

# Securities Note

Dated 22 March 2022

This document is a Securities Note issued in accordance with the provisions of Chapter 4 of the Capital Markets Rules issued by the Malta Financial Services Authority and in accordance with the provisions of the Prospectus Regulation.

This Securities Note should be read in conjunction with the most updated Registration Document issued from time to time containing information about the Issuer.

**in respect of an issue of up to  
€30,000,000 4.25% unsecured bonds 2029  
of a nominal value of €100 per bond, issued and redeemable at par by**

# IZI | FINANCE plc

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

ISIN: MT0002631209

**SPONSOR & CO-MANAGER**

**LEGAL COUNSEL**

**REGISTRAR & CO-MANAGER**



**CAMILLERI PREZIOSI**  
ADVOCATES



THIS SECURITIES NOTE HAS BEEN APPROVED BY THE MALTA FINANCIAL SERVICES AUTHORITY, AS COMPETENT AUTHORITY UNDER THE PROSPECTUS REGULATION. THE MALTA FINANCIAL SERVICES AUTHORITY HAS AUTHORISED THE ADMISSIBILITY OF THE SECURITIES AS LISTED FINANCIAL INSTRUMENTS. THIS MEANS THAT THE MALTA FINANCIAL SERVICES AUTHORITY HAS ONLY APPROVED THIS SECURITIES NOTES AS MEETING THE STANDARDS OF COMPLETENESS, COMPREHENSIBILITY AND CONSISTENCY AS PRESCRIBED BY THE PROSPECTUS REGULATION. SUCH APPROVAL SHOULD NOT HOWEVER BE CONSIDERED AS AN ENDORSEMENT OF THE SECURITIES THAT ARE THE SUBJECT OF THIS SECURITIES NOTE. IN PROVIDING THIS AUTHORISATION, THE MALTA FINANCIAL SERVICES AUTHORITY DOES NOT GIVE ANY CERTIFICATION REGARDING THE POTENTIAL RISKS IN INVESTING IN THE SAID INSTRUMENTS AND SUCH AUTHORISATION SHOULD NOT BE DEEMED OR BE CONSTRUED AS A REPRESENTATION OR WARRANTY AS TO THE SAFETY OF INVESTING IN SUCH INSTRUMENTS.

THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER, FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS INCLUDING ANY LOSSES INCURRED BY INVESTING IN THE SECURITIES.

A PROSPECTIVE INVESTOR SHOULD ALWAYS SEEK INDEPENDENT FINANCIAL ADVICE BEFORE DECIDING TO INVEST IN ANY LISTED FINANCIAL INSTRUMENT. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE POTENTIAL RISKS IN INVESTING IN THE SECURITIES OF AN ISSUER AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND CONSULTATION WITH HIS OR HER OWN INDEPENDENT FINANCIAL ADVISER. A PROSPECTIVE INVESTOR SHOULD MAKE HIS OR HER OWN ASSESSMENT AS TO THE SUITABILITY OF INVESTING IN THE SECURITIES SUBJECT OF THIS SECURITIES NOTE.

**APPROVED BY THE BOARD OF DIRECTORS**

Johann Schembri

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

**IMPORTANT INFORMATION**

THIS SECURITIES NOTE CONTAINS INFORMATION ON AN ISSUE BY IZI FINANCE P.L.C. (THE “**ISSUER**”) OF UP TO €30,000,000 UNSECURED BONDS OF A NOMINAL VALUE OF €100 PER BOND ISSUED AT PAR, AND BEARING INTEREST AT THE RATE OF 4.25% PER ANNUM, PAYABLE ANNUALLY ON 14 APRIL OF EACH YEAR UNTIL THE REDEMPTION DATE (THE “**BONDS**”). THE ISSUER SHALL REDEEM THE BONDS ON THE REDEMPTION DATE UNLESS OTHERWISE PREVIOUSLY REPURCHASED FOR CANCELLATION BY THE ISSUER.

THIS SECURITIES NOTE SETS OUT THE CONTRACTUAL TERMS UNDER WHICH THE BONDS ARE ISSUED BY THE ISSUER AND SUBSCRIBED FOR BY A BONDHOLDER WHICH TERMS SHALL REMAIN BINDING UNTIL THE REDEMPTION DATE OF THE BONDS, UNLESS THEY ARE OTHERWISE CHANGED IN ACCORDANCE WITH THE TERMS OF THIS SECURITIES NOTE. NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS, TO ISSUE ANY ADVERTISEMENT OR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE SALE OF SECURITIES OF THE ISSUER OTHER THAN THOSE CONTAINED IN THIS SECURITIES NOTE AND IN THE DOCUMENTS REFERRED TO HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ITS DIRECTORS OR ADVISERS.

**THE MALTA FINANCIAL SERVICES AUTHORITY ACCEPTS NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS, MAKES NO REPRESENTATIONS AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM, OR IN RELIANCE UPON, THE WHOLE OR ANY PART OF THE CONTENTS OF THE PROSPECTUS.**

THE PROSPECTUS DOES NOT CONSTITUTE, AND MAY NOT BE USED FOR THE PURPOSES OF AN OFFER OR INVITATION TO SUBSCRIBE FOR SECURITIES ISSUED BY THE ISSUER: (I) BY ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION IS NOT AUTHORISED OR IN WHICH THE PERSON MAKING SUCH OFFER OR INVITATION IS NOT QUALIFIED TO DO SO; OR (II) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR INVITATION. THE DISTRIBUTION OF THE PROSPECTUS IN CERTAIN JURISDICTIONS MAY BE RESTRICTED AND, ACCORDINGLY, PERSONS INTO WHOSE POSSESSION IT IS RECEIVED ARE REQUIRED TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, SUCH RESTRICTIONS.

THE PROSPECTUS AND THE OFFERING, SALE OR DELIVERY OF ANY SECURITIES MAY NOT BE TAKEN AS AN IMPLICATION: (I) THAT THE INFORMATION CONTAINED IN THE PROSPECTUS IS ACCURATE AND COMPLETE SUBSEQUENT TO ITS DATE OF ISSUE; OR (II) THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN THE FINANCIAL POSITION OF THE ISSUER SINCE SUCH DATE; OR (III) THAT ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS IS ACCURATE AT ANY TIME SUBSEQUENT TO THE DATE ON WHICH IT IS SUPPLIED OR, IF DIFFERENT, THE DATE INDICATED IN THE DOCUMENT CONTAINING THE SAME.

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

IT IS THE RESPONSIBILITY OF ANY PERSON IN POSSESSION OF THIS DOCUMENT AND ANY PERSON WISHING TO APPLY FOR ANY SECURITIES ISSUED BY THE ISSUER TO INFORM THEMSELVES OF, AND TO OBSERVE AND COMPLY WITH, ALL APPLICABLE LAWS AND REGULATIONS OF ANY RELEVANT JURISDICTION. PROSPECTIVE INVESTORS FOR ANY SECURITIES THAT MAY BE ISSUED BY THE ISSUER SHOULD INFORM THEMSELVES AS TO THE LEGAL REQUIREMENTS OF APPLYING FOR ANY SUCH SECURITIES AND ANY APPLICABLE EXCHANGE CONTROL REQUIREMENTS AND TAXES IN THE COUNTRIES OF THEIR NATIONALITY, RESIDENCE OR DOMICILE.

SAVE FOR THE OFFERING IN THE REPUBLIC OF MALTA, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER THAT WOULD PERMIT A PUBLIC OFFERING OF THE SECURITIES DESCRIBED IN THIS SECURITIES NOTE OR THE DISTRIBUTION OF THE PROSPECTUS (OR ANY PART THEREOF) OR ANY OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, NO SECURITIES MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS OR ANY SECURITIES MAY COME MUST INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING AND SALE OF SECURITIES.

THE BONDS HAVE NOT BEEN, NOR WILL THEY BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT, 1933 AS AMENDED, OR UNDER ANY FEDERAL OR STATE SECURITIES LAW AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, ITS TERRITORIES OR POSSESSIONS, OR ANY AREA SUBJECT TO ITS JURISDICTION (THE “**U.S.**”) OR TO OR FOR THE BENEFIT OF, DIRECTLY OR INDIRECTLY, ANY U.S. PERSON (AS DEFINED IN REGULATION “S” OF THE SAID ACT). FURTHERMORE, THE ISSUER WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT, 1940 AS AMENDED AND INVESTORS WILL NOT BE ENTITLED TO THE BENEFITS SET OUT THEREIN.

A COPY OF THIS DOCUMENT HAS BEEN SUBMITTED TO THE MALTA FINANCIAL SERVICES AUTHORITY IN SATISFACTION OF THE CAPITAL MARKETS RULES, THE MALTA STOCK EXCHANGE IN SATISFACTION OF THE MALTA STOCK EXCHANGE BYE-LAWS AND HAS BEEN DULY FILED WITH THE MALTA BUSINESS REGISTRY IN ACCORDANCE WITH THE COMPANIES ACT (CAP. 386 OF THE LAWS OF MALTA).

**STATEMENTS MADE IN THIS PROSPECTUS ARE, EXCEPT WHERE OTHERWISE STATED, BASED ON THE LAW AND PRACTICE CURRENTLY IN FORCE IN MALTA AND ARE SUBJECT TO CHANGES THEREIN.**

ALL THE ADVISERS TO THE ISSUER NAMED IN THE REGISTRATION DOCUMENT UNDER THE HEADING "ADVISERS" IN SECTION 4.3. OF THE REGISTRATION DOCUMENT HAVE ACTED AND ARE ACTING EXCLUSIVELY FOR THE ISSUER IN RELATION TO THE PROSPECTUS AND HAVE NO CONTRACTUAL, FIDUCIARY OR OTHER OBLIGATION TOWARDS ANY OTHER PERSON AND WILL ACCORDINGLY NOT BE RESPONSIBLE TO ANY INVESTOR OR ANY OTHER PERSON WHOMSOEVER IN RELATION TO THE TRANSACTIONS PROPOSED IN THE PROSPECTUS.

THE CONTENTS OF THE ISSUER'S WEBSITE OR ANY WEBSITE DIRECTLY OR INDIRECTLY LINKED TO THE ISSUER'S WEBSITE DO NOT FORM PART OF THIS PROSPECTUS UNLESS SUCH CONTENTS ARE INCORPORATED BY REFERENCE INTO THE PROSPECTUS. ACCORDINGLY, NO RELIANCE OUGHT TO BE MADE BY ANY INVESTOR ON ANY INFORMATION OR OTHER DATA CONTAINED IN SUCH WEBSITES AS THE BASIS FOR A DECISION TO INVEST IN THE SECURITIES.

