

# SUMMARY

Dated 22 March 2022



A PUBLIC LIMITED LIABILITY COMPANY REGISTERED UNDER THE LAWS OF MALTA WITH COMPANY REGISTRATION NUMBER C 101228

**THIS SUMMARY HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY ONLY APPROVED THIS SUMMARY AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY IMPOSED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT BE CONSIDERED AS AN ENDORSEMENT OF THE ISSUER AND THE SECURITIES THAT ARE THE SUBJECT OF THIS SUMMARY.**

**THIS SUMMARY IS VALID FOR A PERIOD OF TWELVE (12) MONTHS FROM THE DATE THEREOF. FOLLOWING THE LAPSE OF THIS VALIDITY PERIOD, THE ISSUER IS NOT OBLIGED TO SUPPLEMENT THIS SUMMARY IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES.**

APPROVED BY THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to read 'Johann Schembri'.

Johann Schembri

A handwritten signature in black ink, appearing to read 'Franco De Gabriele'.

Franco De Gabriele

in their capacity as Directors of the Board and on behalf of Christian Gernert, Otto Karasek, Joseph Mallia, Stephanie Fabri and Jacqueline Camilleri

This Summary is prepared in accordance with the requirements of the Prospectus Regulation and the delegated acts issued thereunder. This Summary contains key information which shall enable investors to understand the nature and the risks of the Issuer and the Bonds. Except where the context otherwise requires, the capitalised words and expressions used in this Summary shall bear the meanings assigned to them in the Registration Document and the Securities Note, as the case may be.

## 1. INTRODUCTION AND WARNINGS

This Summary contains key information on the Issuer and the Bonds, summarised details of which are set out below:

|  |  |
|--|--|
| <b>Full legal and commercial name of the Issuer:</b> | IZI Finance p.l.c.   |
| <b>Registered address</b>                            | Portomaso Business Tower, Level 11, St. Julians STJ 4011   |
| <b>Place of Registration and Domicile</b>            | Malta  |
| <b>Registration number</b>                           | C 101228   |
| <b>Legal Entity Identification (LEI) Number</b>      | 485100W7KB2YAMBF9C63   |
| <b>Date of Registration</b>                          | 30 December 2021   |
| <b>Telephone number</b>                              | +356 2570 4401   |
| <b>Email</b>   | invest@izifinance.mt   |
| <b>Website</b>                                       | <a href="https://izifinance.mt/">https://izifinance.mt/</a>  |
| <b>Nature of the securities</b>                      | €30,000,000 4.25% unsecured bonds 2029 of a nominal value of €100 per bond, issued and redeemable at par |
| <b>ISIN number of the Secured Bonds</b>              | MT0002631209   |
| <b>Competent authority approving the Prospectus</b>  | Malta Financial Services Authority   |

|   |   |
|---|---|
| <b>Address, telephone number and official website of the competent authority approving the Prospectus</b> | The Malta Financial Services Authority,<br>Triq l-Imdina, Zone 1, Central Business, District, Birkirkara,<br>Malta, CBD 1010;<br>Tel: +356 2144 1155;<br>Official website: www.mfsa.mt. |
| <b>Prospectus approval date</b>   | 22 March 2022   |

**Prospective investors are hereby warned that:**

- (i) this Summary should be read as an introduction to the Prospectus. It is being provided to convey the key characteristics and risks associated with the Issuer and the Bonds being offered pursuant to the Prospectus. It is not and does not purport to be exhaustive and investors are warned that they should not rely on the information contained in this Summary in making a decision as to whether to invest in the securities described in this document;
- (ii) any decision of the investor to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;
- (iii) an investor may lose all or part of the capital invested in subscribing for Bonds;
- (iv) where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of Malta, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and
- (v) civil liability attaches only to those persons who have tabled the Summary including any translation thereof but only if the Summary, when read together with the other parts of the Prospectus, is misleading, inaccurate or inconsistent or does not provide key information in order to aid investors when considering whether to invest in such securities.

## **2. KEY INFORMATION ON THE ISSUER**

### **2.1. Who is the Issuer of the Bonds?**

#### **2.1.1. Domicile and legal form, its LEI and country of incorporation**

The Issuer is IZI Finance p.l.c., a public limited liability company registered in Malta in terms of the Companies Act (Chapter 386 of the laws of Malta). The Issuer is incorporated and domiciled in Malta. Its legal entity identification (LEI) number is 485100W7KB2YAMBF9C63.

