

**IZI** | FINANCE plc

23rd October 2024

**Group Financial Results  
Investor Presentation  
FY 2024 – (July 2023 – June 2024)**

# PRESENTATION HIGHLIGHTS

- ❖ Key Milestones
- ❖ Group Operations
- ❖ Group Performance
- ❖ Group Financial Highlights
- ❖ Strategic Developments
- ❖ Key Projects & Strategic Focus 2024/2025
- ❖ Internationalisation Opportunities

# KEY MILESTONES

**1**

**Significant Y-O-Y revenue growth across all business verticals and a targeted cost control strategy, leading to record profitability and margins.**

**2**






**Strong financial performance and strategic progress, enabling the Group to surpass the KPI targets set in the FAS.**

**3**

**Established the basic building blocks for internationalisation of the Group's business.**

# KEY MILESTONES

**Strong financial performance attained via REVENUE growth, COST control and targeted investment programme.**

-  **Strong Revenue Growth across all business verticals.**
-  **Margins closely managed and growing.**
-  **Topline growth and stronger margins leading to record EBITDA.**
-  **Sustained CAPEX in the National Lottery product and distribution network.**
-  **Leveraging the Group's experience, set-up and operations to identify international business opportunities.**

# GROUP OPERATIONS

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# GROUP PERFORMANCE

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Group has delivered on FY2024 objectives and priorities.



Targeted **PRODUCT** introductions through the launch of the **2<sup>nd</sup> Super5** draw every Friday evening, the introduction of Instant Lottery (Scratch Cards) via the brand name **SCRATCHIZ**, while preparing for the launch of the **Historical Horse Racing (HHR)** product for Malta and other international markets.



Extended and strengthened the distribution network, through the introduction of the **Secondary Agents Network**, the opening of new stores and the launch of **lottery.mt** online channel.



Group wide focus on **improved margins** via multiple cost control measures, leading to an **OPEX** margin of **71%**, 8% better when compared to FY2023.