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER ALL THE INFORMATION CONTAINED IN THE PROSPECTUS AS A WHOLE AND SHOULD CONSULT THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE SECURITIES.**



**TABLE OF CONTENTS**

<b>1. DEFINITIONS</b>	<b>62</b>
<b>2. RISK FACTORS</b>	<b>64</b>
2.1 GENERAL	64
2.2 FORWARD-LOOKING STATEMENTS	64
2.3 RISKS RELATING TO THE BONDS	64
<b>3. PERSONS RESPONSIBLE AND CONSENT FOR USE</b>	<b>65</b>
3.1 PERSONS RESPONSIBLE	65
3.2 CONSENT FOR USE OF PROSPECTUS	66
<b>4. ESSENTIAL INFORMATION</b>	<b>67</b>
4.1 REASONS FOR THE ISSUE AND THE USE OF PROCEEDS	67
4.2 EXPENSES	68
4.3 ISSUE STATISTICS	68
4.4 INTEREST OF NATUERAL AND LEGAL PERSONS INVOLVED IN THE ISSUE	69
<b>5. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING</b>	<b>69</b>
5.1 GENERAL	69
5.2 RANKING OF THE BONDS	69
5.3 RIGHTS ATTACHING TO THE BONDS	70
5.4 INTEREST	70
5.5 THE LIMITS OF THE VALIDITY OF CLAIMS	70
5.6 YIELD	70
5.7 REGISTRATION, FORM, DENOMINATION AND TITLE	70
5.8 PAYMENTS	71
5.9 REDEMPTION AND PURCHASE	71
5.10 EVENTS OF DEFAULT	71
5.11 TRANSFERABILITY OF THE BONDS	72
5.12 FURTHER ISSUES	72
5.13 MEETING OF BONDHOLDERS	72
5.14 AUTHORISATIONS AND APPROVAL	73
5.15 NOTICES	74
5.16 GOVERNING LAW AND JURISDICTION	74
<b>6. TAXATION</b>	<b>74</b>
6.1 GENERAL	74
6.2 MALTA TAX ON INTEREST	74
6.3 EXCHANGE OF INFORMATION	75
6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS	75
6.5 DUTY ON DOCUMENTS AND TRANSFERS	76
<b>7. TERMS AND CONDITIONS OF THE BOND ISSUE</b>	<b>76</b>
7.1 EXPECTED TIMETABLE OF THE BOND ISSUE	76
7.2 TERMS AND CONDITIONS OF THE BONDS	76
7.3 PLAN OF DISTRIBUTION AND ALLOTMENT	80
7.4 PLACEMENT AGREEMENTS	80
7.5 INTERMEDIARIES' OFFER	80
7.6 ALLOCATION POLICY	81
7.7 PRICING	81
7.8 ADMISSION TO TRADING	81
7.9 ADDITIONAL INFORMATION	81
<b>Annex I - Authorised Financial Intermediaries</b>	<b>82</b>

## 1. DEFINITIONS

Words, expressions and capitalised terms used in this Securities Note shall, except where the context otherwise requires and except where otherwise defined herein, bear the same meaning as the meaning given to such words, expressions and capitalised terms as indicated in the Registration Document forming part of the Prospectus. Additionally, the following words and expressions as used in this Securities Note shall bear the following meanings whenever such words and expressions are used in their capitalised form, except where the context otherwise requires:

<b>Admission</b>	admission of the Bonds to the Official List and to trading on the main market for listed securities of the MSE becoming effective in accordance with the Capital Markets Rules and the MSE Bye- Laws;
<b>Applicant/s</b>	a person or persons who subscribe(s) for the Bonds;
<b>Application/s</b>	the application to subscribe for Bonds made by an Applicant/s through PAFIs pursuant to Placement Agreements or through Authorised Financial Intermediaries pursuant to the Intermediaries' Offer;
<b>Authorised Financial Intermediary/ies</b>	the licensed stockbrokers and financial intermediaries listed in Annex II to this Securities Note;
<b>Bond Issue Price</b>	€100 per Bond;
<b>Bondholder/s</b>	any holder/s of Bonds from time to time, as evidenced by an electronic entry in the register of Bonds held by the CSD;
<b>Business Day</b>	any day between Monday and Friday (both days included) on which commercial banks in Malta settle payments and are open for normal banking business;
<b>Civil Code</b>	means the Civil Code (Cap. 16 of the laws of Malta);
<b>CSD</b>	the Central Securities Depository of the Malta Stock Exchange having its address at Garrison Chapel, Castille Place, Valletta, VLT 1063, Malta;
<b>Interest Payment Date</b>	14 April of each year between and including each of the years 2023 and 2029 provided that if any such day is not a Business Day such Interest Payment Date shall be carried over to the next following day that is a Business Day;
<b>Intermediaries' Offer</b>	an offer for subscription of Bonds made by the Issuer to the Authorised Financial Intermediaries through subscription agreements as further detailed in section 7.6 of this Securities Note;
<b>Issue Date</b>	25 April 2022;
<b>MSE Bye-Laws</b>	the bye-laws issued by the MSE;
<b>Official List</b>	the list prepared and published by the Malta Stock Exchange as its official list in accordance with the MSE Bye-Laws;
<b>PAFI/s</b>	each of: <ul style="list-style-type: none"> <li>(a) Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta, with company number C 2833, having its registered office at 58, Zachary Street, Valletta VLT 1130, Malta; and</li> <li>(b) Rizzo, Farrugia &amp; Co (Stockbrokers) Ltd, a private limited liability company registered under the laws of Malta, with company registration number C 13102, having its registered office at Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta,</li> </ul> <p>being the Authorised Financial Intermediaries which have executed a Placement Agreement;</p>
<b>Placement Agreement/s</b>	the placement agreements entered into between the Issuer and the PAFIs, as further detailed in section 7.4 of this Securities Note;
<b>Redemption Date</b>	14 April 2029;

---

<b>Redemption Value</b>	the nominal value of each Bond (€100 per Bond);
<b>Registrar &amp; Co-Manager</b>	Bank of Valletta p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 2833 and having its registered address at 58, Zachary Street, Valletta VLT 1130, Malta. Bank of Valletta p.l.c. is regulated by the MFSA and is licensed to carry out the business of banking and investment services in terms of the Banking Act (Chapter 371 of the laws of Malta) and the Investment Services Act (Chapter 370 of the laws of Malta);
<b>Terms and Conditions</b>	the terms and conditions of the Bonds set out in sections 5 and 7 of this Securities Note.

Unless it appears otherwise from the context:

- (a) words importing the singular shall include the plural and *vice versa*;
- (b) words importing the masculine gender shall include the feminine gender and *vice versa*;
- (c) the word “*may*” shall be construed as permissive and the word “*shall*” shall be construed as imperative;
- (d) all references in this Registration Document to “*Malta*” shall be construed as defined in article 124 (1) of the Constitution of Malta
- (e) any phrase introduced by the terms “*including*”, “*include*”, “*in particular*” or any similar expression is illustrative only and does not limit the sense of the words preceding those terms; and
- (f) any reference to a law, legislative act, and, or other legislation shall mean that particular law, legislative act and, or legislation as in force at the date of this Securities Note.

## 2. RISK FACTORS

### 2.1 GENERAL

**THE VALUE OF INVESTMENTS CAN GO UP OR DOWN AND PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE PERFORMANCE.**

**AN INVESTMENT IN THE BONDS INVOLVES CERTAIN RISKS INCLUDING THOSE DESCRIBED BELOW. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER, WITH THEIR OWN INDEPENDENT FINANCIAL AND OTHER PROFESSIONAL ADVISERS, THE FOLLOWING RISK FACTORS AND OTHER INVESTMENT CONSIDERATIONS AS WELL AS ALL THE OTHER INFORMATION CONTAINED IN THE PROSPECTUS BEFORE DECIDING TO MAKE AN INVESTMENT IN THE BONDS. THE RISK FACTOR FIRST APPEARING UNDER EACH CATEGORY CONSTITUTES THAT RISK FACTOR THAT THE DIRECTORS OF THE ISSUER HAVE ASSESSED TO BE, AT THE DATE OF THIS SECURITIES NOTE, THE MOST MATERIAL RISK FACTOR UNDER SUCH CATEGORY. IN MAKING THIS ASSESSMENT OF MATERIALITY, THE DIRECTORS OF THE ISSUER HAVE EVALUATED THE COMBINATION OF: (I) THE PROBABILITY THAT A RISK FACTOR OCCURS; AND (II) THE EXPECTED MAGNITUDE OF THE ADVERSE EFFECT ON THE FINANCIAL CONDITION AND PERFORMANCE OF THE ISSUER AND ITS SECURITIES IF SUCH RISK FACTOR WERE TO MATERIALISE.**

**NEITHER THIS SECURITIES NOTE, NOR ANY OTHER PARTS OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE BONDS: (I) IS INTENDED TO PROVIDE THE BASIS OF ANY CREDIT OR OTHER EVALUATION; OR (II) SHOULD BE CONSIDERED AS A RECOMMENDATION BY THE ISSUER, THE SPONSOR & CO-MANAGER, THE REGISTRAR & CO-MANAGER OR ANY OF THE AUTHORISED FINANCIAL INTERMEDIARIES THAT ANY RECIPIENT OF THIS SECURITIES NOTE OR ANY OTHER PART OF THE PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE PROSPECTUS OR ANY BONDS, SHOULD PURCHASE ANY BONDS. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD MAKE THEIR OWN INDEPENDENT EVALUATION OF ALL RISK FACTORS AND SHOULD CONSIDER ALL OTHER SECTIONS IN THIS DOCUMENT.**

### 2.2 FORWARD-LOOKING STATEMENTS

This Securities Note contains statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, such as the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Forward-looking statements relate to matters that are not historical facts. They appear in a number of places throughout the Prospectus, and in documents incorporated therein by reference, and include statements regarding the intentions, beliefs, or current expectations of the Issuer and, or the Directors concerning, amongst other things, the Issuer’s and, or the IZI Finance Group’s strategy and business plans, capital requirements, results of operations, financial condition, liquidity, prospects, the markets in which it operates and general market conditions. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and should therefore not be construed as such. The Issuer’s and, or the IZI Finance Group’s actual results of operations, financial condition, liquidity, and the development of its business may differ materially from the impression created by the forward-looking statements contained in the Prospectus. In addition, even if the results of operations, financial condition, and, or liquidity of the Issuer and, or the IZI Finance Group are consistent with the forward-looking statements contained in the Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Potential investors are advised to read the Prospectus in its entirety and, in particular, all the risks set out in this section and in the section entitled “Risk Factors” in the Registration Document, for a review of the factors that could affect the Issuer’s performance. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

All forward-looking statements contained in this document are made only as at the date hereof. Subject to applicable legal and regulatory obligations, the Issuer and its Directors expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

### 2.3 RISKS RELATING TO THE BONDS

#### 2.3.1. Ranking of the Bonds

The Bonds constitute the general, direct, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu*, without any priority or preference among themselves, and, save for such exceptions as may be provided by applicable law, without priority or preference to all present and future unsecured obligations of the Company. This means that any secured or privileged debts of the Company shall rank at all times ahead of the obligations of the Company 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, whether in full or in part. 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.



### 2.3.2. 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 risk factors identified in section 3 of the Registration Document.

### 2.3.3. 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.

### 2.3.4. Future Public Offers

No prediction can be made about the effect which any future public offerings of the Issuer's securities (including but not limited to the effects arising out of a change in the cash flow requirements of the Issuer or other commitments of the Issuer vis-à-vis the new security holders), or any takeover or merger activity involving the Issuer (including but not limited to a delisting, in full or in part, of the Bonds), will have on the market price of the Bonds prevailing from time to time.

### 2.3.5. Subsequent changes in interest rate

The Bonds shall carry a fixed interest rate. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Investors should also be aware that the price of fixed rate bonds should theoretically move adversely to changes in interest rates. When prevailing market interest rates are rising, their prices decline and conversely, if market interest rates are declining, the prices of fixed rate bonds rise. This is called market risk since it arises only if a Bondholder decides to sell the Bonds before maturity on the secondary market.

### 2.3.6. Currency of reference

A Bondholder will bear the risk of any adverse fluctuations in exchange rates between the currency of denomination of the Bonds (Euro) and the Bondholder's currency of reference, if different. Such adverse fluctuations may impair the return of investment of the Bondholder in real terms after taking into account the relevant exchange rate.

### 2.3.7. Changes in law

The Terms and Conditions of the Bonds are based on Maltese law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Maltese law or administrative practice after the date of this Prospectus.

### 2.3.8. Continuing Obligations

After the Bonds are admitted to trading on the Official List of the MSE, the Issuer must remain in compliance with certain requirements. The Malta Financial Services Authority has the authority to suspend trading of the Bonds if, *inter alia*, it comes to believe that such a suspension is required for the protection of investors or of the integrity or reputation of the market. Furthermore, the Malta Financial Services Authority may discontinue the listing of the Bonds if, *inter alia*, it is satisfied that, owing to special circumstances, normal regular dealings in the Bonds are no longer possible, or upon the request of the Issuer or the MSE. Any such trading suspensions or listing revocations or discontinuations described above, could have a material adverse effect on the liquidity and value of the Bonds.