#### **2.1.2. Principal Activities of the Issuer**

The Issuer is the holding and finance company of the IZI Finance Group and does not carry out any trading activities of its own. Its sole purpose is to finance the activities of its operating Subsidiaries and associated companies. The IZI Finance Group operates principally in the land-based gaming market but is also actively engaged in the online gaming sector. It is a key player within a wide range of gaming business verticals, including casinos, EGMs, fixed odds betting, pari-mutuel betting, virtual games, e-sports betting and bingo. Subject to the issue of a licence by the MGA, National Lottery p.l.c. will commence operating the National Lottery of Malta commencing from July 2022.

#### **2.1.3. Major Shareholders of the Issuer**

Johann Schembri (540875M) is the ultimate majority shareholder of the Issuer. As at the date of this Prospectus, Johann Schembri holds 99.9% of the entire issued share capital of IZI Group p.l.c. (C 34215), the parent company of the Issuer.

#### **2.1.4. Key Managing Directors**

The Board of Directors of the Issuer is composed of the following persons: Christian Gernert (Executive Director and Chairman), Johann Schembri (Executive Director and Chief Executive Officer), Franco De Gabriele (Executive Director and Chief Commercial Officer), Joseph Mallia (Executive Director and Chief Financial Officer), Jacqueline Camilleri (Independent Non-Executive Director), Stephanie Fabri (Independent Non-Executive Director) and Otto Karasek (Independent Non-Executive Director).

#### **2.1.5. Statutory Auditors**

The auditors of the Issuer as at the date of this Prospectus, and for the annual statutory financial statements of the Group for the financial years ended 30 June 2019, 2020, and 2021 are Grant Thornton of Fort Business Centre, Level 2, Triq l-Intornjatur, Zone 1, Central Business District, Birkirkara CBD C 34215. The Accountancy Board registration number of Grant Thornton is AB/26/84/22.

## 2.2. What is the key financial information regarding the Issuer?

The Issuer was registered and incorporated on 30 December 2021 and does not intend to conduct any trading activities itself. On 30 December 2021, the Subsidiaries were acquired by the Issuer, through a share-for-share exchange. The key pro forma financial information described in this section present what the consolidated financial statements of the Issuer would have been had the Subsidiaries been owned by the Issuer with the shareholding and with all its current constituent components, for the entire period covered by the said pro forma information.

| <b>Income Statement</b>                | <b>FY2021</b> |
|--|---------------|
| Revenue (€000)                         | 20,164        |
| Operating loss (€'000)                 | (128)         |
| Net loss (€000)                        | (946)         |
| <b>Statement of Financial Position</b> | <b>FY2021</b> |
| Total assets (€'000)                   | 142,782       |
| Total liabilities (€'000)              | 57,097        |
| Total equity (€'000)                   | <b>85,685</b> |

Historically, the two key subsidiaries, generating over 90% of the Group's revenue were Gaming Operations Limited, which was incorporated in 2002, and Dragonara Gaming Limited which was incorporated in 2010. The key financial information of Gaming Operations Limited and Dragonara Gaming Limited for the financial years ended 30 June 2018, 2019, 2020 and 2021 is set out below.

### Gaming Operations Limited

| <b>Income Statement</b>          | <b>FY2021</b> | <b>FY2020</b> | <b>FY2019</b> | <b>FY2018</b> |
|----------------------------------|---------------|---------------|---------------|---------------|
| Revenue (€'000)                  | 7,374         | 8,651         | 10,299        | 9,782         |
| Operating profit/ (loss) (€'000) | (361)         | (511)         | 30,647        | 2,169         |
| Net profit/ (loss) (€'000)       | (498)         | (689)         | 30,041        | 1,402         |

### Dragonara Gaming Limited

| <b>Income Statement</b>          | <b>FY2021</b> | <b>FY2020</b> | <b>FY2019</b> | <b>FY2018</b> |
|----------------------------------|---------------|---------------|---------------|---------------|
| Revenue (€'000)                  | 11,714        | 13,864        | 16,627        | 16,490        |
| Operating profit/ (loss) (€'000) | (2)           | 1,167         | (151)         | 32            |
| Net profit/ (loss) (€'000)       | <b>(473)</b>  | <b>(10)</b>   | <b>(359)</b>  | <b>(251)</b>  |

## 2.3. What are the key risks that are specific to the Issuer?

The most material risk factors specific to the Issuer, which may negatively impact the operations and financial position of the Issuer should the circumstances mentioned therein materialise, are as follows:

### 2.3.1. Risks associated with the dependency of the Issuer on the performance of its Subsidiaries

As a finance and holding company of the IZI Finance Group, the Issuer does not carry out any trading activities of its own. The majority of the Issuer's assets consist of loans granted to its Subsidiaries and shares held in its Subsidiaries, and the only revenue it generates emanates from the receipt of principal and income payments on funds it advances to its Subsidiaries and dividends received from its Subsidiaries, from time to time. The Issuer is thus economically dependent on the operational results, the financial position and the financial performance of its Subsidiaries. Consequently, the financial and operational results of the Subsidiaries have a direct effect on the Issuer's financial position.