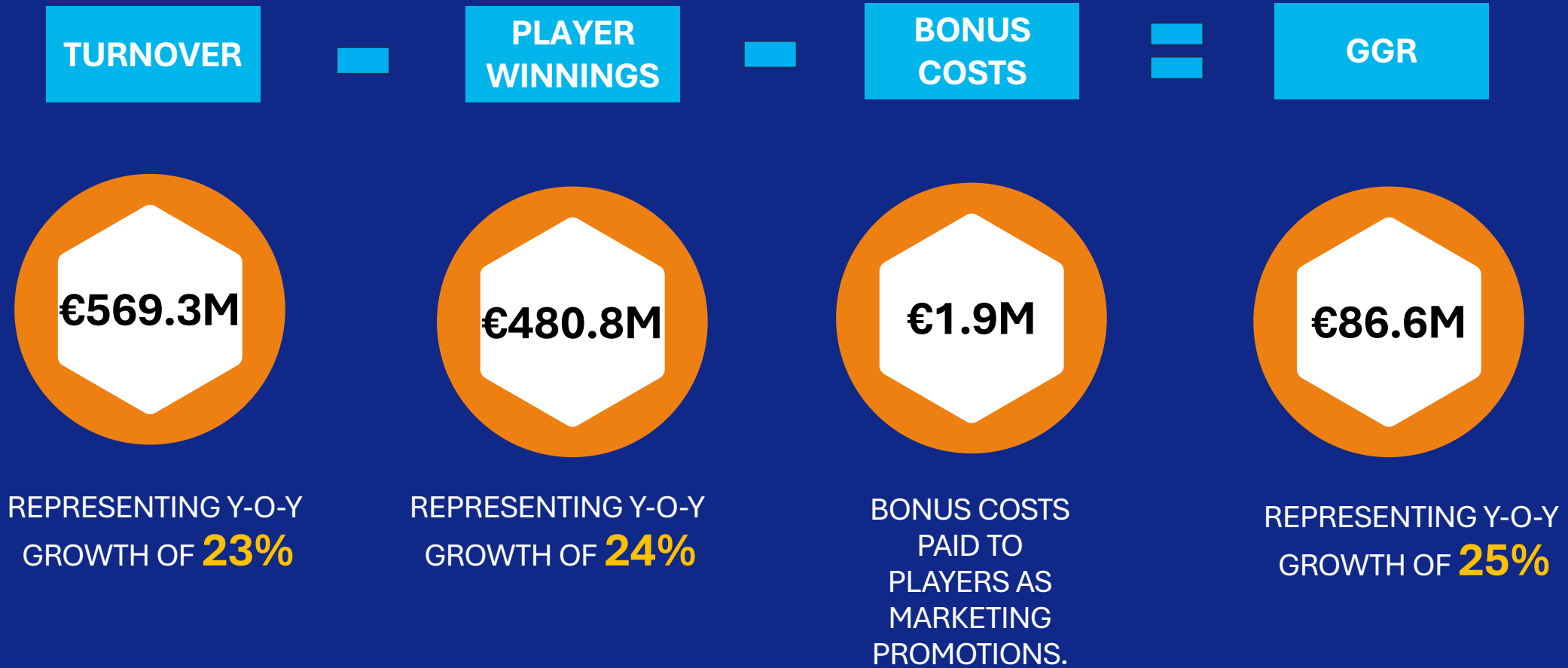


Creation of long-standing strategic alliances, with leading international industry players, purposely targeting the **INTERNATIONALISATION** efforts and opportunities for the Group, across several product verticals, in targeted regional markets.

# GROUP FINANCIAL HIGHLIGHTS

# GROUP PERFORMANCE

Strong financial performance and strategic progress, leading to record GROWTH.



# GROUP KPIs – compared to FY2023

Strong financial performance and strategic progress, leading to record GROWTH.



RECORD  
**CONSOLIDATED  
REVENUES**  
REPRESENTING Y-O-Y  
GROWTH OF **24%**



RECORD  
**CONSOLIDATED  
EBITDA** REPRESENTIN  
G Y-O-Y GROWTH  
OF **68%**



GROUP  
CONVERTED A  
NLBT OF €6.4M  
IN FY2023 TO A  
**PBT OF  
€2.6M.**

# GROUP KPIs – compared to FAS Projections

Strong financial performance and strategic progress, enabling Group to surpass FAS targets.