### 2.3.9. Amendments to or waivers of the Terms and Conditions of the Bonds

Should the Issuer wish to amend or waive any of the Terms and Conditions of the Bonds it may call a meeting of Bondholders in accordance with the provisions of section 5.13 of this Securities Note. These provisions permit defined majorities to 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.

## 3. PERSONS RESPONSIBLE AND CONSENT FOR USE

### 3.1 PERSONS RESPONSIBLE

This document includes information given in compliance with the Prospectus Regulation for the purpose of providing prospective investors with information on the Bonds. All of the Directors, whose names appear under the sub-heading "Directors of the Issuer" under the heading "Identity of Directors, Advisers and Auditors of the Issuer" in section 4 of the Registration Document, accept responsibility for the information contained in this Securities Note.

To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

All representations and other statements made in the Prospectus are made by the Issuer, and the Directors of the Issuer take sole responsibility for all such representations and statements. Neither the Sponsor nor the advisers of the Issuer makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in the Prospectus.

### 3.2 CONSENT FOR USE OF PROSPECTUS

#### **Consent required in connection with the use of the Prospectus by the Authorised Financial Intermediaries:**

For the purposes of any subscription for Bonds in terms of this Securities Note and any subsequent resale, placement or other offering of Bonds by any Authorised Financial Intermediaries in circumstances where there is no exemption from the requirement to publish a prospectus under the Prospectus Regulation, the Issuer consents to the use of this Prospectus (and accepts responsibility for the information contained therein) with respect to any such subsequent resale or placement or other offering of Bonds, provided this is limited only:

- (i) in respect of Bonds subscribed for through the Authorised Financial Intermediaries;
- (ii) to any resale or placement of Bonds subscribed for as aforesaid, taking place in Malta; and
- (iii) to any resale or placement of Bonds subscribed for as aforesaid, taking place within the period of 60 days from the date of the Prospectus.

None of the Issuer, the Sponsor & Co-Manager, the Registrar & Co-Manager or any of their respective advisers take any responsibility for any of the actions of any Authorised Financial Intermediary, including their compliance with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to a resale or placement of the Bonds.

Other than as set out above, neither the Issuer nor any of the advisers to the Issuer have authorised (nor do they authorise or consent to the use of this Prospectus in connection with) the making of any public offer of the Bonds by any person in any circumstance. Any such unauthorised offers are not made on behalf of the Issuer and neither the Issuer nor any of the Issuer's advisers have any responsibility or liability for the actions of any person making such offers.

No person has been authorised to give any information or to make any representation not contained in or inconsistent with this Prospectus. If given or made, it must not be relied upon as having been authorised by the Issuer or any of its advisers. The Issuer does not accept responsibility for any information not contained in this Prospectus.

Investors should enquire whether an intermediary is considered to be an Authorised Financial Intermediary in terms of the Prospectus. If the investor is in doubt as to whether it can rely on the Prospectus and, or who is responsible for its contents, it should obtain legal advice.

**In the event of a resale, placement or other offering of Bonds by an Authorised Financial Intermediary, the Authorised Financial Intermediary shall provide investors with information on the terms and conditions of the resale, placement, or other offering at the time such is made.**

Any resale, placement, or other offering of Bonds to an investor by an Authorised Financial Intermediary shall be made in accordance with any terms and other arrangements in place between such Authorised Financial Intermediary and such investor including as to price, allocations, and settlement arrangements. Where such information is not contained in the Prospectus, it shall be the responsibility of the respective Authorised Financial Intermediary at the time of such resale, placement, or other offering to provide the investor with that information.

**Any Authorised Financial Intermediary using this Prospectus in connection with a resale, placement, or other offering of Bonds subsequent to the Bond Issue shall, limitedly for the period of 60 days from the date of the Prospectus, publish on its website a notice to the effect that it is using this Prospectus for such resale, placement, or other offering in accordance with the consent of the Issuer and the conditions attached thereto. The consent provided herein shall no longer apply following the lapse of such period.**

Any new information with respect to Authorised Financial Intermediaries unknown at the time of approval of this Securities Note shall be made available through a company announcement which shall also be made available on the Issuer's website: [www.izifinance.mt/](http://www.izifinance.mt/).

## 4. ESSENTIAL INFORMATION

### 4.1 REASONS FOR THE ISSUE AND THE USE OF 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 is 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 set out in section 4.1 (i) above, and any remaining balance shall be utilised for the purposes specified in section 4.1 (ii) (iii) and (iv), in the order of priority in which they appear above.

The Issuer shall on-lend the net bond proceeds to its Subsidiaries pursuant to the following intragroup loan agreements which it shall enter into:

- (i) an intragroup loan agreement by and between the Issuer, as lender, and National Lottery p.l.c., as borrower, in an amount of up to €16.2 million, for the purpose of part-financing the capital expenditure in connection with the National Lottery Concession;
- (ii) an intragroup loan agreement by and between the Issuer, as lender, and Dragonara Gaming Limited, as borrower, in an amount of up to €8.5 million, for the purpose of financing the capital expenditure in connection with the Dragonara Casino Concession;
- (iii) an intragroup loan agreement by and between the Issuer, as lender, and Gaming Operations Limited, as borrower, in an amount of up to €3.9 million, for the purpose of part-financing capital expenditure for the years 2022 to 2025 in connection with costs associated with the purchase of new gaming equipment and refurbishment of the IZI Finance Group's retail outlets.

The amount of €0.8 million to be used for general corporate funding purposes of the IZI Finance Group will be on-lent to the relevant Subsidiaries of the Issuer as and when the case so requires. The intragroup loan agreements shall be subject to the payment of interest at 5.75% per annum, and shall be repayable by the Redemption Date.

The obligation of the Issuer to advance the funds to the respective Subsidiaries is conditional upon, *inter alia*, the issue and allotment of the Bonds, which in turn is conditional upon the Bonds being admitted to the Official List.

## 4.2 EXPENSES

Professional fees, and costs related to publicity, advertising, printing, listing, registration, Sponsor, management, Registrar fees, selling commission, and other miscellaneous expenses in connection with this Bond Issue are estimated not to exceed €0.6 million in the aggregate. There is no particular order of priority with respect to such expenses.

The expenses pertaining to the Bond Issue shall be deducted entirely from the proceeds of the Bond Issue and accordingly, shall be borne exclusively by the Issuer.

## 4.3 ISSUE STATISTICS

<b>Amount:</b>	up to €30,000,000
<b>Form:</b>	the Bonds shall 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;
<b>Denomination:</b>	Euro (€);
<b>ISIN:</b>	MT0002631209;
<b>Minimum amount per subscription:</b>	minimum of €5,000 and multiples of €100 thereafter, applicable to subscriptions by PAFIs pursuant to Placement Agreements and by Authorised Financial Intermediaries pursuant to the Intermediaries' Offer;
<b>Redemption Date:</b>	14 April 2029;
<b>Plan of Distribution:</b>	The Bonds are open for subscription by all categories of investors, as further described in section 7.3 of this Securities Note;
<b>Bond Issue Price:</b>	at par (€100 per Bond);
<b>Status of the Bonds:</b>	the Bonds shall constitute the general, direct, unsecured, and unconditional obligations of the Issue and shall at all times rank <i>pari passu</i> and without any priority or preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such obligations as may be mandatorily preferred by law, at all times rank at least equally with all the Issuer's present and future unsecured and unsubordinated obligations;
<b>Listing:</b>	the Malta Financial Services Authority has approved the Bonds for admissibility to listing and subsequent trading on the Official List of the Malta Stock Exchange. Application has been made to the Malta Stock Exchange for the Bonds to be listed and traded on its Official List;
<b>Placement Agreements:</b>	the agreements by and between the Issuer and each of the PAFIs in respect of the amount of the Bond Issue reserved for subscription by the PAFIs for their own account or on behalf of their clients;
<b>Intermediaries' Offer:</b>	the subscription agreements to be entered into between the Issuer and Authorised Financial Intermediaries in respect of the amount of the Bond Issue reserved for subscription by Authorised Financial Intermediaries for their own account or on behalf of their clients;
<b>Placement Date:</b>	14:00 hours on 7 April 2022;
<b>Intermediaries' Offer Date:</b>	14:00 hours on 7 April 2022;
<b>Interest:</b>	4.25% per annum;

<b>Interest Payment Date/s:</b>	annually on 14 April as from 14 April 2023 (the first interest payment date);
<b>Governing Law of Bonds:</b>	the Bonds are governed by and shall be construed in accordance with Maltese law; and
<b>Jurisdiction:</b>	the Maltese courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds.

#### 4.4 INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the subscription for the Bonds by Authorised Financial Intermediaries (which include the Sponsor & Co-Manager and the Registrar & Co-Manager) and the commissions payable thereto, and any fees payable in connection with the Bond Issue to the advisers listed in section 4 of the Registration Document, so far as the Issuer is aware no person involved in the Bond Issue has an interest material to the Bond Issue.

## 5. INFORMATION CONCERNING THE SECURITIES TO BE ISSUED AND ADMITTED TO TRADING

Each Bond shall be issued on the terms and conditions set out in this Securities Note and, by subscribing to or otherwise acquiring Bonds, the Bondholders are deemed to have knowledge of all the terms and conditions of the Bonds hereafter described and to accept and be bound by the said terms and conditions.

### 5.1 GENERAL

The principal terms of the Bonds are set out below:

- 5.1.1. Each Bond forms part of a duly authorised issue of 4.25% Bonds 2029 of a nominal value of €100 per Bond issued by the Issuer at par up to the principal amount of €30,000,000. The Issue Date of the Bonds is expected to be 25 April 2022.
- 5.1.2. The currency of the Bonds is Euro (€).
- 5.1.3. The Bonds are expected to be listed on the Official List by 25 April 2022 and dealing can be expected to commence thereafter.
- 5.1.4. Subject to admission to listing of the Bonds to the Official List, the Bonds are expected to be assigned ISIN MT0002631209.
- 5.1.5. Unless previously purchased and cancelled, the Bonds shall be redeemable at par on the Redemption Date.
- 5.1.6. The issue of the Bonds is made in accordance with the requirements of the Capital Markets Rules, the Companies Act, and the Prospectus Regulation.
- 5.1.7. 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.
- 5.1.8. The Bond Issue is not underwritten.
- 5.1.9. There are no special rights attached to the Bonds other than the right of the Bondholders to the payment of capital and interest and in accordance with the ranking specified in section 5.2 hereunder.
- 5.1.10. All Applications shall be subject to the terms and conditions of the Bond Issue as set out in section 7 hereunder, the terms of which shall form an integral part hereof.

### 5.2 RANKING OF THE BONDS

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

### 5.3 RIGHTS ATTACHING TO THE BONDS

This Securities Note in its entirety contains the terms and conditions of issue of the Bonds and creates the contract between the Issuer and a Bondholder. Any and all references to the terms and conditions of the Bonds shall be construed as a reference to all and each section of this Securities Note. A Bondholder shall have such rights as are, pursuant to this Securities Note, attached to the Bonds, including:

- (i) the repayment of capital;
- (ii) the payment of interest;
- (iii) to attend, participate in and vote at meetings of Bondholders in accordance with the Terms and Conditions of the Bonds; and
- (iv) enjoy all such other rights attached to the Bonds emanating from this Prospectus.

### 5.4 INTEREST

The Bonds shall bear interest from and including 14 April 2022 at the rate of 4.25% per annum on the nominal value thereof, payable annually in arrears on each Interest Payment Date. The first interest payment shall be effected on 14 April 2023 (covering the period 14 April 2022 to 13 April 2023 both days included). Any Interest Payment Date which falls on a day other than a Business Day shall be carried over to the next following day that is a Business Day.

