

**IZI | FINANCE plc**

**FACT SHEET**  
**€30 million 4.25% IZI Finance plc**  
**Unsecured Bonds 2029**

**KEY DETAILS**

<b>Issuer:</b>	IZI Finance plc	<b>Listing:</b>	Official List, Malta Stock Exchange
<b>Amount Offered:</b>	€30 million	<b>Coupon:</b>	4.25%
<b>Maturity Date:</b>	14 April 2029	<b>Status:</b>	Unsecured
<b>Offer Price:</b>	100% ( <i>par value of €100</i> )	<b>Complex:</b>	No
<b>Interest Payment Date:</b>	Annually on 14 April ( <i>first interest payment date being 14 April 2023</i> )	<b>Minimum Subscription Amount:</b>	€5,000 <i>nominal (and in multiples of €100 thereafter)</i>
<b>Closure of Offer Period:</b>	7 April 2022 at 12:00 hrs ( <i>noon</i> )	<b>Expected Listing Date:</b>	25 April 2022

*Rizzo, Farrugia & Co. (Stockbrokers) Ltd is acting as Sponsor and Co-Manager to IZI Finance plc.*

**ABOUT IZI FINANCE PLC**

IZI Finance plc ("IZI Finance", the "Issuer" or the "Group") is the parent and holding company of a number of subsidiaries which, in turn, are involved in a wide range of gaming business verticals as follows:

- *Retail gaming:* this business segment entails the operation of electronic gaming machines ("EGMs") and retail sports betting (including virtual sports and e-sports) through a network of 36 high street stores located across Malta under the 'IZIBET' brand. Moreover, the Group operates Malta's largest bingo hall and is also the authorised partner of the French state-owned company PMU which provides exclusive off-track betting on French and other international horse racing events.
- *Dragonara Casino:* the Issuer has a 60% shareholding interest in Peninsula Gaming Group Ltd ("Peninsula") which, in turn, has a long-term temporary sub-empyteusis agreement expiring in 2083 for the lease of the landmark Dragonara Casino and adjoining grounds. Moreover, Peninsula owns the concession up to 2031 for the operation of the Dragonara Casino. At present, the Dragonara Casino operates 265 slot machines and 15 live table games which is well below its licence for a maximum of 375 slot machines and 25 live tables.
- *National Lottery:* IZI Finance has very recently concluded a ten-year concession agreement with the Government of Malta for the operation of the National Lottery as from early July 2022. The strategy to be adopted for the National Lottery entails tapping and leveraging into the strong inherent demand for the existing portfolio of games of the National Lottery as well as create additional demand through the introduction of new gaming concepts targeting different audiences especially the younger generations and tourists. Moreover, the Group will initiate a process through which it aims to create a more effective and efficient distribution network of games which would also be complimented by a strong programme of investments in modern technology that would not only offer improved player experience but also the highest level of compliance standards.

**USE OF PROCEEDS**

The net proceeds from the bond issue, estimated at €29.4 million after issuance costs, will be used as follows:

- €16.2 million for capital expenditure related to the National Lottery concession, including (i) the installation of hardware, terminals, systems, telecommunications equipment and services, as well as staff and reseller training programme; (ii) the development of lottery software systems and back-office applications; (iii) the rental of office space and warehouse facilities; (iv) the modernisation and upgrading of distribution network; and (v) the development and registration of the National Lottery brand.
- €8.5 million for capital expenditure related to the Dragonara Casino concession agreement, including: (i) upgrades to the casino management system and other software developments; (ii) external and internal improvements to the Dragonara Casino building; (iii) purchase and maintenance of equipment related to slot machines, gaming tables, food and beverage, IT and surveillance; as well as (iv) electrical and mechanical installations.



- €3.9 million for capital expenditure related to the retail gaming operations, including the purchase of new gaming equipment and the refurbishment of existing retail outlets.
- €0.8 million for general corporate funding purposes.

