

IZI | FINANCE plc

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The IZI Finance Group's actual operational results, financial condition and performance, and trading prospects may differ materially from the impression created by forward-looking statements contained herein. In addition, even if the operational results, financial condition and performance, and trading prospects of the IZI Finance Group are consistent with the forward-looking statements contained herein, those results or developments may not be indicative of results or developments in subsequent periods. This document has been included on IZI Finance plc's website for informational purposes only. No reliance whatsoever should be placed upon this document as the basis of any investment decision to subscribe for any financial instrument issued by IZI Finance plc.

IZI | FINANCE plc

€30 MILLION
4.25% UNSECURED
BONDS 2029

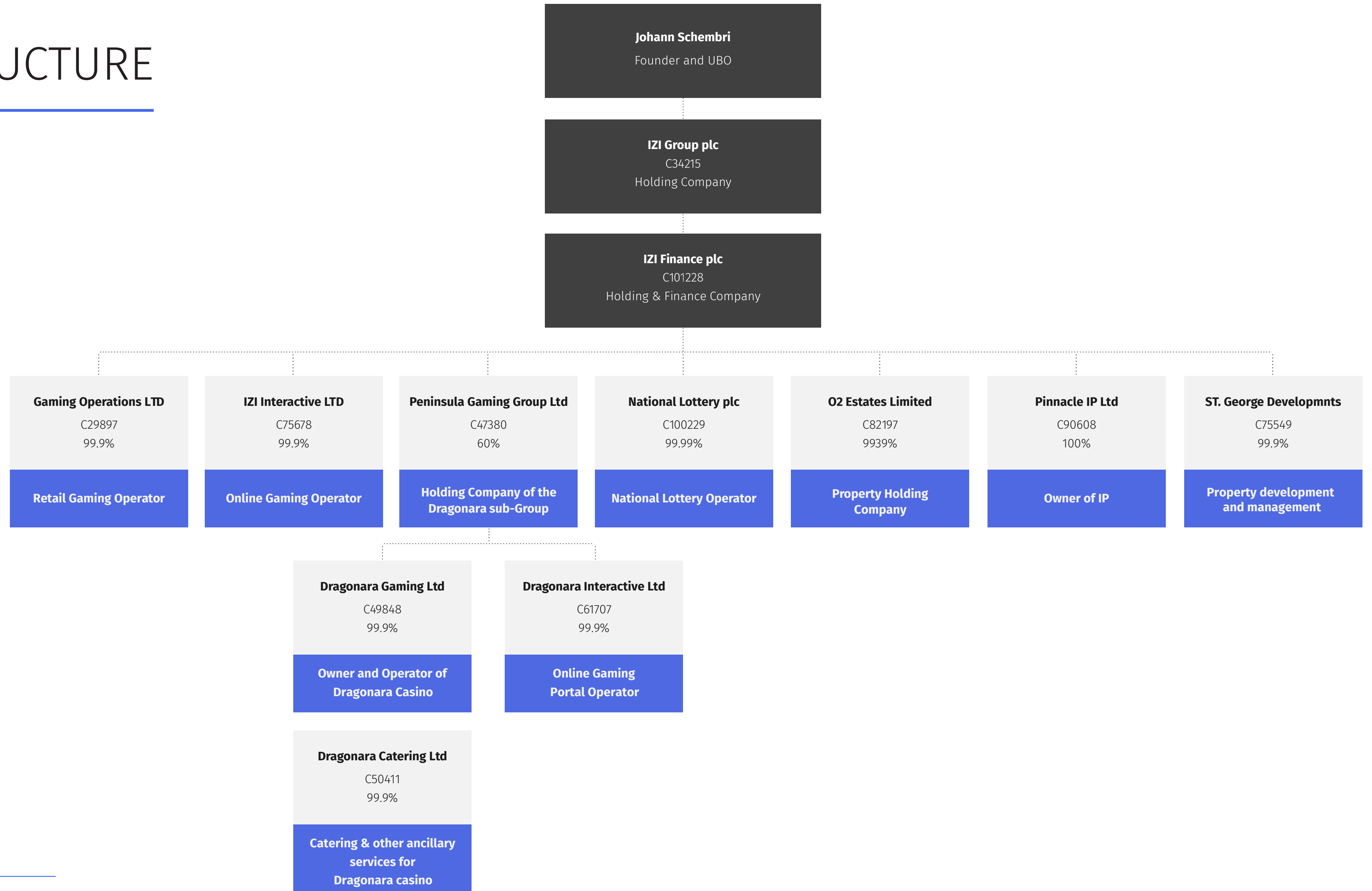
To be issued and redeemable at par.