When interest is required to be calculated for any period of less than a full year, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each, and in the case of an incomplete month, the number of days elapsed.

### 5.5 THE LIMITS OF THE VALIDITY OF CLAIMS

In terms of article 2156 of the Civil Code, the right of Bondholders to bring claims for payment of interest and repayment of the principal on the Bonds is barred by the lapse of five years.

### 5.6 YIELD

The gross yield calculated on the basis of the interest on the Bonds, the Bond Issue Price and the Redemption Value of the Bonds is 4.25% per annum.

### 5.7 REGISTRATION, FORM, DENOMINATION AND TITLE

Certificates shall not be delivered to Bondholders in respect of the Bonds. The entitlement to Bonds shall be represented in uncertificated form by the appropriate entry in the electronic register maintained on behalf of the Issuer by the CSD. There shall be entered in such electronic register the names, addresses, identity card numbers (in the case of natural persons), registration numbers (in the case of companies) and MSE account numbers of the Bondholders and particulars of the Bonds held by them respectively, and the Bondholders shall have, at all reasonable times during business hours, access to the register of bondholders held at the CSD for the purpose of inspecting information held on their respective account.

The CSD shall issue, upon a request by a Bondholder, a statement of holdings to such Bondholder evidencing his/her/ its entitlement to Bonds held in the register kept by the CSD.

When subscribing for Bonds, Bondholders who do not have an online e-portfolio account shall be registered by the CSD for the online e-portfolio facility and shall receive by mail at their registered address a handle code to activate the new e-portfolio login. The Bondholder's statement of holdings evidencing entitlement to Bonds held in the register kept by the CSD and registration advices evidencing movements in such register will be available through the said e-portfolio facility on <https://eportfolio.borzamalta.com.mt/>. Further details on the e-portfolio may be found on <https://eportfolio.borzamalta.com.mt/Help>.

The Bonds shall be issued in fully registered form, without interest coupons, in denominations of any integral multiple of €100 provided that on subscription the Bonds shall be subscribed for a minimum of €5,000 per individual Bondholder. Authorised Financial Intermediaries subscribing to the Bonds through nominee accounts for and on behalf of clients shall apply the minimum subscription amount of €5,000 to each underlying client (for subscriptions through the Intermediaries' Offer or under the Placement Agreements, as the case may be).

Any person in whose name a Bond is registered may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Bond. Title to the Bonds may be transferred as provided below under the heading "Transferability of the Bonds" in section 5.11 of this Securities Note.

## 5.8 PAYMENTS

Payment of the principal amount of Bonds shall be made in Euro by the Issuer to the person in whose name such Bonds are registered, with interest accrued up to the Redemption Date, by means of direct credit transfer into such bank account as the Bondholder may designate from time to time, provided such bank account is denominated in Euro and held with any licensed bank in Malta. Such payment shall be effected within seven days of the Redemption Date, as applicable. The Issuer shall not be responsible for any loss or delay in transmission. Upon payment of the Redemption Value the Bonds shall be redeemed, and the appropriate entry made in the electronic register of the Bonds at the CSD.

In the case of Bonds held subject to usufruct, payment will be made against the joint instructions of all bare owners and usufructuaries. Before effecting payment, the Issuer and, or the CSD shall be entitled to request any legal documents deemed necessary concerning the entitlement of the bare owner/s and the usufructuary/ies to payment of the Bonds.

Payment of interest on a Bond shall be made to the person in whose name such Bond is registered at the close of business 15 days prior to the Interest Payment Date, by means of a direct credit transfer into such bank account as the Bondholder may designate, from time to time, which is denominated in Euro. Such payment shall be effected within seven days of the Interest Payment Date. The Issuer shall not be responsible for any loss or delay in transmission or any charges related thereto.

All payments with respect to the Bonds are subject in all cases to any applicable fiscal or other laws and regulations prevailing in Malta. In particular, but without limitation, all payments of principal and interest by or on behalf of the Issuer in respect of the Bonds shall be made net of any amount which the Issuer is or may become compelled by law to deduct or withhold for or on account of any present or future taxes, duties, assessments or other government charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Republic of Malta or any authority thereof or therein having power to tax.

No commissions or expenses shall be charged by the Issuer to Bondholders in respect of such payments.

## 5.9 REDEMPTION AND PURCHASE

Unless previously purchased and cancelled, the Bonds shall be redeemed at their nominal value (together with interest accrued to the date fixed for redemption) on the Redemption Date.

Subject to the provisions of this section, the Issuer may at any time purchase Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

All Bonds repurchased by the Issuer shall be cancelled forthwith and may not be re-issued or re-sold.

## 5.10 EVENTS OF DEFAULT

The Bondholders, holding not less than seventy-five percent (75%) of the outstanding Bonds, may give notice to the Issuer that the Bonds are, and shall accordingly immediately become, due and payable at their nominal value together with interest accrued on the occurrence of any of the following events (each an **'Event of Default'**):

- 5.10.1. the Issuer fails to pay interest under the Bonds on an Interest Payment Date and such failure continues for a period of sixty (60) days after written notice thereof shall have been given to the Issuer by the Bondholders;
- 5.10.2. the Issuer fails to pay the principal amount of the Bonds when due and such failure shall continue for sixty (60) days after written notice thereof shall have been given to the Issuer by the Bondholders;
- 5.10.3. the Issuer fails duly to perform or shall otherwise be in breach of any other material obligation contained in the Prospectus and such failure is incapable of remedy or is not remedied within sixty (60) days after notice of such default shall have been given to the Issuer;
- 5.10.4. an order is made or an effective resolution is passed for winding up of the Issuer;
- 5.10.5. in terms of article 214(5) of the Companies Act, a court order or other judicial process is levied or enforced upon or sued out against a substantial part of the property of the Issuer and is not paid out, withdrawn, or discharged within one month;
- 5.10.6. the Issuer stops or suspends payments (whether of principal or interest) with respect to the Bonds or ceases or threatens to cease to carry on its business and such position is sustained for sixty (60) days after written notice thereof shall have been given to the Issuer by the Bondholders;
- 5.10.7. the Issuer is unable to pay its debts within the meaning of article 214(5) of the Companies Act, or any statutory modification or re-enactment thereof;



- 5.10.8. the Issuer substantially changes the object or nature of business as currently carried on;
- 5.10.9. any material indebtedness of the Issuer is not paid when due or becomes due and payable or any creditor of the Issuer becomes entitled to declare any such material indebtedness due and payable prior to the date when it would otherwise have become due or any guarantee or indemnity of the Issuer in respect of indebtedness is not honoured when due and called upon; PROVIDED THAT for the purposes of this provision, material indebtedness shall mean an amount exceeding €10,000,000;
- 5.10.10. it becomes unlawful at any time for the Issuer to perform all or any of its obligations to pay principal and interest under the Bonds; or
- 5.10.11. the Issuer is adjudicated or found bankrupt or insolvent, or an order is made by any competent court, or a resolution is passed by the Issuer or any other action is taken for the dissolution, liquidation, or winding-up of the Issuer.

Any notice, including any notice declaring Bonds due shall be made by means of a written declaration delivered by hand or registered mail to the registered office of the Issuer. Upon any such notice being made as aforesaid the said principal monies and interest accrued under the Bonds shall be deemed to have become immediately payable at the time of the Event of Default, which shall have happened as aforesaid.

### 5.11 TRANSFERABILITY OF THE BONDS

The Bonds are freely transferable and, once admitted to the Official List of the MSE, shall be transferable only in whole (that is, in multiples of €100) in accordance with the rules and regulations of the MSE applicable from time to time.

Any person becoming entitled to a Bond in consequence of the death or bankruptcy of a Bondholder may, upon such evidence being produced as may from time to time properly be required by the Issuer or the CSD, elect either to be registered himself as holder of the Bond or to have some person nominated by him registered as the transferee thereof. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the CSD a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered, he shall testify his election by transferring the Bond, or procuring the transfer of the Bond, in favour of that person.

All transfers and transmissions are subject in all cases to any pledge (as duly constituted) of the Bonds and to any applicable laws and regulations.

The cost and expenses of effecting any registration of transfer or transmission, except for the expenses of delivery by any means other than regular mail (if any) and except, if the Issuer shall so require, the payment of a sum sufficient to cover any tax, duty or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the Issuer.

The Issuer shall not register the transfer or transmission of Bonds for a period of 15 days preceding the due date for any payment of interest on the Bonds.

The minimum subscription amount of €5,000, described in section 5.7 above, shall only apply for subscriptions under the Placement Agreement by PAFIs or through the Intermediaries' Offer by Authorised Financial Intermediaries, as the case may be. No minimum holding requirement shall be applicable once the Bonds are admitted to listing on the Official List of the MSE and subsequent trading, subject to trading in multiples of €100.

### 5.12 FURTHER ISSUES

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further debentures, debenture stock, bonds, loan notes, or any other debt securities, either having the same terms and conditions as any outstanding debt securities or upon such terms as the Issuer may determine at the time of their issue.

### 5.13 MEETING OF BONDHOLDERS

- 5.13.1. The Bondholders' meeting represents the supreme authority of the Bondholders in all matters relating to the Bonds and has the power to make all decisions altering the terms and conditions of the Bonds.
- 5.13.2. Where the approval of the Bondholders is required for a particular matter, such resolution shall be passed at a Bondholders' meeting. Save as otherwise stated in section 5.13.13 below, resolutions passed at Bondholders' meetings shall be binding upon all Bondholders and prevail for all the Bonds.
- 5.13.3. The Issuer may from time-to-time call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters which in terms of the Prospectus require the approval of a Bondholders' meeting and to effect any change to the applicable Terms and Conditions, including any change to a material term of the issuance of the Bonds or the Prospectus.



- 5.13.4. A meeting of the Bondholders may also be convened on the requisition of a Bondholder or Bondholders holding in aggregate, at the date of the deposit of the requisition, not less than 75% in aggregate nominal value of Bonds then outstanding, which requisition shall state the objects of the meeting and shall be signed by the requisitioning Bondholder/s and deposited at the registered office of the Issuer. The Issuer must then proceed duly to convene a meeting of Bondholders within 21 days from the date of the deposit of the requisition that complies with the requirements of this section.
- 5.13.5. A meeting of Bondholders shall be called by the Directors by giving all Bondholders listed on the register of Bondholders as at a date being not more than 30 days preceding the date scheduled for the meeting, not less than 14 days' notice in writing. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of the Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders.
- 5.13.6. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution/s taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this section at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.
- 5.13.7. The amendment or waiver of any of the Terms and Conditions may only be made with the approval of Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.
- 5.13.8. A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy, representing not less than 50% in nominal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Directors to the Bondholders present at that meeting. The Issuer shall within two days from the date of the original meeting publish by way of a company announcement the date, time, and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than seven days, and not later than 15 days, following the original meeting. At an adjourned meeting the number of Bondholders present, in person or by proxy, shall constitute a quorum and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting.
- 5.13.9. Any person who in accordance with the Memorandum and Articles of Association of the Issuer is to chair the annual general meetings of shareholders shall also chair meetings of Bondholders.
- 5.13.10. Once a quorum is declared present by the chairman of the meeting, the Bondholders' meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Directors or their representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.
- 5.13.11. The voting process shall be managed by the company secretary of the Issuer under the supervision and scrutiny of the auditors of the Issuer.
- 5.13.12. The proposal placed before a meeting of Bondholders shall only be considered approved if at least 75% in nominal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy, shall have voted in favour of the proposal.
- 5.13.13. Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall *mutatis mutandis* apply to meetings of Bondholders.

#### **5.14 AUTHORISATIONS AND APPROVAL**

The Directors authorised the Bond Issue pursuant to a board of Directors' resolution passed on 15 March 2022.