## RANKING OF THE BONDS

The bonds constitute the general, direct, unsecured, and unconditional obligations of the Issuer and will, at all times, rank *pari passu*, without any priority or preference among themselves. In addition, save for such obligations as may be mandatorily preferred by law, the payment obligations of the Issuer under the bonds will, at all times, rank at least equally with all the Issuer's present and future unsecured and unsubordinated obligations.

## PLAN OF DISTRIBUTION

- *Placement Agreements*: An amount of €15 million has been reserved for subscriptions by Authorised Financial Intermediaries through Placement Agreements.
- *Intermediaries' Offer*: An amount of €15 million will be available for subscriptions by Authorised Financial Intermediaries through an Intermediaries' Offer.

## RISK FACTORS

**The Issuer is subject to a number of risks pertaining to the nature of its business. Prospective investors are urged to read the 'Risk Factors' found in the Prospectus dated 22 March 2022. These are listed in Section 3 of the Registration Document and Section 2 of the Securities Note.**

**Prospective investors must also note that since the financial forecasts and the assumptions on which they are based relate to the future, they may be affected by unforeseen events. As such, the variation between forecasts, projections and actual results may be material.**

## APPLICATION PROCEDURE

Prospective investors wishing to participate are kindly asked to complete our 'Application Form' which must be returned to us by **Thursday 7 April 2022 at 12:00 hours (noon)** together with a duly completed and signed 'Assessment & Confirmation Form'. **Applications must be for a minimum of €5,000 (nominal) and in multiples of €100 (nominal) thereafter.**

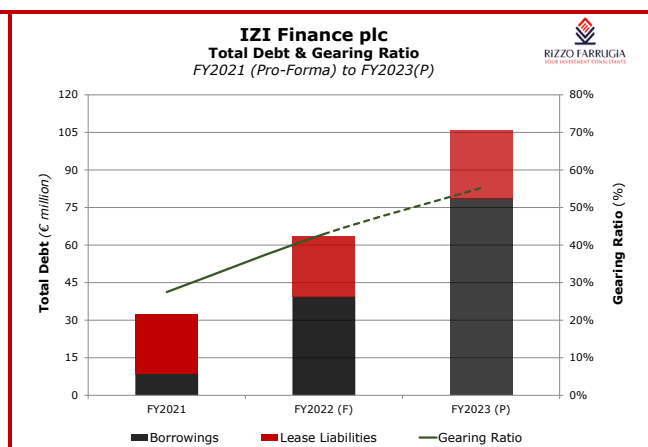
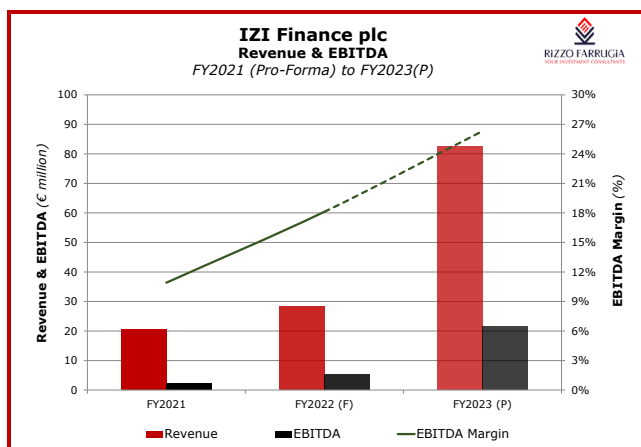
**All application forms must be accompanied by the appropriate payment, either by cheque in EUR payable to 'Rizzo, Farrugia & Co (Stockbrokers) Ltd – Clients a/c' or credited into either one of our EUR denominated Clients' Accounts as detailed below:**