### 2.3.2. Risks relating to the economic repercussions of coronavirus (Covid-19)

As a direct result of the spread of COVID-19 the Group was required to temporary close or restrict access to its gaming premises. Given the nature of the IZI Finance Group's land-based gaming activities which innately requires physical presence, its land-based gaming operations may be adversely affected by any further mandatory closure of its gaming premises as a result of COVID-19. The IZI Finance Group's business, operations, and financial performance remain susceptible to the risk relating to the uncertainty surrounding the constantly changing circumstances within which it finds itself operating as a result of COVID-19, as well as the risks of the effects of the corresponding restrictive or prohibitive measures that have been, and may in the future, be introduced as a result thereof or in connection therewith.

### **2.3.3. Risks relating to taxation**

The IZI Finance Group is likely to be subject to direct corporate taxation, indirect taxes, gaming taxes and other taxes, as may be imposed by any of the jurisdictions in which it operates or with which it has ties. These taxes could change, and new taxes may be introduced which may result in an increase in the IZI Finance Group's tax burden. An increase in the tax burden of the IZI Finance Group or its customers and/or related interest, penalties and dispute and settlement costs, may lead to decreased revenues and have a material adverse effect on its operations, earnings, and overall financial position.

### **2.3.4. Risks relating to the revocation, suspension or non-renewal of licenses**

The majority of the Issuer's revenue is derived from the licensed and regulated gaming activities of Dragonara Gaming Limited, Gaming Operations Limited and IZI Interactive Limited which are each in possession of a B2C Licence. Dragonara Gaming Limited has been granted a concession to operate the Dragonara Casino as a land-based casino and National Lottery p.l.c. has been granted a concession to operate the National Lottery. Any license suspension, revocation or non-renewal will have a materially negative impact on IZI Finance Group's business, financial position and profit.

### **2.3.5. Risks relating to anti-money laundering and fraud**

The IZI Finance Group handles a large number of financial transactions within the ordinary course of business and is therefore exposed to risks relating to money laundering and fraud. Where the IZI Finance Group fails to detect and report suspicious transactions, the IZI Finance Group may be subject to criminal sanctions or administrative fines, which could in turn result in the revocation of concessions and licenses, operational bans, and loss in confidence of its customer base, all of which could have a material adverse effect on the IZI Finance Group's business, financial position and profit.

### **2.3.6. Risks relating to the IZI Finance Group's dependence on new laws and regulations**

The IZI Finance Group operates in a highly regulated industry and is subject to risks related to the introduction and implementation of new laws and amendments of existing legislation. Potential legislative changes may have a material negative impact on the IZI Finance Group's operations, earnings, and financial position.

### **2.3.7. Risks relating to the concentration of the IZI Finance Group's operations in the gaming industry**

The majority of the IZI Finance Group's revenue generation is dependent on the reputation and status of the gaming industry in Malta, thereby exposing the Issuer to single sector concentration risk. Moreover, most of the IZI Finance Group's revenue is generated from players based in Malta, which also exposes the Issuer to geographic concentration risk. The risk inherent in concentrating substantial investments in a single industry and to one principal target market is that a decline in such industry could have an adverse effect on the financial condition of the IZI Finance Group.

### **2.3.8. Risks in relation to key personnel and senior management**

The success of the IZI Finance Group's business is, to a large extent, reliant on the IZI Finance Group's ability to attract, train, motivate and retain highly skilled, competent, and experienced personnel in both the land-based and remote gaming industry. There is a risk that key personnel and senior management may decide to terminate their employment relationships with the IZI Finance Group. Employee turnover, particularly, of highly skilled and experienced professionals could have an adverse effect on the IZI Finance Group's business and operations.

### **2.3.9. Risks relating to competition**

The IZI Finance Group's success and growth is dependent on its ability to maintain and improve its market position in the land-based casino, retail, and online gaming sectors, as well as its ability to merge with or acquire other companies, businesses and/or brands which are well-established in the industry. Failure to keep up with its competition could mean that the IZI Finance Group risks losing its business and revenue to its competitors, and this could have a material adverse effect on the IZI Finance Group's business, operations, and its financial position.