**CONSOLIDATED REVENUES**  
IN LINE WITH FAS PROJECTED REVENUES.



**EBITDA**  
SURPASSING FAS EBITDA TARGET BY €1.1M



**PROFIT BEFORE TAX**  
SURPASSING THE FAS PBT TARGET BY €1.4M

# National Lottery plc Performance – compared to FY2023

TURNOVER

—

PLAYER  
WINNINGS

=

GGR



REPRESENTING Y-O-Y  
GROWTH OF **33%**

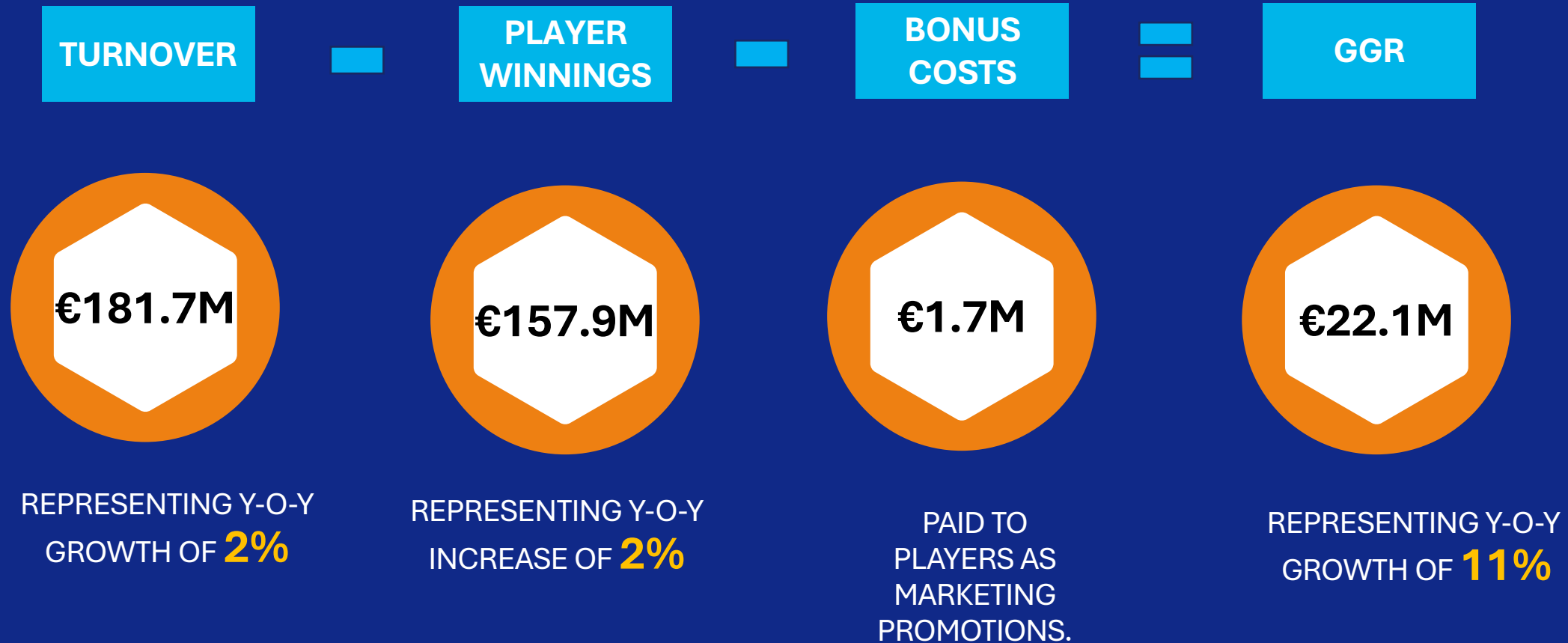


REPRESENTING Y-O-Y  
GROWTH OF **34%**



REPRESENTING Y-O-Y  
GROWTH OF **30%**

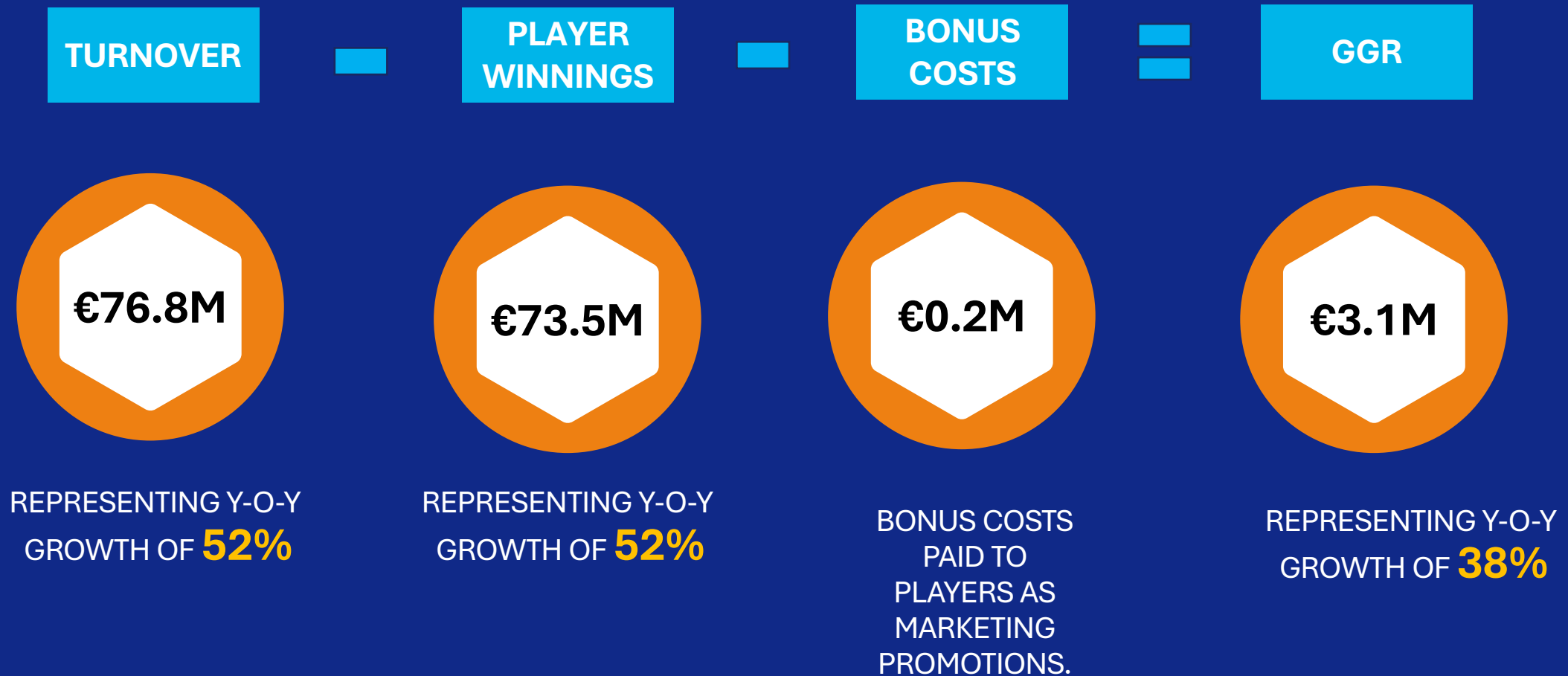
# Dragonara Gaming Limited Performance – compared to FY2023