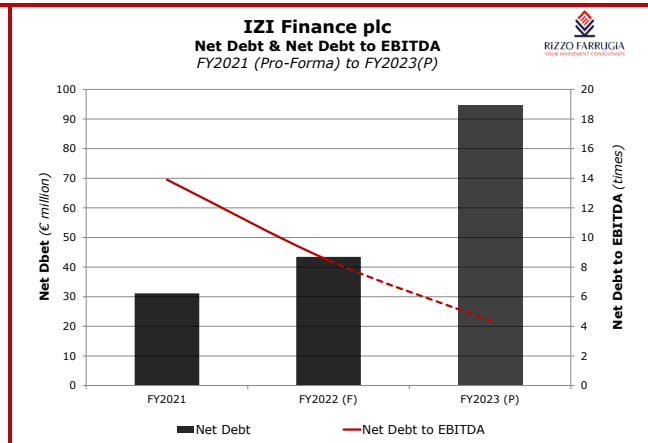
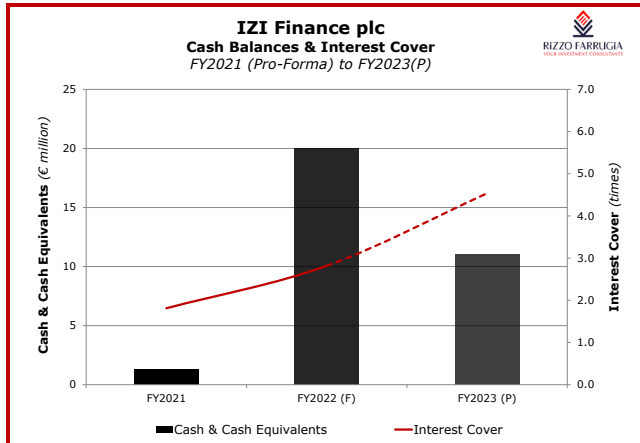
	HSBC Bank Malta plc	Bank of Valletta plc
EUR A/C No	006 050041 004	400 135 62906
IBAN	MT46 MMEB 4406 0000 0000 0605 0041 004	MT18 VALL 2201 3000 0000 400 135 62906
SWIFT CODE	MMEB MTMT	VALL MTMT



## KEY FINANCIAL HIGHLIGHTS & METRICS

Financial Year Ended 30 June:	2021 Pro-Forma	2022 Forecast	2023 Projection
Revenue (€000)	20,534	28,365	82,340
Staff Costs (€000)	(5,565)	(7,435)	(9,954)
Gaming Tax (€000)	(5,019)	(7,238)	(25,221)
Other Operating Expenses (€000)	(7,710)	(8,553)	(25,498)
<b>EBITDA (€000)</b>	<b>2,240</b>	<b>5,139</b>	<b>21,667</b>
Depreciation & Amortisation (€000)	(2,368)	(4,823)	(18,038)
<b>Operating Profit/(Loss) (€000)</b>	<b>(128)</b>	<b>316</b>	<b>3,629</b>
Net Finance Costs (€000)	(1,237)	(1,824)	(4,775)
<b>Profit/(Loss) before Tax (€000)</b>	<b>(1,365)</b>	<b>(1,508)</b>	<b>(1,146)</b>
<b>Net Profit/(Loss) (€000)</b>	<b>(946)</b>	<b>(967)</b>	<b>1,654</b>
Net Cash from Operating Activities ("OCF") (€000)		5,058	20,196
Net Cash used Investing Activities (€000)		(15,202)	(63,206)
<b>Free Cash Flow ("FCF") (€000)</b>		<b>(10,144)</b>	<b>(43,010)</b>
Cash & Cash Equivalents (€000)	1,356	20,055	11,020
Borrowings (€000)	8,785	39,471	78,564
Lease Liabilities (€000)	23,713	24,049	27,228
Total Debt (€000)	32,498	63,520	105,792
<b>Net Debt (€000)</b>	<b>31,142</b>	<b>43,465</b>	<b>94,772</b>
Current Assets (€000)	2,630	21,275	12,702
Total Assets (€000)	142,782	171,361	272,711
Current Liabilities (€000)	6,348	9,369	14,932
Total Liabilities (€000)	57,096	86,862	186,777
Total Equity (€000)	85,685	84,499	85,934
<b>EBITDA Margin [%]</b>	<b>10.9</b>	<b>18.1</b>	<b>26.3</b>
Operating Profit Margin [%]	(0.62)	1.11	4.41
Net Profit Margin [%]	(4.61)	(3.41)	2.01
Return on Average Assets [%]	(0.66)	(0.62)	0.74
Return on Average Equity [%]	(1.10)	(1.14)	1.94
Current Ratio [times]	0.41	2.27	0.85
Cash Ratio [times]	0.21	2.14	0.74
<b>Interest Cover [times]</b>	<b>1.81</b>	<b>2.82</b>	<b>4.54</b>
OCF to Interest Paid [times]		7.71	5.90
<b>Net Debt to EBITDA [times]</b>	<b>13.9</b>	<b>8.46</b>	<b>4.37</b>
Net Debt to Equity [times]	0.36	0.51	1.10
Net Debt to Invested Capital [%]	26.7	34.0	52.4
<b>Gearing Ratio [%]</b>	<b>27.5</b>	<b>42.9</b>	<b>55.2</b>
Debt to Asset Ratio [times]	0.23	0.37	0.39
Leverage Ratio [times]	1.67	2.03	3.17