OUR VISION

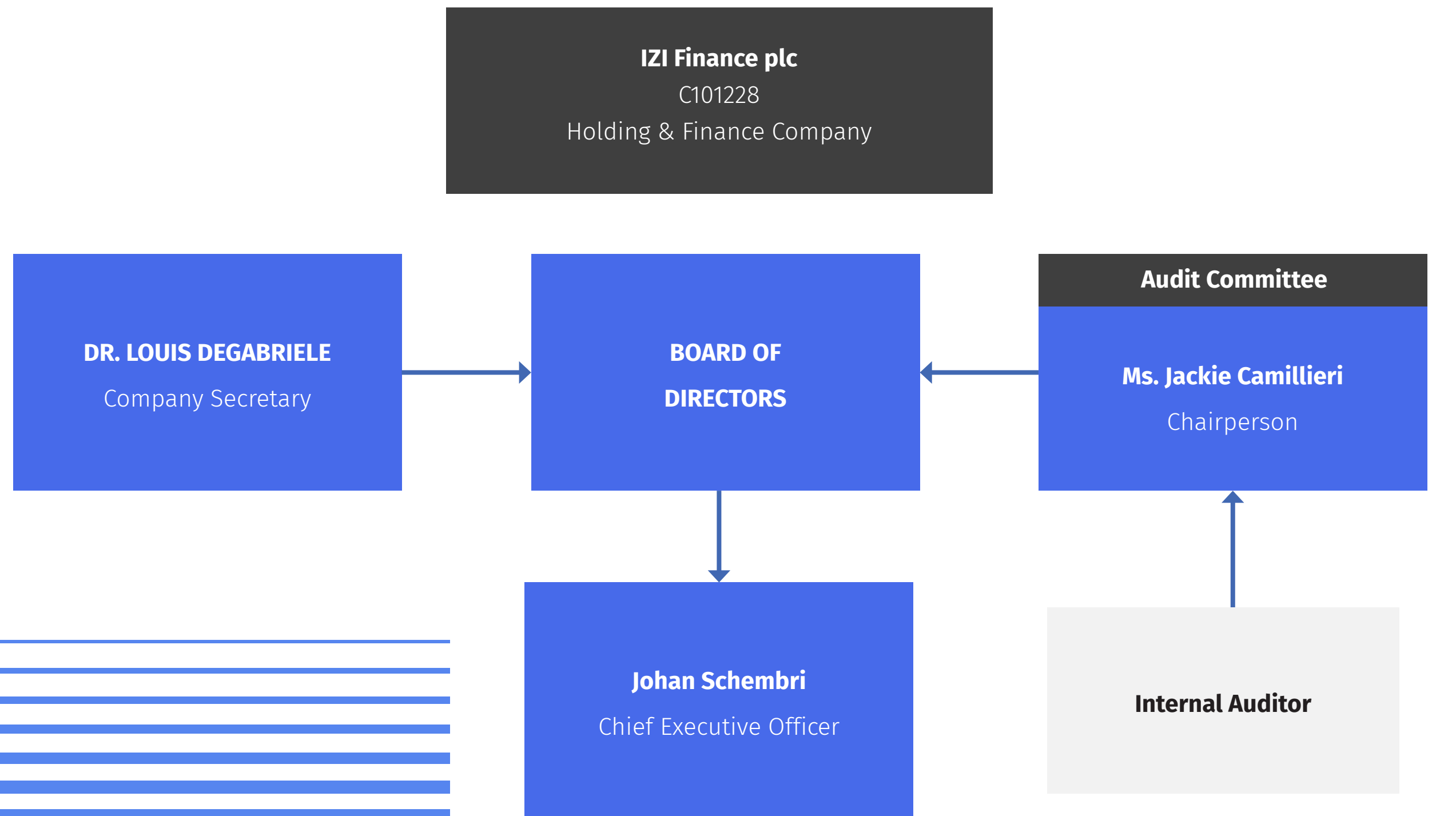
**“ TO PROVIDE UNIQUE
GAMING ENTERTAINMENT
EXPERIENCES IN
RESPONSIBLE AND SAFE
ENVIRONMENTS. ”**