# iGaming Performance – compared to FY2023

## IZI Interactive Limited and Dragonara Interactive Limited\*



\*LOTTERY REVENUES GENERATED VIA LOTTERY.MT ARE RECORDED AT THE LEVEL OF NATIONAL LOTTERY PLC.

# CAPEX INVESTMENT PROGRAMME OF €11.5M IN FY2024

€6M

NATIONAL LOTTERY

52.2%

Investments were made in new gaming equipment and the opening of new own stores.

€5.1M

DRAGONARA CASINO

44.3%

Significant investment was made in new slot product. This upgrade led to higher GGR and improved overall profitability.

€0.4M

ONLINE BUSINESS

3.5%

Platform enhancements facilitating the launch of a new revenue stream via Lottery.mt. This strategic investment is expected to drive long-term growth.

# Group Income Statement

Extract of Statement of Comprehensive Income	FY2024 ACTUAL	FY2023 ACTUAL	FY2024	VARIANCE
	Euro '000	Euro '000	PROJECTED (FAS) Euro '000	Euro '000
<b>Turnover</b>	569,250	461,431	481,414	87,836
Player Winnings	(480,759)	(388,250)	(391,698)	(89,061)
Bonus Costs	(1,937)	(3,666)	(3,503)	1,566
<b>Gross Gaming Revenue</b>	<b>86,554</b>	<b>69,515</b>	<b>86,213</b>	<b>341</b>
Other Revenue	532	572	530	2
<b>Total Revenue</b>	<b>87,086</b>	<b>70,087</b>	<b>86,743</b>	<b>343</b>
Other Income	791	1,424	865	(74)
Staff Costs	(13,766)	(13,995)	(14,307)	541
Gaming Tax	(26,934)	(21,655)	(27,117)	183
Other Operating Expenses	(21,403)	(19,982)	(21,579)	176
Depreciation & Amortisation	(18,365)	(16,548)	(18,222)	(143)
<b>Operating Profit (Loss)</b>	<b>7,409</b>	<b>(669)</b>	<b>6,383</b>	<b>1,026</b>
Impairment of Goodwill	-	(756)	-	-
Fair Value Gain on Investment Property	354	-	-	354
Finance Costs	(5,166)	(5,003)	(5,164)	(2)
<b>PBIT</b>	<b>2,597</b>	<b>(6,428)</b>	<b>1,219</b>	<b>1,378</b>
Tax (expense) / credit	(802)	1,853	(384)	(418)
<b>PAIT</b>	<b>1,795</b>	<b>(4,575)</b>	<b>835</b>	<b>960</b>
<b>EBITDA Calculation</b>				
Operating Profit (Loss)	7,409	(669)	6,383	1,026
Depreciation & Amortisation	18,365	16,548	18,222	143
Rent Payments	(2,579)	(2,090)	(2,499)	(80)
<b>EBITDA</b>	<b>23,195</b>	<b>13,789</b>	<b>22,106</b>	<b>1,089</b>
<b>EBITDA Margin (%)</b>	<b>26.63%</b>	<b>19.67%</b>	<b>25.48%</b>	<b>1.15%</b>