### Disclaimer

This Fact Sheet was prepared by Josef Cutajar, Head of Research at Rizzo, Farrugia & Co. (Stockbrokers) Ltd ("Rizzo Farrugia") – a member of the Malta Stock Exchange and licensed to conduct Investment Services business by the Malta Financial Services Authority.

It is intended solely for distribution to clients of Rizzo Farrugia. Any information in this Fact Sheet is based on data obtained from sources considered to be reliable, but no representations or guarantees are made by Rizzo Farrugia with regard to the accuracy of the data. Any analysis, grading and/or opinions contained herein constitute our best judgement at this date and are subject to change without notice.

**This Fact Sheet is for information purposes only and does NOT constitute personal investment advice or recommendation.**

It is not intended to be and should not be construed as an offer or solicitation to acquire or dispose of any of the investments mentioned herein. The recipient's specific personal circumstances and investment objectives have not been considered in the preparation of this Fact Sheet and therefore, the investments mentioned in this Fact Sheet may not be suitable for all its recipients. Recipients should consult their investment advisor for personal investment advice on the investment/s mentioned in this Fact Sheet. Rizzo Farrugia accepts no responsibility or liability whatsoever for any expense, loss or damages arising out of, or in any way connected with, the use of all or any part of this Fact Sheet. Rizzo Farrugia, its directors, employees or clients may have or have had interests in the investments referred to herein, and may at any time make purchases and/or sales in them as principal or agent. However, research analysts and other relevant persons may not trade in the investments to which this Fact Sheet relates (other than executing unsolicited client orders). This restriction is applicable during the preparation of this Fact Sheet, and following its issuance, until such time as the recipients of this Fact Sheet have had a reasonable opportunity to act thereon, which is construed as being two trading days from the date this Fact Sheet is issued. Rizzo Farrugia may have or have had a relationship with or may provide or has provided other services of a corporate nature to the company/ies mentioned herein. Rizzo Farrugia has a fixed remuneration policy and none of the research analysts that produce investment research reports receive compensation that is related to the investment research reports issued. Past performance is not necessarily a guide to future returns. The value of investments and the income derived therefrom may fall as well as rise and investors may not get back the amount originally invested. Financial markets are volatile and subject to fluctuations which cannot be reasonably foreseen. No part of this Fact Sheet may be shared, reproduced or distributed at any time without the prior consent of Rizzo Farrugia. Rizzo Farrugia did not disclose the content of this Fact Sheet to the company/ies mentioned herein prior to the dissemination of this Fact Sheet. By accepting this Fact Sheet and by taking any action on the basis of the information contained therein, the reader confirms that he/she understands and accepts the terms, conditions and risks associated with this investment, and the contents of this disclaimer. All intellectual property and other rights reserved. **Rizzo, Farrugia & Co. (Stockbrokers) Ltd is acting as Sponsor and Co-Manager to IZI Finance plc.**

Additional information can be made available upon request from Rizzo, Farrugia & Co. (Stockbrokers) Ltd., Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta. Telephone: +356 2258 3000; Email: [info@rizzofarrugia.com](mailto:info@rizzofarrugia.com); Website: [www.rizzofarrugia.com](http://www.rizzofarrugia.com)