IZI | FINANCE plc

GROUP STRUCTURE



GOVERNANCE STRUCTURE



Board of Directors

Dr. Christian Gernert - Chairman

Mr. Johann Schembri - Chief Executive Officer

Mr. Franco Degabriele – Executive Director

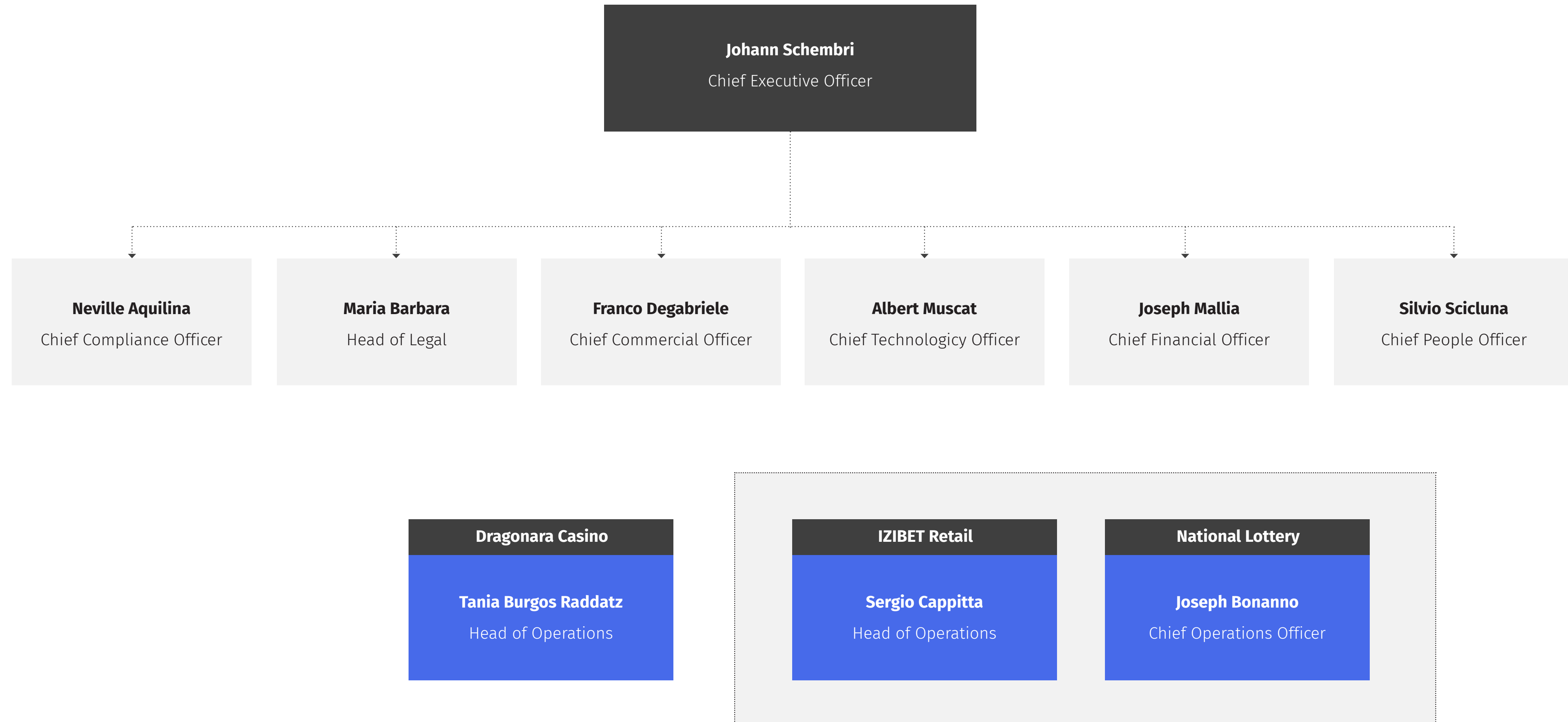
Mr. Joseph Mallia – Executive Director

Dr. Stephanie Fabri – Independent Non-Executive Director

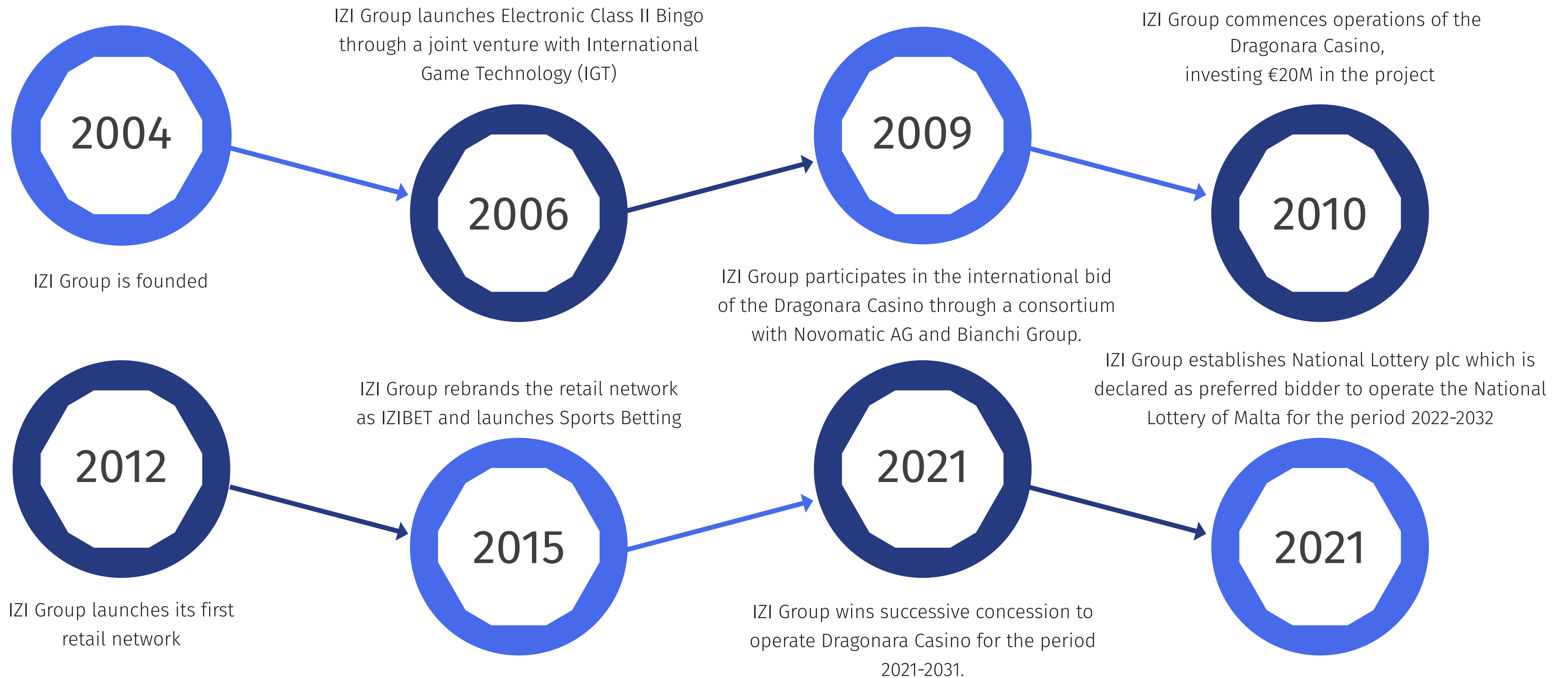
Ms. Jackie Camillieri – Independent Non-Executive Director

Dr. Otto Karasek – Independent Non-Executive Director

OPERATIONAL STRUCTURE



HISTORICAL PERSPECTIVE



01

Compliance Framework

A PERFECT COMPLIANCE RECORD

An unblemished record of compliance with zero fines levied on any IZI Group plc company related to financial crime with over 10 years operating some of the most popular gaming brands in Malta.

10
YRS

OPERATION

10 year operating some of the most popular brands in the market.

3.5M

FOOTFALL

Over 3.5M visitors at the Group's establishments since 2010.

€175M

GGR

GGR of more than €175 Million generated by the Group operations since 2010.

€2BN

TOTAL TURNOVER

Turnover of approximately €2 Billion within the Group operations since 2010.

0

FINES

No fines imposed by FIAU over the 10-year operational period.