The Malta Financial Services Authority approved the Bonds as eligible to listing on the Official List of the MSE pursuant to the Capital Markets Rules by virtue of a letter dated 22 March 2022.

## 5.15 NOTICES

Notices to be addressed to Bondholders individually shall be mailed at their registered address and shall be deemed to have been served at the expiration of 24 hours after the letter containing the notice is posted, and in proving such service it shall be sufficient to prove that a prepaid letter containing such notice was properly addressed to such Bondholder at his registered address and posted.

## 5.16 GOVERNING LAW AND JURISDICTION

The Bonds are governed by and shall be construed in accordance with Maltese law.

Any legal action, suit, or proceedings against the Issuer arising out of or in connection with the Bond and, or the Prospectus shall be brought exclusively before the Maltese courts.

## 6. TAXATION

### 6.1 GENERAL

Investors and prospective investors are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the Bonds, including their acquisition, holding and transfer as well as on any income derived therefrom or on any gains derived on the transfer of such Bonds. The tax legislation of the investor's country of nationality, residence or domicile and of the Issuer's country of incorporation (Malta) may have an impact on the income received from the Bonds.

The following is a summary of the anticipated tax treatment applicable to Bondholders in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the Prospectus, in respect of a subject on which no official guidelines exist. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of investors. The precise implications for investors will depend, among other things, on their particular circumstances and on the classification of the Bonds from a Maltese tax perspective, and professional advice in this respect should be sought accordingly.

### 6.2 MALTA TAX ON INTEREST

Since interest is payable in respect of the Bonds which is the subject of a public issue and such interest should constitute "investment income" in terms of article 41(a)(iv)(1) of the Income Tax Act, Chapter 123 of the laws of Malta ("ITA"), unless the Issuer is instructed by a Bondholder to receive the interest gross of any withholding tax, or if the Bondholder does not fall within the definition of "recipient" in terms of article 41(c) of, interest shall be paid to such Bondholder net of a final withholding tax, currently at the rate of 15%, (10% in the case of certain types of collective investment schemes) of the gross amount of the interest, pursuant to article 33 of the ITA. Bondholders who do not fall within the definition of a "recipient" do not qualify for the said rate and should seek advice on the taxation of such income as special rules may apply.

This withholding tax is considered as a final tax and a Maltese resident individual Bondholder is not obliged to declare the interest so received in his income tax return (to the extent that the interest is paid net of tax). No person shall be charged to further tax in respect of such income. Furthermore, such tax should not be available as a credit against the recipient's tax liability or for a refund, as the case may be, for the relevant year of assessment in Malta. The Issuer is required to submit to the Maltese Commissioner for Revenue the tax withheld by the fourteenth day following the end of the month in which the payment is made. The Issuer shall also render an account to the Maltese Commissioner for Revenue of all amounts so deducted, including the identity of the recipient.

In the case of a valid election made by an eligible Bondholder resident in Malta to receive the interest due without the deduction of final tax, interest shall be paid gross and such person shall be obliged to declare the interest so received in his Maltese income tax return and be subject to tax on such interest at the standard rates applicable to such Bondholder at that time. Additionally, in this latter case the Issuer will advise the Maltese Commissioner for Revenue on an annual basis in respect of all interest paid gross and of the identity of all such recipients. Any such election made by a resident Bondholder at the time of subscription may be subsequently changed by giving notice in writing to the Issuer. Such election or revocation will be effective within the time limit set out in the Income Tax Act.

In terms of article 12(1)(c)(i) of the ITA, Bondholders who are not resident in Malta satisfying the applicable conditions set out in the Income Tax Act are not taxable in Malta on the interest received and will receive interest gross, subject to the requisite declaration/evidence being provided to the Issuer in terms of law.

### 6.3 EXCHANGE OF INFORMATION

In terms of applicable Maltese legislation, the Issuer and, or its agent are required to collect and forward certain information (including, but not limited to, information regarding payments made to certain Bondholders) to the Maltese Commissioner for Revenue. The Maltese Commissioner for Revenue will or may, in turn, automatically or on request, forward the information to other relevant tax authorities subject to certain conditions.

Relevant legislation includes, but is not limited to:

- (i) the implementation of Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended) which provides for the implementation of the regime known as the Common Reporting Standard (“**CRS**”) – incorporated into Maltese law through Legal Notice 384 of 2015 entitled the Cooperation with Other Jurisdiction on Tax Matters (Amendment) Regulations, 2015; and
- (ii) the Agreement between the Government of the United States of America and the Government of the Republic of Malta to Improve International Tax Compliance and to Implement FATCA – incorporated into Maltese law through Legal Notice 78 of 2014 (“**FATCA Legislation**”).

The CRS has been proposed by the OECD as a new global standard for the automatic exchange of financial account information between tax authorities in participating jurisdictions. The CRS requires Malta based financial institutions (“**FIs**”) (defined as such for the purposes of CRS) to identify and report to the Maltese tax authorities financial accounts held by a “Reportable Person” (as defined under the CRS Legislation), and certain entities with one or more Controlling Persons, as defined under the CRS Legislation, which is classified as a Reportable Person. Financial information relating to Bonds and the holders of the Bonds may fall within the purview of CRS and may be subject to reporting and information exchange provisions.

In particular with respect to CRS, the following information will be reported annually by the FIs to the Commissioner for Revenue in respect of each reportable account maintained by the FIs: (i) the name, address, jurisdiction of tax residence, tax identification number (TIN) and date and place of birth (in the case of an individual); (ii) the account number (or functional equivalent in the absence of an account number); (iii) the account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account; (iv) the total gross amount paid or credited to the account holder with respect to the account during the calendar year or other appropriate reporting period with respect to which the FI is the obligor or debtor, including the aggregate amount of any redemption payments made to the account holder during the calendar year or other appropriate reporting period.

Under the FATCA Legislation, FIs in Malta (defined as such for the purposes of FATCA) are obliged to identify and report financial accounts held by Specified U.S. persons, as defined under the FATCA Legislation, and certain non-U.S. entities which are controlled by U.S. Controlling Persons, as defined under the FATCA Legislation, to Commissioner for Revenue. The latter is in turn required to exchange such information to the US Internal Revenue Service. Financial account information in respect of holders of the Bonds could fall within the scope of FATCA and they may therefore be subject to reporting obligations.

Pursuant to obligations under FACTA Legislation, FIs reserve the right to store, use, process, disclose and report any required information including all current and historical data related to the past and, or present account/s held by Reportable Persons, including, but not limited to, the name, address, date of birth, place of birth and U.S. tax identification number, the details of any account transactions, the nature, balances and compositions of the assets held in the account, to the Commissioner for Revenue.

The Commissioner for Revenue shall by automatic exchange framework for reciprocal information exchange, communicate to the other competent authority on annual basis, any relevant information that may fall to be classified as reportable, and vice versa.

FIs reserve the right to request any information and, or documentation required, in respect of any financial account, in order to comply with the obligations imposed under FATCA and CRS and any referring legislation. In the case of failure to provide satisfactory documentation and, or information, FIs may take such action as it thinks fit, including without limitation, the closure of the financial account.

### 6.4 MALTESE TAXATION ON CAPITAL GAINS ON TRANSFER OF THE BONDS

As the Bonds do not fall within the definition of “*securities*” in terms of article 5(1)(b) of the Income Tax Act, that is, “shares and stocks and such like instrument that participate in any way in the profits of the company and whose return is not limited to a fixed rate of return”, to the extent that the Bonds are held as capital assets by the Bondholders, no tax on capital gains is chargeable in respect of transfer of the Bonds.

## 6.5 DUTY ON DOCUMENTS AND TRANSFERS

In terms of the Duty on Documents and Transfers Act (Cap. 364 of the laws of Malta), duty is chargeable, *inter alia*, on the transfer *inter vivos* or transmission *causa mortis* of marketable securities. A marketable security is defined in the said legislation as “a holding of share capital in any company and any document representing the same”.

Consequently, the Bonds should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty.

Furthermore, even if the Bonds are considered marketable securities for the purposes of the Duty on Documents and Transfers Act, in terms of article 50 of the Financial Markets Act (Cap. 345 of the laws of Malta) since the Bonds constitute financial instruments of a quoted company (as defined in such Act), redemptions and transfers of the Bonds should, in any case, be exempt from duty.

**INVESTORS AND PROSPECTIVE INVESTORS ARE URGED TO SEEK PROFESSIONAL ADVICE AS REGARDS BOTH MALTESE AND ANY FOREIGN TAX LEGISLATION APPLICABLE TO THE ACQUISITION, HOLDING AND DISPOSAL OF BONDS AS WELL AS INTEREST PAYMENTS MADE BY THE ISSUER. THE TAX LEGISLATION OF THE INVESTOR’S MEMBER STATE AND OF THE ISSUER’S COUNTRY OF INCORPORATION MAY HAVE AN IMPACT ON THE INCOME RECEIVED FROM THE SECURITIES. THE ABOVE IS A SUMMARY OF THE ANTICIPATED TAX TREATMENT APPLICABLE TO THE BONDS AND TO BONDHOLDERS. THIS INFORMATION, WHICH DOES NOT CONSTITUTE LEGAL OR TAX ADVICE, REFERS ONLY TO BONDHOLDERS WHO DO NOT DEAL IN SECURITIES IN THE COURSE OF THEIR NORMAL TRADING ACTIVITY.**

## 7. TERMS AND CONDITIONS OF THE BOND ISSUE

### 7.1 EXPECTED TIMETABLE OF THE BOND ISSUE

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

### 7.2 TERMS AND CONDITIONS OF THE BONDS

The following terms and conditions shall be read in conjunction with all the other terms and conditions relative to and regulating the contractual relationship created between the Issuer and the Applicant.

- 7.2.1. The issue and allotment of the Bonds is conditional upon the Bonds being admitted to the Official List of the MSE by no later than 25 April 2022. In the event that the said condition is not satisfied within 15 Business Days from the Intermediaries’ Offer Date, any Application monies will be returned without interest by direct credit into the Applicant’s bank account.
- 7.2.2. By submitting an Application, the Applicant is thereby confirming to the Issuer, the Registrar and the PAFI or Authorised Financial Intermediary through whom the Application is made, as applicable, that the Applicant’s remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured on its first presentation, the Issuer acting through the Registrar reserves the right to invalidate the relative Application. Furthermore, the Applicant will not be entitled to receive a registration advice or to be registered in the register of Bondholders, unless the Applicant makes payment in cleared funds and such consideration is accepted by the respective PAFI or Authorised Financial Intermediary, which acceptance shall be made in the PAFI or Authorised Financial Intermediary’s absolute discretion and may be on the basis that the Applicant indemnifies the PAFI or Authorised Financial Intermediary against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of the Applicant’s remittance to be honoured on first presentation.