### **2.3.10. Risks relating to I.T. systems**

The IZI Finance Group's I.T. systems may be subject to a failure, disruption or other interruption or malfunction because of various factors which may be out of the IZI Finance Group's control. The occurrence of any of the foregoing could have a material adverse effect on the operating results of the IZI Finance Group, its financial condition, and prospects.

### **2.3.11. Risks arising from reliance on third-party suppliers**

In the day-to-day operation of its business, the IZI Finance Group depends, to a great extent, on third-parties service providers. Any default by suppliers on their obligations to the IZI Finance Group and, or any disruption in the provision of their services, could negatively impact the IZI Finance Group's ability to provide its products and services, to meet its obligations in terms of gaming regulations, as well as its obligations towards its customers, all of which could negatively affect the IZI Finance Group's reputation, market position, operations and financial condition.

### **3. KEY INFORMATION ON THE SECURITIES**

#### **3.1. What are the main features of the securities?**

The Bonds are being issued in an aggregate amount of up to €30,000,000 with a nominal value of €100 per bond issued at par and redeemable at their nominal value on 14 April 2029. The Bonds bear interest at the rate of 4.25% per annum on the nominal value of the Bonds. The currency of the Bonds is Euro (€).

The Bonds will be issued in fully registered and dematerialised form and shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer at the CSD. On admission to trading the Bonds shall have the following ISIN: MT0002631209. The Bonds shall be freely transferable.

The Bonds shall constitute the general, direct, unsecured, and unconditional obligations of the Issuer and shall rank at least pari passu without any priority or preference.

There are no special rights attached to the Bonds other than the right of the Bondholders to (i) the payment of capital and interest in accordance with the ranking of the Bonds; (ii) attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bonds; and (iii) enjoy all such other rights attached to the Bonds emanating from the Prospectus.

#### **3.2. Where will the securities be traded?**

Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List.

#### **3.3. What are the key risks that are specific to the securities?**

##### **3.3.1. Ranking of the bonds**

Any secured or privileged debts of the Issuer shall rank at all times ahead of the obligations of the Issuer under the Bonds, as a result of which the Bondholders may not be able to recover their investment in the Bonds in the case of insolvency or an equivalent situation. Furthermore, third party security interests may be registered which will rank in priority to the Bonds against the assets of the Company, as the case may be, for so long as such security interests remain in effect.

##### **3.3.2. No prior market for the Bonds**

Prior to the Bond Issue, there has been no public market for the Bonds within or outside Malta. Due to the absence of any prior market for the Bonds, there can be no assurance that the price of the Bonds will correspond to the price at which the Bonds will trade in the market subsequent to the Bond Issue. The market price of the Bonds could be subject to significant fluctuations in response to numerous factors, including the occurrence of any of the risks relating to the Issuer.

##### **3.3.3. Orderly and liquid secondary market**

The existence of an orderly and liquid market for the Bonds depends on a number of factors, including but not limited to the presence of willing buyers and sellers of the Bonds at any given time and the general economic conditions in the market in which the Bonds are traded. Such factors are dependent upon the individual decisions of investors and the general economic conditions of the market, over which the Issuer has no control.

##### **3.3.4. Amendments to the Terms and Conditions of the Bonds**

In the event that the Issuer wishes to amend any of the Terms and Conditions of the bonds it may call a meeting of Bondholders. Defined majorities of Bondholders may bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

## 4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND THE ADMISSION TO TRADING ON A REGULATED MARKET

### 4.1. Under which conditions and timetable can I invest in this security?

#### 4.1.1. Plan of distribution, allotment and allocation policy

The Bond Issue is open for subscription to all categories of investors as detailed hereunder and the Issuer shall allocate the Bonds on the basis of the following policy:

- (i) an amount of €15 million in nominal value of Bonds has been reserved for, and shall be allocated to, the PAFIs which have entered into Placement Agreements with the Issuer; and
- (ii) the remaining balance of €15 million in nominal value of Bonds shall be made available for subscription by Authorised Financial Intermediaries through an Intermediaries' Offer, and shall be allocated on a pro rata basis to said Authorised Financial Intermediaries.

The minimum subscription amount of Bonds that can be subscribed for by PAFIs pursuant to Placement Agreements and by Authorised Financial Intermediaries through the Intermediaries' Offer is €5,000 and in multiples of €100 thereafter.

The Issuer shall announce the result of the Bond Issue by no later than 14 April 2022.