REFERENCE MARKET

IZI Group plc

Land-based Gaming

A robust business model delivering strong ROI

A long-term business model with high barriers to entry

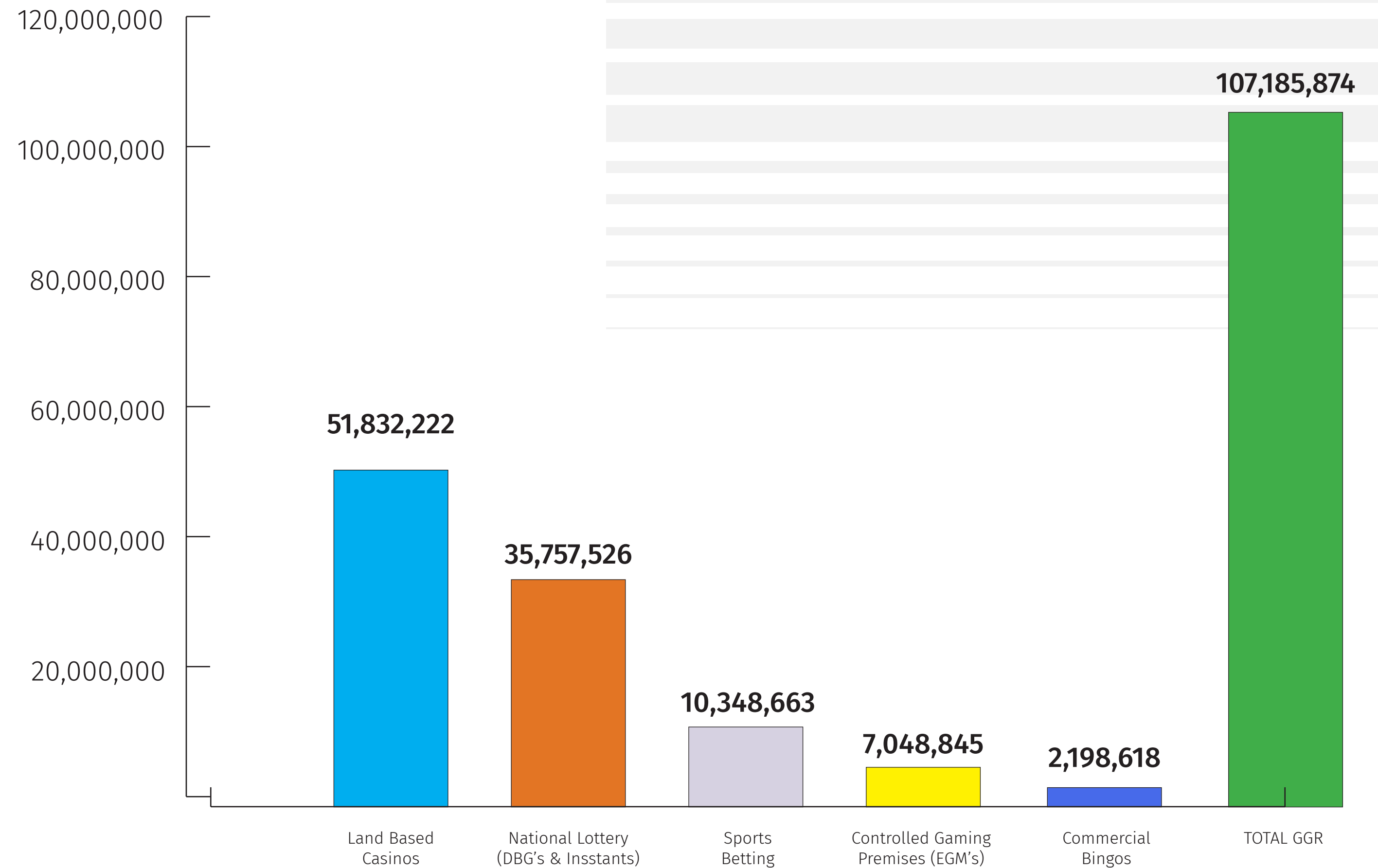
02

Land-based Gaming Market

LAND BASED GAMING MARKET

€107 million in terms of Gross Gaming Revenues in 2019

TOTAL MALTA LAND BASED GAMING MARKET EXPRESSED IN TERMS OF GGR 2019

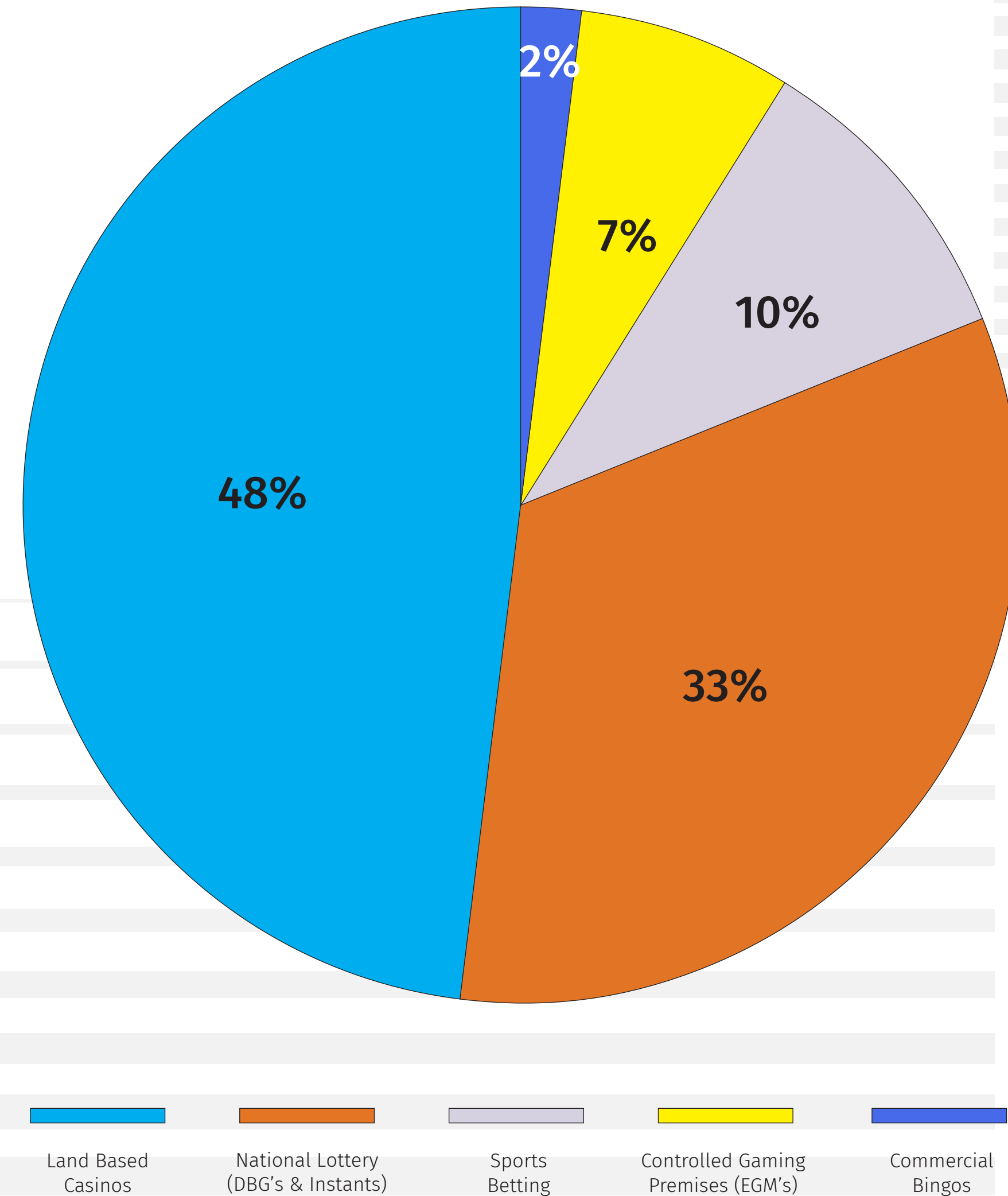


Source: Malta Gaming Authority Annual Report 2020

LAND BASED GAMING MARKET

€107 million in terms of Gross Gaming Revenues in 2019

TOTAL MALTA LAND BASED GAMING MARKET EXPRESSED IN TERMS OF GGR - 2019



Source: Malta Gaming Authority Annual Report 2020

KEY RESULTS FOR IZI Group plc

€31M

Driven by a commitment towards innovation, the Group has sustained investment of €31M since 2010.

1M

Undoubtedly the Gaming Group with the largest number of registered visitors on an annual basis in the market.

€29M

Net revenues generated from the Dragonara Casino, IZIBET and the Bingo operation in 2019.

€5.8M

EBITDA for the Group reaches €5.8M in 2019 a CAGR of 12% since 2015 generating an EBITDA margin of 20% .

A LONG-TERM BUSINESS MODEL WITH HIGH BARRIERS TO ENTRY



DRAGONARA CASINO

A new 10-year concession from August 1, 2021 – July 31, 2031 and long-term emphyteusis on Dragonara Property until 2083.