## ❑ GGR Growth:

Consolidated GGR for FY 2024 reached **€86.6 million**, up **25%** from FY 2023 (€69.5 million) and exceeding projections by **€341,000**.

## ❑ Gaming Tax:

Gaming tax rose in line with the increase in GGR.

## ❑ Other Operating Expenses:

Other operating expenses increased to **€21.4 million**, lower than the projected **€21.6 million** by **€176,000**.

## ❑ EBITDA Performance:

EBITDA improved to **€23.2 million**, surpassing FY 2023's **€13.8 million** and exceeding **FAS** projections by **€1.1 million** (cost optimisation)

## ❑ Fair Value Gain on Investment Property:

A fair value gain of **€354,000** on investment property was recognised.

## ❑ Finance Costs Stability:

Finance costs remained stable at **€5.2 million** (includes **€1.4M** - IFRS 16 – lease accounting treatment)

## ❑ Profit Before Tax (PBIT):

PBIT for FY 2024 was **€2.6 million**, a recovery from a loss of **€6.4 million** in FY 2023, exceeding **FAS** projections by **€1.4 million**.

# Group Statement of Financial Position

Extract of Statement of Financial Position	FY2024 ACTUAL Euro '000	FY2023 ACTUAL Euro '000	FY2024 PROJECTED (FAS) Euro '000	VARIANCE Euro '000
<b>ASSETS</b>				
NON-CURRENT	258,589	264,066	255,799	2,790
CURRENT	10,302	14,964	14,550	(4,248)
<b>TOTAL ASSETS</b>	<b>268,891</b>	<b>279,030</b>	<b>270,349</b>	<b>(1,458)</b>
<b>LIABILITIES</b>				
NON-CURRENT	155,670	163,711	158,994	(3,324)
CURRENT	30,082	33,975	29,176	906
<b>TOTAL LIABILITIES</b>	<b>185,752</b>	<b>197,686</b>	<b>188,170</b>	<b>(2,418)</b>
<b>EQUITY</b>				
SHARE CAPITAL	80,000	80,000	80,000	-
RETAINED EARNINGS	(4,643)	(5,652)	(5,400)	757
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>75,357</b>	<b>74,348</b>	<b>74,600</b>	<b>757</b>
<b>NON-CONTROLLING INTEREST</b>	<b>7,782</b>	<b>6,996</b>	<b>7,579</b>	<b>203</b>
<b>TOTAL EQUITY</b>	<b>83,139</b>	<b>81,344</b>	<b>82,179</b>	<b>960</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>268,891</b>	<b>279,030</b>	<b>270,349</b>	<b>(1,458)</b>

Net equity increased by €1.8 million, primarily driven by the improvement in the consolidated profit after tax for the year.

# Group Statement of Cashflow Position

Extract of Statement of Cashflows	FY2024 ACTUAL Euro '000	FY2023 ACTUAL Euro '000	FY2024 PROJECTED (FAS) Euro '000	VARIANCE Euro '000
<b>Opening cash</b>	<b>11,569</b>	<b>18,869</b>	<b>11,569</b>	<b>-</b>
Operating activities	23,450	17,186	20,279	3,171
Investing activities	(13,617)	(55,704)	(7,132)	(6,485)
Financing activities	(14,514)	31,218	(13,696)	(818)
<b>Closing cash</b>	<b>6,888</b>	<b>11,569</b>	<b>11,020</b>	<b>(4,132)</b>