In terms of the Placement Agreements, the PAFIs shall be entitled to either (i) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or (ii) complete a data file representing the amount they have been allocated in terms of the respective Placement Agreement as provided by the Registrar by latest 14:00 hours CET on 7 April 2022. PAFIs must effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.

In terms of the subscription agreements to be entered with Authorised Financial Intermediaries pursuant to the Intermediaries' Offer, Authorised Financial Intermediaries shall be entitled to either (i) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or (ii) complete a data file representing the amount they have been allocated in terms of the respective subscription agreement as provided by the Registrar by latest 14:00 hours CET on 8 April 2022. Completed subscription agreements, together with evidence of payment, are to reach the Registrar by the Intermediaries Offer Date.

#### 4.1.2. Expected Timetable

|    |   |               |
|----|---|---------------|
| 1. | Placement Date  | 7 April 2022  |
| 2. | Intermediaries' Offer Date                            | 7 April 2022  |
| 3. | Commencement of interest on the Bonds                 | 14 April 2022 |
| 4. | Announcement of basis of acceptance                   | 14 April 2022 |
| 5. | Dispatch of allotment letters                         | 25 April 2022 |
| 6. | Expected date of admission of the Bonds to listing    | 25 April 2022 |
| 7. | Expected date of commencement of trading in the Bonds | 26 April 2022 |

### 4.2. Why is this Prospectus being produced?

#### 4.2.1. The use and estimated net amount of the proceeds

The proceeds from the Bond Issue, which net of Bond Issue expenses are expected to amount to approximately €29.4 million will be utilised by the Issuer for the following purposes, in the amounts and order of priority set out below:

- (i) an amount of approximately €16.2 million will be used to part finance the IZI Finance Group's projected capital expenditure in connection with, and for the duration of the term of, the National Lottery Concession, which capital expenditure includes the following: (a) the installation of hardware, terminals and systems, the development of lottery software systems and back-office applications, as well as the investment in telecommunications equipment and services; (b) the rent of office space and a warehouse facility; (c) the modernisation and upgrading of National Lottery p.l.c.'s distribution network; (d) the development and registration of the National Lottery brand; and (e) investment in a staff and reseller training programme.
- (ii) an amount of approximately €8.5 million will be used to finance the IZI Finance Group's projected capital expenditure in connection with, and for the duration of the term of, the Dragonara Casino Concession, which capital expenditure includes: (a) upgrades to the casino management system and other software developments; (b) external and internal improvements to the Dragonara Casino building, consisting of structural, and redecoration works; (c) the purchase of new slot machine equipment, gaming tables equipment, food & beverage equipment, IT equipment, surveillance equipment and improvements to existing equipment; and (d) electrical and mechanical installations.

- (iii) an amount of approximately €3.9 million will be used to part finance the IZI Finance Group's projected capital expenditure for the years 2022 to 2025 in connection with the IZI Finance Group's retail gaming operations, which capital expenditure includes: (i) the purchase of new gaming equipment; and (ii) costs associated with the refurbishment of existing retail outlets operated by Gaming Operations Limited; and
- (iv) an amount of approximately €0.8 million will be used for general corporate funding purposes of the IZI Finance Group.

The Issuer has established a minimum aggregate subscription amount of €16.2 million on which the Bond Issue is conditional. In the event that the Bond Issue is under-subscribed to the effect that the total subscriptions for the Bonds does not equate to at least €16.2 million, the Bonds shall be deemed not to have been accepted by the Issuer, and the Issuer shall, through the Registrar and, or the Authorised Financial Intermediaries (as applicable), return the proceeds of the Bond Issue to the Applicants and the Bond Issue shall be cancelled forthwith. In the event that the Bond Issue of under-subscribed, however the minimum subscription threshold of €16.2 million is met, the Issuer shall issue Bonds up to the amount subscribed for and the proceeds from the Bond Issue shall first be utilised for the purpose specified in (i) above, and any remaining balance shall be utilised for the purposes specified in (ii) (iii) and (iv), in the order of priority in which they appear above.

#### **4.2.2. Underwriting agreement**

The Bond Issue is not subject to any underwriting agreement on a firm commitment basis.

#### **4.2.3. Conflicts of Interest**

Save for the the subscription for Bonds by the Authorised Financial Intermediaries (which includes the PAFIs) and the commissions payable thereto, and any fees payable to the Sponsor & Co-Manager and Registrar & Co-Manager in connection with the Bond Issue, so far as the Issuer is aware, no person involved in the Bond Issue has an interest material to the Bond Issue.