- 7.2.3. The contract created by the Issuer's acceptance of an Application filed by an Applicant, shall be subject to all the terms and conditions set out in this Securities Note and the Memorandum and Articles of Association of the Issuer. It is the responsibility of investors wishing to apply for the Bonds to inform themselves as to the legal requirements of so applying including any requirements relating to external transaction requirements in Malta and any exchange control in the countries of their nationality, residence, or domicile.
- 7.2.4. If an Application is submitted on behalf of another person, whether legal or natural, the person submitting such Application shall be deemed to have duly bound such other person, whether legal or natural, on whose behalf the Application has been submitted. The person submitting such Application shall be deemed also to have given the confirmations, warranties and undertakings contained in these terms and conditions on their behalf. Such representative may be requested to submit the relative power of attorney, or resolution or a copy thereof duly certified by a lawyer or notary public if so required by the Issuer and the Registrar, but it shall not be the duty or responsibility of the Registrar or Issuer to ascertain that such representative is duly authorised to submit an Application. Furthermore, in cases where the decision to invest is taken by a third party authorised to transact on behalf of the Applicant (a "**decision maker**") such as an individual that holds a power of attorney to trade on the Applicant's account or applications under a discretionary account, details of the decision maker need to be made available.
- 7.2.5. In the case of joint Applicants, reference to the Applicant in this Securities Note is a reference to each of the joint Applicants, and liability therefor is joint and several. The first person, as designated in the respective MSE account number quoted by the Applicant or the first named in the register of Bondholders shall, for all intents and purposes, be deemed to be such nominated person by all those joint holders designated in the MSE account number quoted by the Applicant or joint holders in the register, as the case may be. Such person shall, for all intents and purposes, be deemed to be the registered holder of the Bond/s so held.
- 7.2.6. In the case of corporate Applicants or Applicants having separate legal personality, it shall not be incumbent on the Issuer or the Registrar to verify whether the person or persons purporting to bind such Applicant is, or are, in fact duly authorised. Applications by corporate Applicants have to include a valid legal entity identifier (LEI) which must be unexpired. Applications without such information or without a valid LEI will not be accepted.
- 7.2.7. In respect of a Bond held subject to usufruct, the name of the bare owner and the usufructuary shall be entered in the register. The usufructuary shall, for all intents and purposes, be deemed *vis-à-vis* the Issuer to be the holder of the Bond/s so held and shall have the right to receive interest on the Bond/s and to vote at meetings of the Bondholders but shall not, during the continuance of the Bond/s, have the right to dispose of the Bond/s so held without the consent of the bare owner, and shall not be entitled to the repayment of principal on the Bonds (which shall be due to the bare owner).
- 7.2.8. Applications in the name and for the benefit of minors shall be allowed provided that the Applicant already holds an account with the MSE. Any Bonds allocated pursuant to such an Application shall be registered in the name of the minor as Bondholder, with interest and redemption monies payable to the parents / legal guardian/s signing the Application Form until such time as the minor attains the age of 18 years, following which all interest and redemption monies shall be paid directly to the registered holder, provided that the Issuer has been duly notified in writing of the fact that the minor has attained the age of 18 years.
- 7.2.9. In the event that a cheque accompanying an Application is not honoured on its first presentation, the PAFI or the Authorised Financial Intermediary and, or the Issuer acting through the Registrar reserve the right to invalidate the relative Application Form.
- 7.2.10. For the purposes of the Prevention of Money Laundering and Funding of Terrorism Regulations (Subsidiary Legislation 373.01 of the laws of Malta), as amended from time to time, the Authorised Financial Intermediaries are under a duty to communicate, upon request, all information about clients as is mentioned in articles 1.2(d) and 2.4 of the "Members' Code of Conduct" appended as Appendix 3.6 to Chapter 3 of the MSE Bye-Laws, irrespective of whether the said appointed Authorised Financial Intermediaries are MSE members or not. Such information shall be held and controlled by the MSE in terms of the Data Protection Act (Cap. 586 of the laws of Malta) and the General Data Protection Regulation (GDPR) (EU) 2016/679 ("**GDPR**"), as may be amended from time to time, for the purposes and within the terms of the MSE Data Protection Policy as published from time to time.
- 7.2.11. It shall be incumbent on the respective PAFI or Authorised Financial Intermediary to ascertain that all other applicable regulatory requirements relating to subscription of Bonds by an Applicant are complied with, including without limitation the obligation to comply with all applicable requirements set out in Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 ("**MiFIR**"), as well as applicable MFSA Rules for investment services providers.
- 7.2.12. No person receiving a copy of the Prospectus in any territory other than Malta may treat the same as constituting an invitation or offer to such person nor should such person in any event use the Prospectus, unless, in the relevant territory, such an invitation or offer could lawfully be made to such person, or the Prospectus could lawfully be used without contravention of any registration or other legal requirements.

- 7.2.13. Applicants who are resident in, or who are citizens of, or who are domiciled in, or who have a registered address in, a jurisdiction other than Malta, may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers (including tax and legal advisers) as to whether they require any governmental or other consents, or need to observe any other formalities, to enable them to subscribe for the Bonds. It is the responsibility of any person (including, without limitation, nominees, custodians, depositaries and trustees) outside Malta wishing to participate in the Bond Issue, to satisfy themselves as to full observance of the applicable laws of any relevant jurisdiction, including, but not limited to, obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes (of any nature whatsoever) due in such territories. The Issuer shall not accept any responsibility for the non-compliance by any person of any applicable laws or regulations of foreign jurisdictions.
- 7.2.14. The Bonds have not been and will not be registered under the Securities Act of 1933 of the United States of America and accordingly may not be offered or sold within the United States or to or for the account or benefit of a U.S. person.
- 7.2.15. The Bonds will be issued in multiples of €100.
- 7.2.16. The minimum subscription amount of Bonds that can be subscribed for by PAFIs pursuant to Placement Agreements and subscriptions by Authorised Financial Intermediaries pursuant to the Intermediaries' Offer is €5,000 and in multiples of €100 thereafter.
- 7.2.17. By not later than five Business Days following the Intermediaries' Offer Date, the Issuer shall announce the result of the Bond Issue. The announcement of the result of the Bond Issue shall be made through a company announcement which shall also be made available on the Issuer's website.
- 7.2.18. By completing and delivering an Application, the Applicant:
- (i) accepts to be irrevocably contractually committed to acquire the number of Bonds allocated to such Applicant at the Bond Issue Price and, to the fullest extent permitted by law, accepts to be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment, such irrevocable offer to purchase, and pay the consideration for, the number of Bonds applied for by the Applicant at the Bond Issue Price (as applicable) being made subject to the provisions of the Prospectus, the Application Form and the Memorandum and Articles of Association of the Issuer;
  - (ii) agrees and acknowledges to have had the opportunity to read the Prospectus and to be deemed to have had notice of all information and representations concerning the Issuer and the issue of the Bonds contained therein;
  - (iii) warrants that the information submitted by the Applicant is true and correct in all respects. All Applications need to include a valid MSE account number in the name of the Applicant/s. Failure to include an MSE account number will result in the Application being cancelled by the PAFI, Authorised Financial Intermediary or the Issuer (acting through the Registrar) and subscription monies will be returned to the Applicant. The details held by the MSE in relation to the MSE account number indicated, shall be deemed to be the correct details of the Applicant;
  - (iv) acknowledges the processing of any personal data for the purposes specified in the privacy notice published by the Issuer, which is available on the Issuer's website. The Applicant hereby acknowledges that the processing of personal data may validly take place, even without the Applicant's consent, in the circumstances set out in the GDPR and the Data Protection Act (Cap. 586 of the laws of Malta) and any applicable subsidiary legislation, as may be amended from time to time. The Applicant hereby confirms that he/she/it has been provided with and read the privacy notice;
  - (v) authorises the Issuer (or its service providers, including the CSD and, or the Registrar) and, or the relevant PAFI or Authorised Financial Intermediary, as applicable, to process the personal data that the Applicant provides in the respective form of Application, for all purposes necessary and subsequent to the Bond Issue applied for, in accordance with the Data Protection Act (Cap. 586 of the laws of Malta) and the GDPR. The Applicant has the right to request access to and rectification of the personal data relating to him/her in relation to the Bond Issue. Any such requests must be made in writing and sent to the Issuer and sent to the CSD at the Malta Stock Exchange. The requests must be signed by the Applicant to whom the personal data relates;
  - (vi) confirms that in making such Application no reliance was placed on any information or representation in relation to the Issuer or the issue of the Bonds other than what is contained in the Prospectus and accordingly agree/s that no person responsible solely or jointly for the Prospectus or any part thereof will have any liability for any such other information or representation;



- (vii) warrants that the remittance will be honoured on first presentation and agrees that, if such remittance is not so honoured: (i) the Applicant will not be entitled to receive a registration advice or to be registered in respect of such Bonds, unless and until a payment is made in cleared funds for such Bonds and such payment is accepted by the respective PAFI or Authorised Financial Intermediary (which acceptance shall be made in its absolute discretion and may be on the basis that the PAFI or Authorised Financial Intermediary is indemnified for all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of the Applicant's remittance to be honoured on first presentation at any time prior to unconditional acceptance by the Issuer acting through the Registrar of such late payment in respect of the Bonds);
- (viii) agrees that the registration advice and other documents and any monies returnable to the Applicant may be retained pending clearance of his/her remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta) and regulations made thereunder, and that such monies will not bear interest;
- (ix) agrees to provide the Registrar and, or the Issuer, as the case may be, with any information which may be requested in connection with the subscription for the Bonds;
- (x) agrees that all Applications, acceptances of Applications and contracts resulting therefrom will be governed, and construed, in accordance with Maltese law, and to submit to the jurisdiction of the Maltese courts, and agrees that nothing shall limit the right of the Issuer to bring any action, suit or proceedings arising out of or in connection with any such Applications, acceptance of Applications and contracts resulting therefrom in any manner permitted by law in any court of competent jurisdiction;
- (xi) warrants that, where an Applicant submits an Application on behalf of another person or on behalf of a corporation or corporate entity or association of persons, the Applicant is duly authorised to do so and such person, corporation, corporate entity, or association of persons will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and accordingly will be deemed also to have given the confirmations, warranties and undertakings contained in the Terms and Conditions and undertake to submit a power of attorney or a copy thereto duly certified by a lawyer or notary public if so required by the Issuer or the Registrar;
- (xii) warrants that where the Applicant is under the age of 18 years, or where an Application is being lodged in the name and for the benefit of a minor, the Applicant is the parent/s or legal guardian/s of the minor;
- (xiii) warrants, in connection with the Application, to have observed all applicable laws, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with the Application in any territory, and that the Applicant has not taken any action which will or may result in the Issuer or Registrar acting in breach of the regulatory or legal requirements of any territory in connection with the issue of the Bonds and, or his/her Application;
- (xiv) warrants that all applicable exchange control or other such regulations (including those relating to external transactions) have been duly and fully complied with;
- (xv) represents that the Applicant is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 of the United States of America, as amended) as well as not to be accepting the invitation set out in the Prospectus from within the United States of America, its territories or its possessions, or any area subject to its jurisdiction (the "**United States**") or on behalf or for the account of anyone within the United States or anyone who is a U.S. person;
- (xvi) agrees that the advisers to the Bond Issue (listed in section 4.3. of the Registration Document) will owe the Applicant no duties or responsibilities concerning the Bonds or the suitability of the Applicant;
- (xvii) agrees that all documents in connection with the issue of the Bonds will be sent at the Applicant's own risk and may be sent by post at the address (or, in the case of joint Applications, the address of the first named Applicant) as designated in the respective MSE account specified; and
- (xviii) renounces to any rights the Applicant may have to set off any amounts the Applicant may at any time owe the Issuer against any amount due under the terms of these Bonds.

7.2.19. Applications are to be lodged with PAFIs or any of the Authorised Financial Intermediaries.

### 7.3 PLAN OF DISTRIBUTION AND ALLOTMENT

The Bond Issue is open for subscription to all categories of investors, as follows:

- (i) an amount of €15 million in nominal value of Bonds has been reserved for the PAFIs which have entered into Placement Agreements with the Issuer (as further detailed in section 7.4 below); 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 (as further detailed in section 7.5 below).

It is expected that an allotment letter will be dispatched to Applicants within five (5) Business Days of the announcement of basis of acceptance. The registration advice and other documents and any monies returnable to Applicants may be retained pending clearance of the remittance and any verification of identity as required by the Prevention of Money Laundering Act (Cap. 373 of the laws of Malta), and regulations made thereunder. Such monies shall not bear interest while retained as aforesaid.

Dealing in the Bonds shall not commence prior to the Bonds being admitted to the Official List.