## ❑ Cash Flow from Operations:

*In FY 2024, cash flow from operations significantly improved, primarily driven by the increase in the group's EBITDA (+€6.3M compared to 2023).*

## ❑ Cash Flow from Investing Activities:

*In FY 2023, we made a lump-sum concession payment related to the NL concession. In FY 2024, we shifted to repaying installments while continuing to invest in both tangible and intangible fixed assets.*

## ❑ Cash Flow from Financing Activities:

*In FY 2023, we secured a €40 million loan facility from BOV. By FY 2024, we had repaid all obligations to financial institutions, including bond payments to our bondholders.*

# STRATEGIC DEVELOPMENTS

# FY2024 STRATEGIC DEVELOPMENTS

-  Concluded agreement with **Exacta Services, Inc.** – a subsidiary of **Churchill Downs, Inc.**, through which the Group, completed the first HHR installation outside the USA and laid the foundations for new HHR markets.
-  Identified several international business opportunities in various markets both in **Europe** and **Latin America**.
-  Sustained talks with **Eurojackpot (EJ)** consortium to ensure that National Lottery plc is amongst the new entrants in the next enlargement process of EJ, earmarked for 2026/2027.
-  National Lottery plc obtained **Responsible Gaming (RG)** Certification from both the **European Lotteries (EL)** and **World Lotteries Association (WLA)** and undertook the preparatory work for the attainment of ISO/IEC 27001:2022 certification for excellence in security and operations.

# KEY PROJECTS & STRATEGIC FOCUS 2024/2025



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Continue working with Exacta Services, Inc. to penetrate European markets with HHR product, whilst pursuing other international opportunities in the VLT and Casino markets.



Expand the National Lottery retail distribution network to reach the European benchmark of 1000 persons per lottery terminal from the current 2264 persons per lottery terminal, through the expansion of the secondary agents network.



Further **PRODUCT enhancements** across the Lottery games portfolio.



Conclude the next phase of the **Dragonara Casino expansion project**. The project aims at offering a more holistic and diversified casino experience.



**LEVERAGE OMNI CHANNEL OPPORTUNITIES** to grow the online business through the acquisition of a new customer demographic.



**Sustain cost optimisation efforts.**

# INTERNATIONALISATION OPPORTUNITIES

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## EXTENDING OUR REACH TO INTERNATIONAL MARKETS

1

HOW DO WE LEVERAGE OUR EXPERTISE OF OPERATING SEVERAL GAMING PRODUCT VERTICALS IN THE LOCAL MARKET IN FOREIGN MARKETS WITH LARGER UPSIDE POTENTIAL?