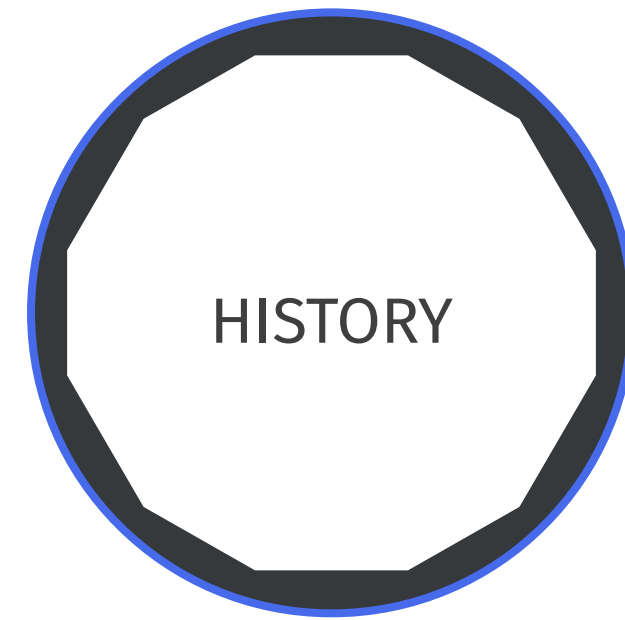
IZIBET RETAIL

A network of 36 shops providing Sports Betting and Electronic Gaming Machines.

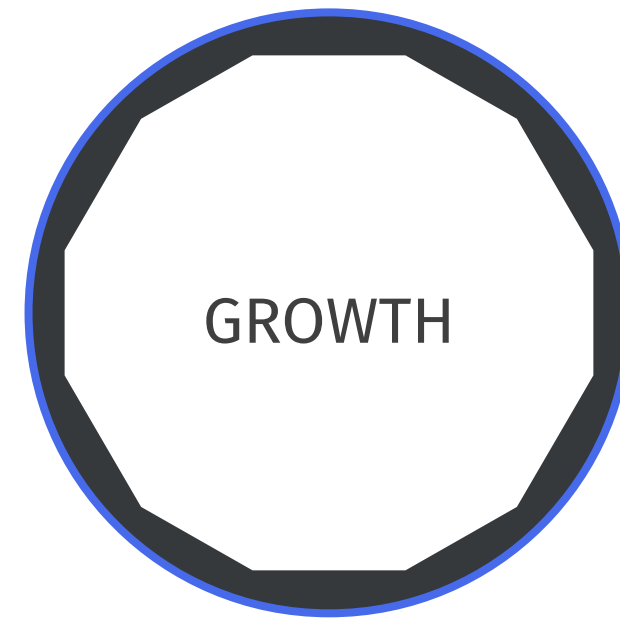
NATIONAL LOTTERY

The exclusive operator of the National Lottery of Malta, providing Draw-Based Games, Monitor Games, Instant Scratch Tickets, Sports Betting, and Electronic Gaming Machines through a tiered distribution network.

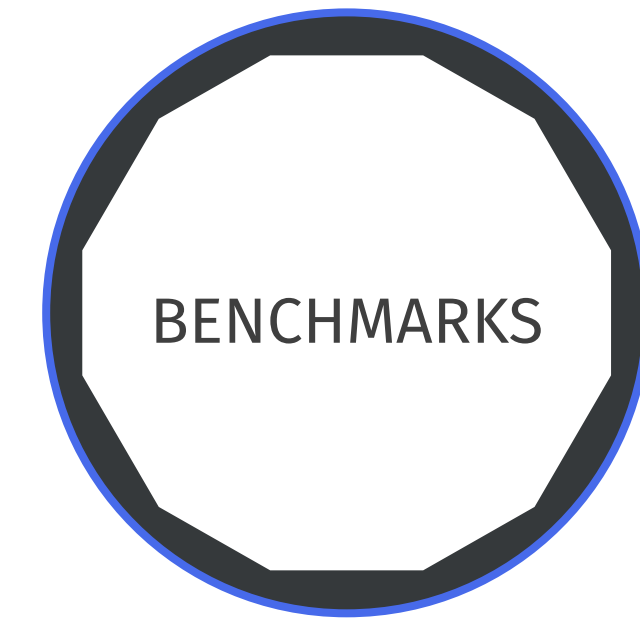
THE LAND-BASED LOTTERY MARKET



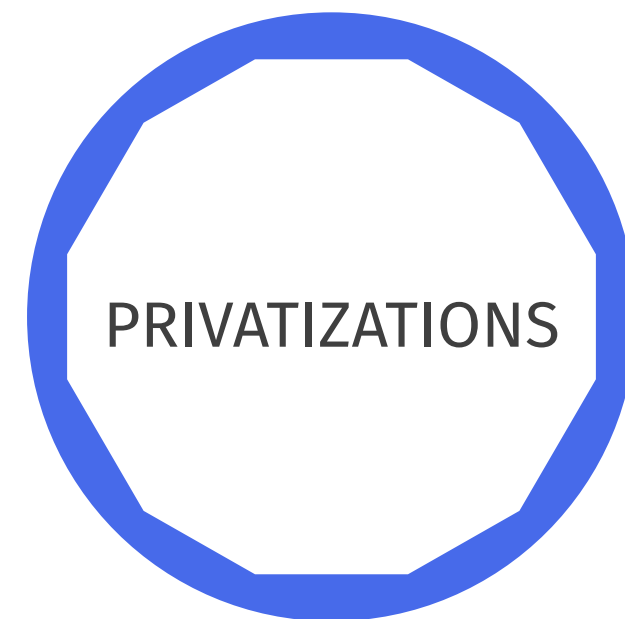
Lotto was introduced in Malta on 10th February 1923.



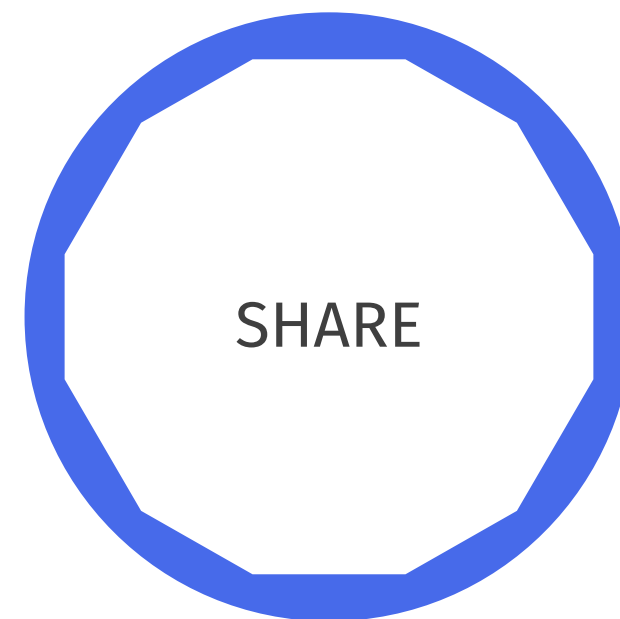
The National Lottery has registered an increase in turnover of CAGR of 3.47% since 2015.