### 7.4 PLACEMENT AGREEMENTS

The Issuer has entered into Placement Agreements with PAFIs whereby the Issuer bound itself to allocate a total amount of €15 million in nominal value of Bonds to such PAFIs, which in turn, bound themselves to subscribe to, for their own account or for the account of their underlying clients, a specified number of Bonds, subject to:

- (i) the Prospectus being approved by the Malta Financial Services Authority; and
- (ii) the Bonds being admitted to trading on the Official List.

In terms of the Placement Agreements, the PAFIs may subscribe for the Bonds either for their own account or for the account of underlying customers, including retail customers, and shall in addition 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 on 7 April 2022, (the "**Placement Date**").

PAFIs must effect payment to the Issuer for the Bonds subscribed to by not later than the Placement Date.

### 7.5 INTERMEDIARIES' OFFER

The Issuer has reserved €15 million in Bonds, for subscription by Authorised Financial Intermediaries pursuant to an Intermediaries' Offer. In this regard, the Issuer shall enter into subscription agreements with Authorised Financial Intermediaries whereby it shall bind itself to allocate a maximum of €15 million in Bonds.

The subscription agreements shall be subject to the terms and conditions of the Prospectus and are conditional on the Bonds being admitted to trading on the Official List. Moreover, the subscription agreements shall become binding on each of the Issuer and the respective Authorised Financial Intermediary upon delivery, provided that the Authorised Financial Intermediary would have paid the Registrar all subscription proceeds in cleared funds by 14:00 hours on 7 April 2022 (the "**Intermediaries' Offer Date**").

The minimum which each Authorised Financial Intermediary may apply for in terms of the applicable subscription agreement is €5,000 and in multiples of €100 thereafter and such minimum and multiples shall also apply to each underlying Applicant in the case of applications under nominee.

Completed subscription agreements, together with evidence of payment, are to reach the Registrar by the Intermediaries' Offer Date. The Issuer acting through the Registrar shall communicate the amount allocated under each subscription agreement by 12:00 hours on 8 April 2022. Where the Authorised Financial Intermediary has been allocated a lesser number of Bonds than the amount being subscribed for, such unsatisfied amount shall be refunded by the Registrar to the Authorised Financial Intermediary to the account specified in the respective subscription agreement by latest close of business on 11 April 2022.

In terms of the subscription agreements to be entered into, Authorised Financial Intermediaries may subscribe for the Bonds either for their own account or for the account of underlying customers and shall in addition be entitled to either:



- (a) distribute to the underlying customers any portion of the Bonds subscribed for upon commencement of trading; or
- (b) complete a data file representing the amount they have been allocated in terms of the respective subscription agreement as provided by the Registrar by 14:00 hours on 11 April 2022.

## **7.6 ALLOCATION POLICY**

The Issuer shall allocate the Bonds on the basis of the following policy:

- (i). the amount of €15 million in nominal value of Bonds has been reserved for, and shall be allocated to, the PAFIs in accordance with Placement Agreements, details of which can be found in section 7.4 of this Securities Note;
- (ii). the remaining balance of €15 million in nominal value of the Bonds, shall be allocated on a pro rata basis to Authorised Financial Intermediaries pursuant to the Intermediaries' Offer, as further detailed in section 7.5 of this Securities Note.

The Issuer shall announce the result of the Bond Issue by not later than 14 April 2022.

## **7.7 PRICING**

The Bonds are being issued at par, that is, at €100 per Bond with the full amount payable upon subscription.

## **7.8 ADMISSION TO TRADING**

Application has been made to the Malta Stock Exchange for the Bonds being issued pursuant to the Prospectus to be listed and traded on the Official List of the Malta Stock Exchange.

The Bonds are expected to be admitted to the Official List with effect from 25 April 2022 and trading can be expected to commence thereafter.

## **7.9 ADDITIONAL INFORMATION**

Save for the financial analysis summary set out as Annex I, the Securities Note does not contain any statement or report attributed to any person as an expert.

The financial analysis summary has been included in the form and context in which it appears with the authorisation of the Sponsor & Co-Manager, which has given and has not withdrawn its consent to the inclusion of such report herein.

The Sponsor & Co-Manager does not have any material interest in the Issuer. The Issuer confirms that the financial analysis summary has been accurately reproduced in the Securities Note and that there are no facts of which the Issuer is aware that have been omitted and which would render the reproduced information inaccurate or misleading.

The business address of the Sponsor & Co-Manager is Airways House, Fourth Floor, High Street, Sliema SLM 1551, Malta.

**Annex I – Authorised Financial Intermediaries**

<b>Name</b>	<b>Address</b>	<b>Telephone</b>
Bank of Valletta p.l.c.	Premium Banking Centre, 475, Triq il-Kbira San Guzepp St Venera SVR 1011	22751732
Calamatta Cuschieri Investment Services Ltd	Ewropa Business Centre, Triq Dun Karm, Birkirkara BKR 9034	25688688
Curmi & Partners Ltd	Finance House, Princess Elizabeth Street, Ta' Xbiex XBX 1102	21347331
FINCO Treasury Management Ltd	The Bastions, Office No 2, Emvin Cremona Street, Floriana FRN 1281	21220002
MeDirect Bank (Malta) p.l.c.	The Centre, Tigne` Point, Sliema TPO 0001	25574400
Michael Grech Financial Investment	The Brokerage, Level 0A Services Ltd St Marta Street Victoria, Gozo VCT 2551	22587000
MZ Investment Services Ltd	61, St. Rita Street, Rabat RBT 1523	21453739
Rizzo, Farrugia & Co (Stockbrokers) Ltd	Fourth Floor, Airways House, High Street, Sliema SLM 1551	22583000



Rizzo, Farrugia & Co. (Stockbrokers) Ltd.  
Airways House, Fourth Floor, High Street,  
Sliema SLM1551, Malta  
**T.** (+356) 2258 3000 **E.** info@rizzofarrugia.com  
**W.** www.rizzofarrugia.com

The Board of Directors  
IZI Finance p.l.c.  
Portomaso Business Tower, Level 11  
Portomaso, St. Julian's, STJ 4011

22 March 2022

Dear Sirs,

**IZI Finance p.l.c. – Financial Analysis Summary** (the “**Analysis**”)

In accordance with your instructions and in line with the requirements of the Listing Policies, we have compiled the Financial Analysis Summary set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Analysis is that of summarising key financial data appertaining to IZI Finance p.l.c. (a public limited liability company registered under the laws of Malta bearing company registration number C 101228) (the “**Company**” or “**Issuer**” or “**Group**”). The data is derived from various sources or is based on our own computations and analysis of the following:

- (a) Historic financial data for the three years ended 30 June 2019 to 2021 has been extracted from the Issuer's pro-forma consolidated financial statements for the three years in question, as and when appropriate.
- (b) The forecast data for the financial years ending 30 June 2022 and 2023 have been provided by management of the Issuer.
- (c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.
- (d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Analysis.
- (e) Relevant financial data in respect of competitors as analysed in part C has been extracted from public sources such as the web sites of the companies concerned or financial statements filed with the Registrar of Companies.

The Analysis is provided to assist potential investors by summarising the more important financial data of the Issuer. The Analysis does not contain all data that is relevant to potential investors and is intended to complement, and not replace, the contents of the full prospectus. The Analysis does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Prospectus. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

**Vincent E Rizzo**  
Director



# FINANCIAL ANALYSIS SUMMARY

## 2022

**IZI** | **FINANCE** plc

*Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013, as revised on 13 August 2021.*

## 22 MARCH 2022

## **TABLE OF CONTENTS**

**IMPORTANT INFORMATION**

**ABBREVIATIONS**

<b>PART A</b>	<b>BUSINESS &amp; MARKET OVERVIEW UPDATE</b>
<b>PART B</b>	<b>FINANCIAL ANALYSIS</b>
<b>PART C</b>	<b>COMPARATIVES</b>
<b>PART D</b>	<b>GLOSSARY</b>

## IMPORTANT INFORMATION

### PURPOSE OF THE DOCUMENT

IZI Finance p.l.c. (the “**Company**”, “**Issuer**” or “**Group**”) is issuing up to €30 million 4.25% unsecured bonds maturing in 2029, pursuant to a prospectus dated 22 March 2022 (the “**Bond Issue**”). In terms of the MFSA Listing Policies dated 5 March 2013 (as revised on 13 August 2021), bond issues targeting the retail market with a minimum subscription level of less than €50,000 have to include a Financial Analysis Summary (the “**FAS**”) which is to be appended to the Prospectus and which needs to be updated on an annual basis.

### SOURCES OF INFORMATION

The information that is presented has been collated from a number of sources, including the Company’s pro-forma financial statements for the year ended 30 June 2021, the historic financial statements of the Group’s two largest operating subsidiaries, namely Dragonara Gaming Limited and Gaming Operations Limited, for the financial years ended 30 June 2018, 2019, 2020 and 2021 as well as forecasts for financial years ending 30 June 2022 and 2023, as well as information from management.

Forecasts included in this document have been prepared and approved for publication by the directors of the Company, as applicable, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st July to 30th June. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

**ABBREVIATIONS**

DGL	Dragonara Gaming Limited
DIL	Dragonara Interactive Limited
EGM	Electronic Gaming Machines
FY	Financial year
GGR	Gross Gaming Revenue
GOL	Gaming Operations Limited
IIL	IZI Interactive Limited
MGA	Malta Gaming Authority
RNG	Random Number Generator



## PART A BUSINESS AND MARKET OVERVIEW UPDATE

### 1. INTRODUCTION

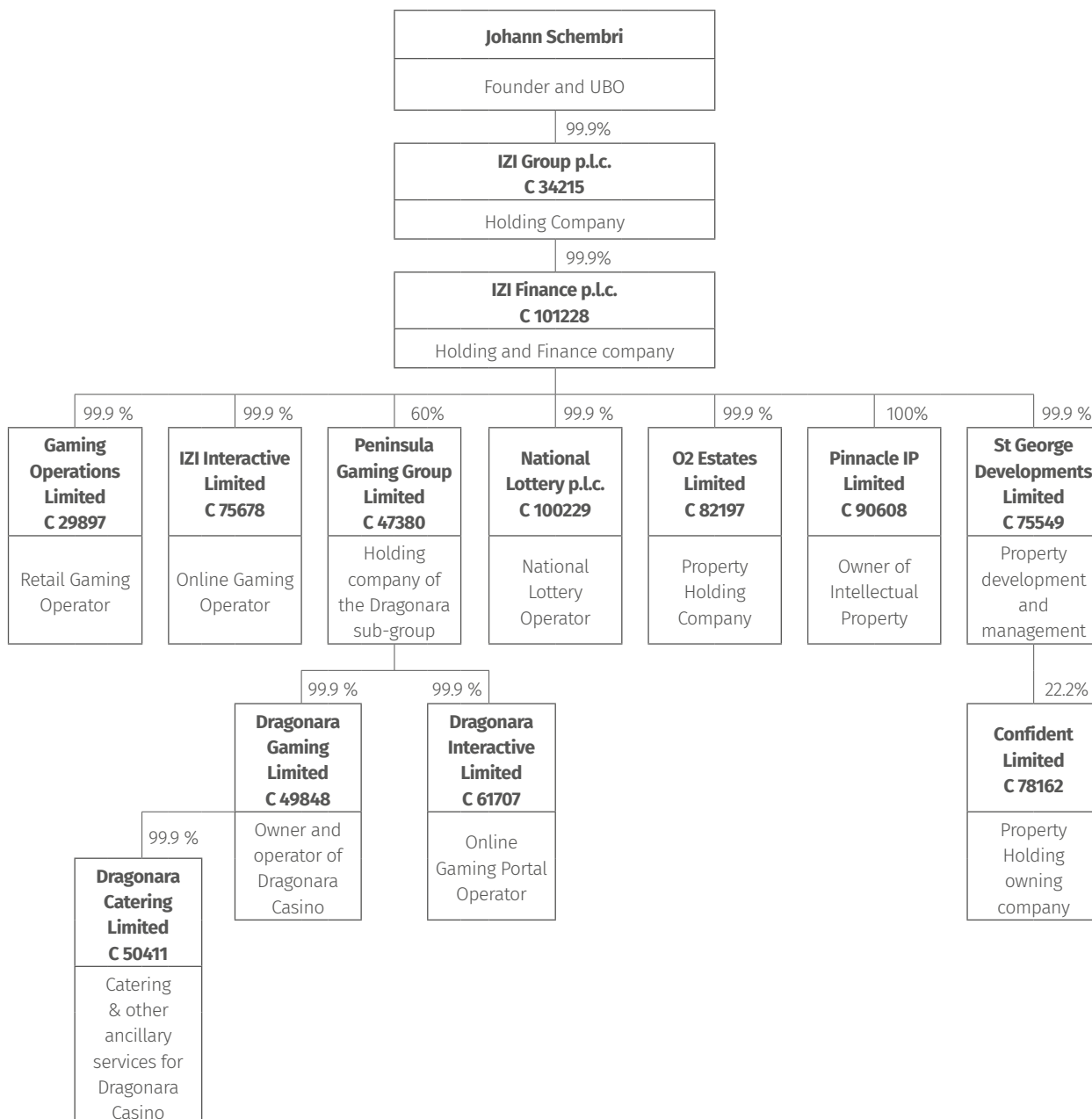
IZI Finance p.l.c. (the “**Issuer**”, the “**Company**” or the “**Group**”) is a holding company and a finance vehicle. The Company is the holder of various subsidiaries which operate in the gaming sector in Malta. Although the Issuer was set up on 30 December 2021, the Group has extensive experience in the sector, with the subsidiaries having been in business for a long number of years (the first company within the Group being set up in 2002) while the founding shareholder of the Group, Mr Johann Schembri, having been involved in the gaming sector since 1993. The Issuer will also serve as the finance vehicle of the Group and therefore will be responsible to raise the required financing.