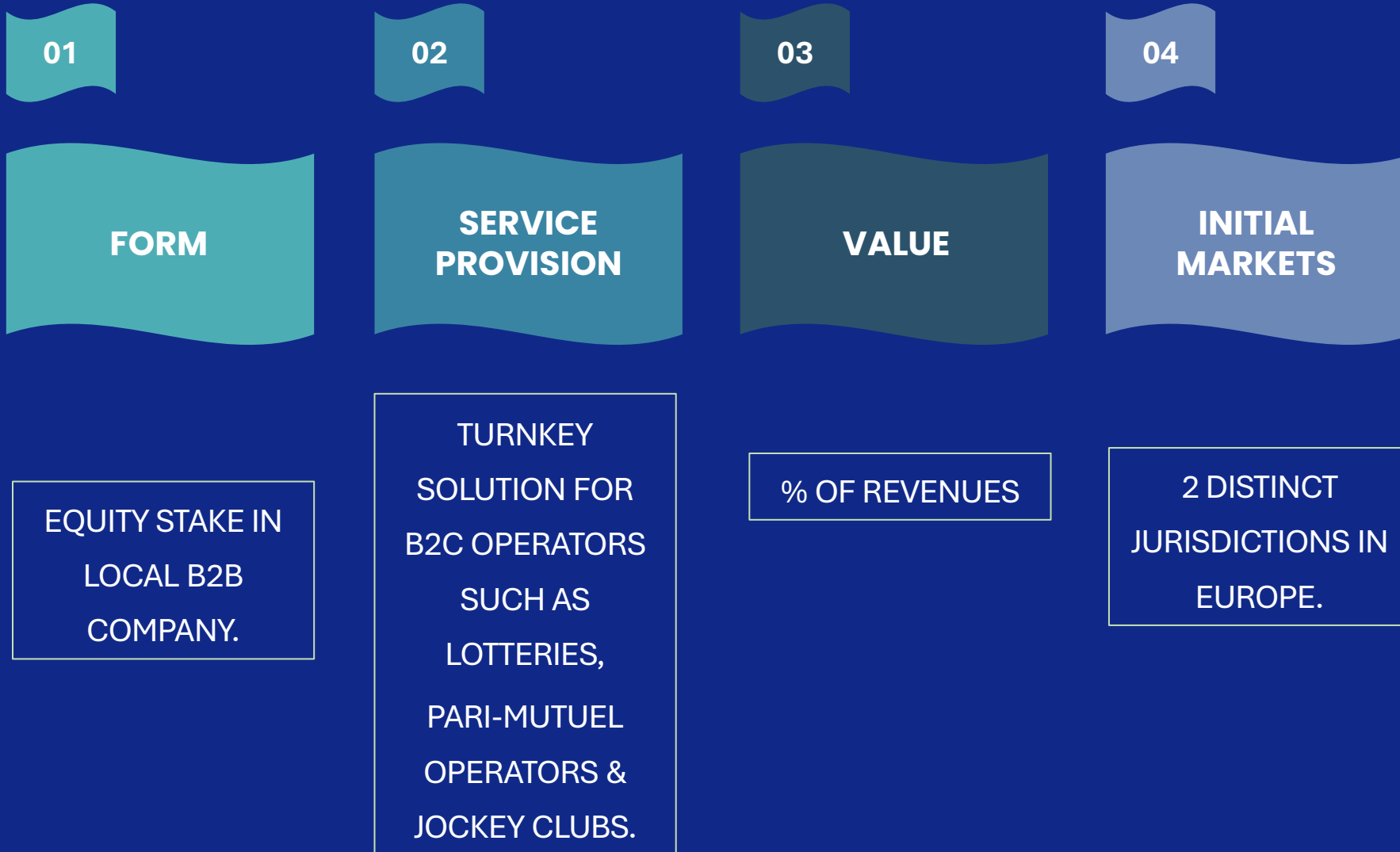
2

WHICH PRODUCT VERTICALS & WHICH DESIGNATED INTERNATIONAL MARKETS OFFER THE MOST SUITABLE OPPORTUNITIES FOR THE GROUP?