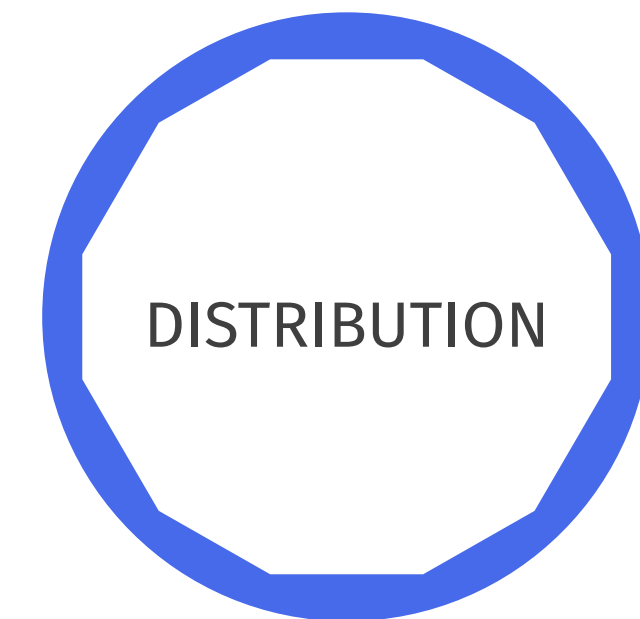
Malta ranks 6th in terms of Draw-Based-Games (DBG) sales per adult and last in terms of Instant Ticket sales per Adult.



The National Lottery was privatized in 2004. A second 10-year concession was awarded in 2012. MALTCO has been operating the National Lottery since 2004.



The National Lottery contributes a total of 33% of all land-based revenues in Malta.

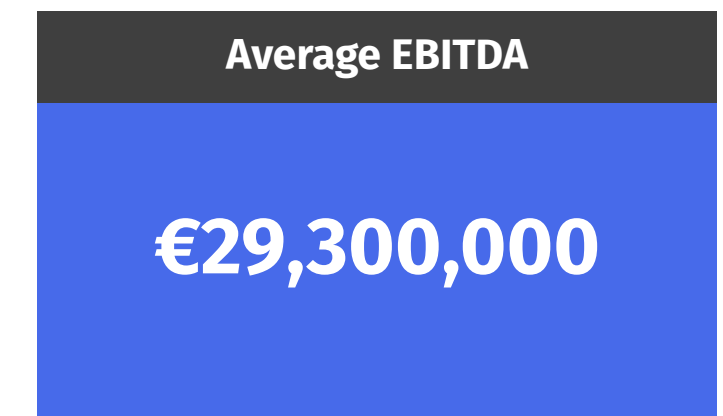
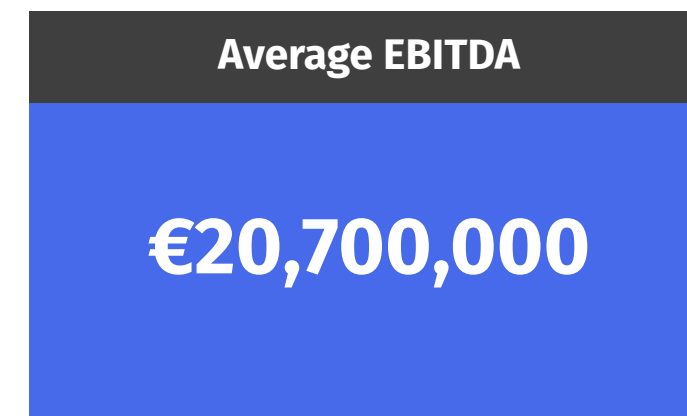
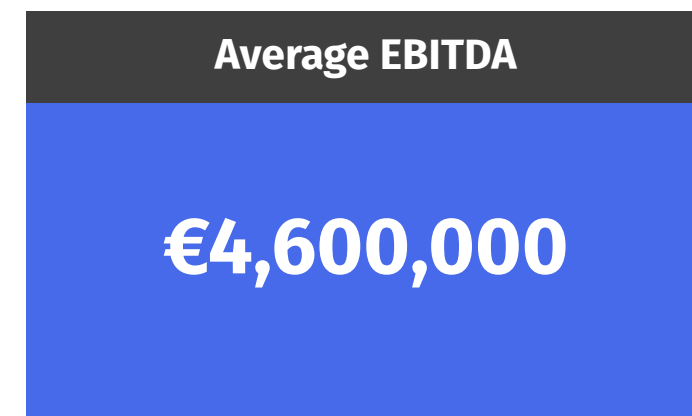
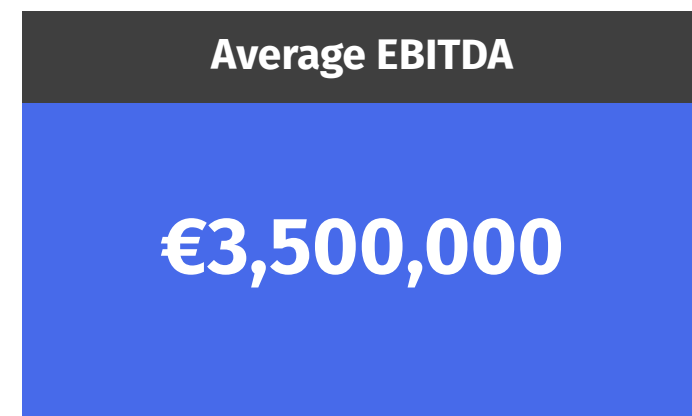
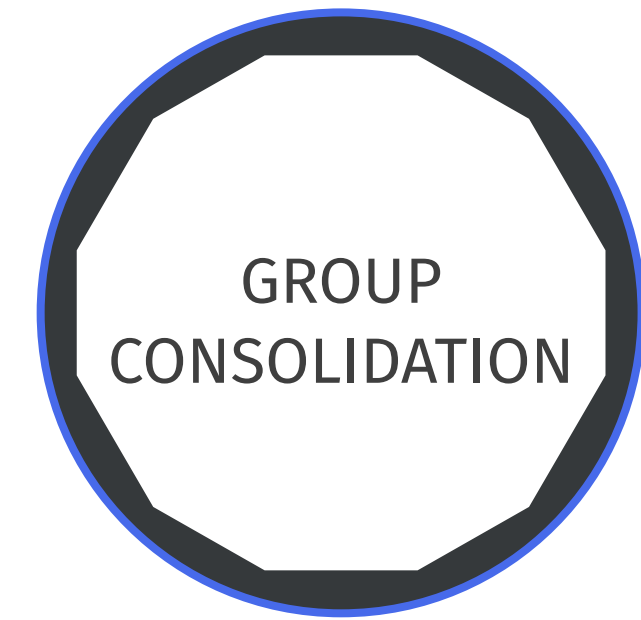


A declining network, positioning Malta in the 80th place in the World Index and 23rd out of the 25 European lotteries in terms of Population Per Terminal (PPT).

