2,292,351
	8,713,402	11,568,859

8 Trade and other payables

	31 December 2023	30 June 2023
	€	€
Non-current		
Concession fee payable	57,959,895	53,689,166
Provisions	500,000	500,000
Cash guarantees from agents	210,000	210,000
Amounts owed to parent company	1,456,490	2,325,371
Financial liabilities	60,126,385	56,724,537
Statutory liabilities	552,024	1,219,149
Total non-current liabilities	60,678,409	57,943,686
Current		
Concession fee payable	3,863,993	9,761,667
Trade payables	6,409,476	8,321,058
Players funds	215,730	110,130
Provisions	1,209,510	922,479
Amounts owed by other related parties	7,874	7,874
Accruals	2,654,217	2,435,107
Financial liabilities	14,360,800	21,558,315
Statutory liabilities	5,255,306	4,461,556
Total current liabilities	19,616,106	26,019,871

9 Cash flow adjustments and changes in working capital

The following cash flow adjustments and changes in working capital have been made to profit (loss) before tax to arrive at operating cash flow:

	31 December 2023	31 December 2022
	(6 months)	(6 months)
	€	€
Adjustments:		
Depreciation, amortisation and impairment	9,283,543	8,388,894
Interest expense	2,772,574	2,212,088
Provision for jackpots and cash and bonus points	376,170	-
	12,432,287	10,600,982
Net changes in working capital:		
Changes in inventories and trade and other receivables	414,025	(548,949)
Changes in trade and other payables	(2,811,006)	402,382
	(2,396,981)	(146,567)

10 Post balance sheet events

There have been no significant post-interim balance sheet events.

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 2023, and of its financial performance and its cashflows for the six-month period 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

28 February 2024



Christian Gernert
Director