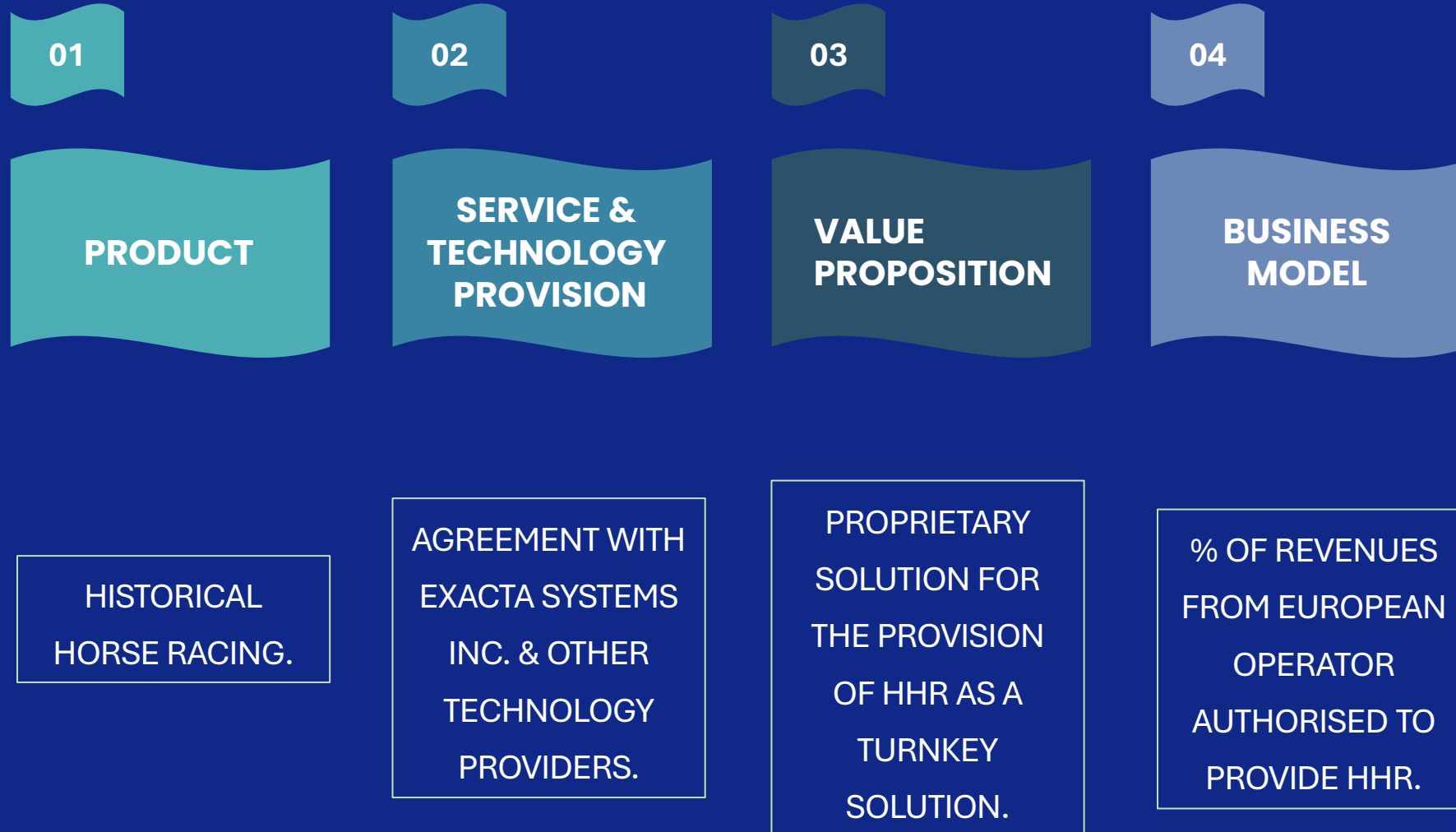
3

WHAT IS THE CONTEMPLATED BUSINESS MODEL PER PRODUCT VERTICAL IN DIFFERENT MARKETS?

# INTERNATIONAL OPPORTUNITIES APPROACH HISTORICAL HORSE RACING



# HHR BUSINESS OPPORTUNITY – CASE STUDY



# HHR BUSINESS OPPORTUNITY – CASE STUDY

## INITIATION

1

◆ STRATEGIC ALLIANCE WITH EXACTA SYSTEMS INC, AS THE TECHNOLOGY PROVIDER FOR HHR.

## PLANNING

2

◆ PRE-LAUNCH OF HHR INSTALLATION IN MALTA, THE FIRST HHR INSTALLATION OUTSIDE THE USA. TURNKEY SOLUTION.

## EXECUTION

3

◆ LAUNCH OF SERVICE IN JULY 2024 – NEW REVENUE STREAM AND SHOWCASE FOR INTERNATIONAL HHR BUSINESS DEVELOPMENT OPPORTUNITIES

## DEVELOPMENT

4

◆ INTERNATIONAL BUSINESS DEVELOPMENT EFFORTS, ESPECIALLY IN EUROPEAN MARKETS.

## CLOSURE

5

◆ FIRST INTERNATIONAL HHR DEPLOYMENT EARMARKED FOR 2026 IN MAJOR EUROPEAN MARKET WITH A PARI-MUTUEL OPERATOR.

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**Thank you**