03

Growth Opportunities

A ROBUST BUSINESS MODEL DELIVERING STRONG ROI



NATIONAL LOTTERY OPPORTUNITY

1

Concession

A new 10-year concession starting on 5th July 2022, operated through the strategic partnership with IGT the world's leading lottery, technology, and services provider.

2

Concession Agreement & Licence

Concession agreement signed between Government of Malta and National Lottery plc.

3

Product Exclusivity

Exclusive rights for the distribution of National Lottery Games, as defined by the Gaming Act.

4

Distribution

Exclusive distribution of the product portfolio through a dedicated network of 240 agents strategically located across Malta and Gozo.

NATIONAL LOTTERY- PILLARS FOR VALUE REALISATION

€11M

NORMALISED EBITDA

Normalised EBITDA generated by Maltco in 2019, comprised of €9.3M in EBITDA plus €1.8M paid to Intralot and Directors in fees.

€20.7M

EBITDA

Projected average annual EBITDA for National Lottery plc for the period 2022-2032

1. Rationalisation of current product mix and improvements to existing products

2. New Product Development

3. Displacement of illegal market

SWOT ANALYSIS

S

Concession to operate the Dragonara Casino and an exclusive concession for the National Lottery of Malta.

Widest privately owned retail gaming distribution network created with high barriers to entry.

Top gaming brands (Dragonara and IZIBET) ready for potential internationalisation.

A team of highly experienced executives with more than 100 years of experience.

Inherent strong demand for national lottery products.

International Game Technology (IGT) as a lottery, technology, and services provider.

Internationalisation of gaming opportunities.

Online distribution of national lottery & gaming products.

O

W

Dependency on third party providers for technology and product.

Higher taxation rates compared to online gaming operators.

T

Anti-money laundering compliance over regulation.

Total smoking ban for casinos.

Weak enforcement on illegal gambling.

04

Group Financials - Years ending 30 June

A ROBUST OPPORTUNITY

Statement of comprehensive income	Pro-forma FY2021	FY2022	FY2023
Revenue	20,164	28,054	81,862
Other income	370	311	478
Staff costs	(5,565)	(7,435)	(9,954)
Gaming tax	(5,019)	(7,238)	(25,221)
Other operating expenses	(7,710)	(8,553)	(25,498)
EBITDAR	2,240	5,139	21,668
Depreciation and amortisation	(2,368)	(4,823)	(18,038)
Operating profit	(128)	316	3,630
Finance costs	(1,237)	(1,824)	(4,775)
Profit before tax	(1,365)	(1,508)	(1,146)
Tax expense	419	541	2,800
Profit after tax	(946)	(967)	1,654
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Movement in the Dragonara Property revaluation surplus account	(337)	(337)	(337)
Deferred tax effect on Dragonara Property revaluation surplus account	118	118	118
Other comprehensive income for the year, net of tax	(219)	(219)	(219)
Total comprehensive income	(1,165)	(1,186)	1,435
Key performance indicators			
Revenue growth	(14.6%)	39.1%	191.8%
EBITDAR margin	11.1%	18.3%	26.5%
Profit before tax margin	(6.8%)	(5.4%)	(1.4%)
Net profit margin	(4.7%)	(3.4%)	2.0%

KPI tables

€000s	FY2022	FY2022	FY2023
Performance			
Revenue		28,054	81,862
EBITDAR		5,139	21,668
Actual rent payments		(1,569)	(2,032)
EBITDA		3,570	19,636
EBITDAR margin		18.3%	26.5%
EBITDA margin		12.7%	24.0%
Net profit after tax		(967)	1,654
Net profit margin		(3.4%)	2.0%

In FY2022 the Group was restructured and IZI Finance p.l.c. acquired all the subsidiaries from its parent IZI Group p.l.c. through a share-for-share exchange, whereby IZI Finance p.l.c. issued 80 million ordinary shares having a nominal value of €1.00 each to its parent namely IZI Group p.l.c.

The pro-forma for FY2021 represents the consolidated position of the subsidiaries had this group structure been in place as from 1 July 2020.

Dragonara Gaming Limited and Gaming Operations Limited represent over 90% of the Group's revenue for the years FY2021 and FY2022.

Revenue is expected to increase in FY2022 as the restrictions of the pandemic have been lifted. In FY2023, the increase in revenue is mainly attributable with the commencement of the operations of the National Lottery of Malta.

Operating expenses, such as staff costs and administrative expenses are relatively fixed in nature. Staff costs decreased in FY2021 due to COVID-19 wage supplement and decrease in part-time employees to mitigate impact of the pandemic.

Earning Before Interest, Tax, Depreciation, Amortization and Rent (EBITDAR) for FY2022 is expected to increase to €5.1M from €2.2M a year earlier. In essence due to the increase level of business activity, EBITDAR margin for FY2022 improves to 18.3% from 11.1% a year earlier. EBITDAR for FY2023, reaches €21.7M in consequence of the commencement of the National Lottery's business activity lifting up the EBITDA margin to 26.5%.

Finance costs are expected to increase due to: (1) Interest on bond which is assumed from 1 April 2022; and (2) Interest on the loan facility (BOV) at the level of National Lottery plc.

A ROBUST OPPORTUNITY

IZI Group plc – consolidated projected financial performance

Consolidated statement of financial position	FY2021 Pro-forma	FY2022	FY2023
Assets			
Non-current assets			
Intangible assets	91,770	93,676	188,007
Property, plant and equipment	3,171	11,827	22,648
Right of use asset	42,426	41,807	43,983
Investment properties	1,088	1,878	1,812
Other non-current assets	928	897	897
Deferred tax asset	769	-	2,661
Total non-current assets	140,152	150,087	260,009
Current assets			
Inventories	246	599	825
Trade and other receivables	1,028	621	857
Cash and cash equivalents	1,356	20,055	31,070
Total current assets	2,630	21,275	32,752
Total assets	142,782	171,361	292,761

Non-current assets in the pro forma statement of financial position as at 30 June 2021 amounted to €140.2 million. Notable items include:

- Goodwill of €91.7 million which principally relates to the goodwill on acquisition of the Subsidiaries, based on a fair value of the Subsidiaries of €100 million;
- Right of use asset of €42.4 million, which comprises the leases of the 36 retail gaming stores operated by Gaming Operations Limited and the sub-emphyteusis lease in relation to the Dragonara Property.

Current assets include inventory, trade receivables and cash balances. Cash balance as at FY2022 is expected to total €20.0 million as the expenditure on the National Lottery would not have yet taken place.

A ROBUST OPPORTUNITY

IZI Group plc – consolidated projected financial performance

Consolidated statement of financial position

	FY2021 Pro-forma	FY2022	FY2023
Equity			
Share capital	80,000	80,000	80,000
Retained earnings	0	(921)	184
Equity attributable to the owners of the parent	80,000	79,079	80,184
Non-controlling interest	5,685	5,421	5,770
Total equity	85,685	84,499	85,934
Liabilities			
Non-current liabilities			
Borrowings	8,176	37,737	71,841
Trade and other payables	9,944	8,878	68,588
Deferred tax liability	8,703	7,275	6,984
Other non-current liabilities	500	500	500
Lease liabilities	23,713	23,304	28,152
Total non-current liabilities	51,036	77,493	171,845
Current liabilities			
Borrowings	609	1,734	6,923
Trade and other payables	5,428	6,890	6,932
Lease liabilities	-	745	1,078
Current tax liability	23	-	-
Total current liabilities	6,080	9,369	14,932
Total liabilities	57,096	86,862	186,777
Total equity and liabilities	142,782	171,361	272,711
Key Performance Indicators			
Gearing	9.3%	36.3%	62.8%
Net gearing	8%	25%	61%
DSCR (excl excess concession)	n/a	2.69x	3.75x
DSCR (incl excess concession)	n/a	2.69x	2.53x
Interest cover ratio	n/a	6.02x	5.83x

The National Lottery concession is expected to be financed through additional bank borrowings of €41 million whilst the PPE will be financed through the bond.

Non-current liabilities include borrowings, deferred tax liability, trade and other payables (which includes the deferred consideration of €7.1 million) as well as lease liabilities on account of IFRS 16 - Leases.

The pro forma equity value of IZI Finance p.l.c. as at 30 June 2021 totalled €85.7 million.

DSCR in FY2022 & FY2023: 2.69x & 3.75x respectively

Net Gearing FY2022 25%, peaks at 61% in FY2023

A ROBUST OPPORTUNITY

Consolidated statement of cash flows

€000s	FY2022	FY2023
Cash flows generated from operating activities		
EBITDA	5,139	21,668
Movements in working capital		
Movements in inventory	(353)	(226)
Movements in trade and other receivables	437	(236)
Movements in trade and other payables	196	(618)
Net changes in working capital	280	(1,080)
Tax paid	(361)	(391)
Total cash flows generated from operating activities	5,058	20,196
Cash flows used in investing activities		
Movement in property, plant and equipment	(12,288)	(16,788)
Movement in investment property	(857)	0
Payments to acquire intangible assets	(2,057)	(46,418)
Net cash used in investing activities	(15,202)	(63,206)
Cash flows generated from/ (used in) financing activities		
Movements in borrowings	30,686	39,094
Repayments of lease liabilities	(1,187)	(1,695)
Interest paid	(656)	(3,424)
Net cash generated from/ (used in) financing activities	28,842	33,975
Net movement in cash and cash equivalents	18,698	(9,035)
Cash and cash equivalents at the beginning of the year	1,356	20,055
Cash and cash equivalents at the end of the year	20,055	11,020

The cash flow statement illustrates the movement in cash flow for the two financial years ending 30 June 2022 and 2023.

Cash flow from operating activities: The net cash flow from operations during FY2022 is €5M generated mainly from the operations of the Dragonara Casino and IZIBET. From the start of the National Lottery operation on the 5 July 2022, the Group will generate a total cash flow from its operating activity of €20M.

Cash flow from investing activities: During FY2022, the Group will carry on the capital expenditure for the Dragonara Casino and for IZIBET representing purchases of new gaming equipment and new gaming systems. Furthermore, the payments carried on by the Group to acquire intangible assets mainly represent: (1) The payment of the Dragonara Casino Financial Offer of €1.5M in FY2022 and (2) the payment of the National Lottery Financial offer in FY2023 consisting of two components being the minimum financial offer of €40M; and one tenth of the difference between actual financial offer of €105M and the minimum financial offer of €40M.

Cash flow from financing activities: The Group will acquire the proceeds from the Public Bond Issue during FY2022 and will also acquire a new loan facility from BOV to part finance the National Lottery opportunity during FY2023. The Group already enjoys Loan facilities at the level of Dragonara Gaming Limited and Gaming Operations Limited.

A ROBUST OPPORTUNITY

IZI Group plc – consolidated projected financial performance

DSCR FY2022: 2.69x Total DSCR FY2022-29: 2.13x

ICR FY2022: 6.02x Total ICR FY2022-29: 10.4x

Average EBITDA margin: 28.2%; FY2022 18.3%

Net gearing: peaks at 61% in FY2023, decreasing steadily thereafter

Average profit margin before tax (FY2022:FY2029) of c. 9.8%

IZI | FINANCE

€30 MILLION
4.25% UNSECURED
BONDS 2029

To be issued and redeemable at par.

A ROBUST OPPORTUNITY

To finance the investment requirements of the Dragonara Casino, IZIBET retail network and National Lottery for the next 10 years.



€8.5M

DRAGONARA CASINO

An investment of €8.5M required to upgrade the existing product portfolio and a new Casino Management System.

€3.9M

RETAIL DISTRIBUTION UPGRADE

An investment of €3.9M required to modernise the distribution network and to overhaul the current EGM product portfolio.

€16.2M

NATIONAL LOTTERY

An investment of €16.2M to finalize the initial Capital Investment Programme required for the 10-year operation of the National Lottery.

Bond Issue Details

Total Bond amount	€30 million
Pre-placed amount	€15 million
Intermediaries offer Amount	€15 million
Coupon	4.25%
Term	7 Years
Min Application Amount	€5,000 (multiples of €100)
Interest Payment Date	ANNUALLY IN APRIL

Bond Issue Timeline

MFSA Approval	22 March 2022
Formal Notice	23 March 2022
Intermediaries' Offer Closing date	7 April 2022

ADVISORY TEAM

Sponsor & Co-Manager

**Rizzo Farrugia & Co.
(Stockbrokers) Ltd**

Co-Manager & Registrar

Bank of Valletta Plc

Legal Counsel

Camilleri Preziosi

Financial Advisers

Grant Thornton

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