The Group is a key player within a wide range of gaming business verticals, including casinos, video lottery terminals, fixed odds betting, pari mutuel betting, virtual games, e-sports betting and bingo. Following the signing of the concession agreement on 10 March 2022 and subject to the issue of a licence by the MGA, the Group will commence operating the National Lottery of Malta with effect from 5 July 2022.

The IZI Finance Group operates principally in the land-based gaming market but is also actively engaged in the online gaming sector.

### 2. GROUP STRUCTURE

The below organisation chart shows the main companies that form part of the Group and that are engaged in providing gaming services.



### 3. BUSINESS OVERVIEW

#### NATIONAL LOTTERY

In September 2021, the Group established a fully owned subsidiary namely National Lottery p.l.c. to serve as the proponent in an international request for proposals (RFP) issued by the Privatisation Unit of the Malta Government for the concession to manage and operate the National Lottery of Malta - the same concession operated by Maltco Lotteries Limited (C 32326) since 2004. Following the successful outcome of the tendering process in November 2021 with a bid of €105 million (payable €20 million upon issuance of licence from the MGA, €20 million six-months after the first payment and the remaining balance of €65 million is split evenly over the 10-year term of the concession), National Lottery p.l.c. entered into a concession agreement with the Ministry for the Economy and Industry on behalf of the Government of Malta in March 2022. The operation of the National Lottery will commence on 5 July 2022.

The National Lottery concession represented the next natural step in the lifecycle of the Group, providing the opportunity to operate the only gaming vertical absent in its portfolio – the National Lottery Games. To best leverage this opportunity, the Group partnered with several services providers including the world's leading lottery technology and services provider, namely, International Game Technology (IGT).

The National Lottery was first established by the Government of Malta in 1923 and was first privatised in 2004. Following the privatisation in 2004, the National Lottery gradually developed, and the operation has witnessed growth in many aspects of the business. However, the Group is of the view that the market potential of the National Lottery may be exploited further and there is room for growth in the provision of the National Lottery and other games. National Lottery p.l.c. will approach this opportunity by tapping into the strong inherent demand for the current games, deriving demand from new game concepts, and through the creation of a more effective and efficient distribution network, in line with European benchmarks, supported by the smart application of technology.

National Lottery p.l.c. has submitted an application for the issuance of the National Lottery Licence by the MGA. Once issued, the licence shall be valid for ten years commencing on 5 July 2022 and expiring on 4 July 2032. The National Lottery licence will cover Type 1 (lotteries), Type 2 (fixed odds betting) and Type 3 (pari-mutuel betting) gaming services and will comprise a revised and renewed portfolio of games.

The National Lottery concession provides National Lottery p.l.c. with the right to distribute, on an exclusive basis, the National Lottery Games and other games on a non-exclusive basis. The product portfolio of the National Lottery can be split into five categories and include: (i) televised draw-based games such as 'The Grand Lottery', 'Lotto' and 'Super 5'; (ii) monitor games including all those games the outcomes of which are determined by a RNG such as 'Keno', 'Virtual Games' and 'Digit Games'; (iii) instant scratch cards; (iv) sports betting; and (v) electronic gaming machines.

#### LAND BASED CASINO

Since 2010, Dragonara Gaming Limited ("**DGL**") has been the concessionaire of the Dragonara Casino located within the Dragonara Palace, a 19th century palace which is one of the most iconic properties in Malta. The casino was first established by the Government of Malta in 1964 in a bid to attract high-value tourism to Malta. In 2010, DGL (a subsidiary owned by Peninsula Gaming Group Limited in which the Issuer has a 60% shareholding) successfully tendered for the concession of the Dragonara Casino which it also successfully retained in 2021 for a further 10-years after again winning the international tender launched by the government of Malta in this respect.

In connection with the casino concession, DGL currently holds a B2C licence (covering Type 1, 2 & 3 gaming services) issued by the MGA which is valid until 31 July 2031. The Dragonara Casino offers a strong product portfolio featuring 265 slot machines and 15 live tables supported by the services of several reputable technology partners for the provision of slot machines and other gaming devices. Moreover, the service offering at Dragonara Casino is complimented by several in-house facilities including 140 parking bays (offering free parking to patrons), several dining facilities and a VIP lounge.

Moreover, DGL holds a temporary sub emphyteusis agreement over the title of the property constituting the Dragonara Casino. This sub-emphyteusis was granted by Casma Limited until March 2083. DGL is permitted to use the property exclusively for land-based casino and/or gaming activities, retail, catering, entertainment, hospitality, and tourism. The long-term lease enables the Group to consider further development.

#### RETAIL GAMING – SPORTS BETTING, EGM & BINGO HALLS

Gaming Operations Limited ("**GOL**"), a fully owned subsidiary incorporated in 2002, is the Group's retail gaming arm and over the years expanded its product offering which today includes sports betting, Electronic Gaming Machines ("**EGM**") and bingo halls. In 2015, GOL consolidated its sports betting and EGM operations under the IZIBET brand which today is regarded as the market leader in sports betting and retail gaming in Malta supported by the technology know-how it had built over the years. In May 2019, the IZIBET brand was sold to a fellow subsidiary of the Group, Pinnacle IP Limited, to which GOL pays royalties for the use of the brand.

GOL holds a B2C licence (covering Type 1, 2 & 3 gaming services) issued by the MGA which is valid until 4 October 2028 and renewable upon request. Through this licence, GOL operates 36 IZIBET retail stores across Malta and Gozo all of which are strategically placed in various localities according to the zoning regulations adopted by the MGA. Before the pandemic these stores, which offer sports betting, EGMs and bingo, attracted over 553,000 visitors per year.

In line with its mission to pursue growth opportunities through innovation, IZIBET has also launched the first retail mobile app betting application in the market called IZIAPP. This app allows players to prepare bet slips on their mobile phones and transfer their betting preferences to a self-service betting terminal in any one of the IZIBET stores, enabling customers to avoid queues and access certain game features outside the retail environment.

Malta's largest bingo hall located in St. Paul's Bay is also operated by Gaming Operations Limited under the 'Fairplay' brand. The Group intends to undergo a re-branding exercise of the bingo hall as "IZIBINGO" with the objective of capturing this retail operation under the IZIBET brand alongside the IZIBET betting stores.

GOL is also the authorised partner of the French state-owned company Pari-Mutuel-Urbain (PMU), Europe's largest pari-mutuel betting operator and the third largest pool betting company in the world, through which GOL provides exclusive off-track pari-mutuel and fixed-odds betting on French and other international horse racing events. GOL is also the first company to launch a sports betting brand (the IZIBET Brand) under which virtual sports and e-sports betting is provided from a retail network in Malta.

## ONLINE GAMING

The online gaming segment is operated by IZI Interactive Limited ("**IIL**") which was incorporated in May 2016 to extend the reach of the Group to the ever-growing online gaming market with the support of various providers. Through the provision of online services, the Group can target a diverse audience through different deliver channels.

IIL operates and manages the domains: www.izibet.com and www.dragonara.com. Once the National Lottery becomes operational, the Group will offer lottery games, amongst others, through the online portal www.lottery.mt.

IIL holds a B2C licence (covering Type 1 & 2 gaming services) issued by the MGA which expires on 11 May 2027 and renewable upon request. IIL utilizes its MGA licence to also provide white label services to Dragonara Interactive Limited ("**DIL**") - a subsidiary owned by Peninsula Gaming Group Limited in which the Issuer has a 60% shareholding. This arrangement allows DIL to provide Type 1 and Type 2 gaming products via the Dragonara Casino brand.

As a result, the Group can leverage synergies by extending both the resources and the knowhow of the Group to effectively distribute, predominantly in the local market, casino and sports betting products under two very strong brand names, namely IZIBET and Dragonara.

## REAL ESTATE

This business sector is a non-core activity of the Group and to date is only involved in one real-estate development project and holds a piece of arable land.

On 20 July 2019, St. George Developments Limited, a subsidiary of the Issuer, entered into a temporary emphyteusis, for a period of 30 years, for a property in St. Julian's. St. George Developments Limited bound itself to demolish the existing property and to construct a mixed-use development comprising residential units for rental purposes and a commercial outlet, to be used as a retail gaming store, at ground floor level.

The Group also owns 4,140 square metres of arable land located at Ta' Minka in Wardija.

## 4. CORPORATE GOVERNANCE AND MANAGEMENT

### BOARD OF DIRECTORS

The Company's board of directors as at the date of this document comprises the following:

Christian Gernert	Executive Chairman
Johann Schembri	Chief Executive Officer
Joseph Mallia	Executive Director and Chief Financial Officer
Franco De Gabriele	Executive Director and Chief Commercial Officer
Jaqueline Camilleri	Non-Executive, Independent Director
Stephanie Fabri	Non-Executive, Independent Director
Otto Karasek	Non-Executive, Independent Director

The Company Secretary is Dr Louis de Gabriele.

## SENIOR MANAGEMENT

The following is the senior management team within the Group:

Johann Schembri	Chief Executive Officer
Neville Aquilina	Chief Risk and Compliance Officer
Franco De Gabriele	Chief Commercial Officer
Albert Muscat	Chief Technology Officer
Joseph Bonanno	Chief Operating Officer
Svetlana Birca	Chief International Business Officer
Joseph Mallia	Chief Financial Officer

## 5. MAJOR ASSETS

The Issuer is a special purpose vehicle set up to act as a holding and financing company of the operating entities within the Group. Therefore, the assets described below are held indirectly through the Group's subsidiaries.

The Group's major assets include:

- (i) **intangible assets** – primarily consisting of goodwill created following the corporate restructuring undertaken in December 2021;
- (ii) **right of use assets** – comprising the leases related to the rented properties as well as the sub-empyteusis held over the property comprising the Dragonara Casino; and
- (iii) **property, plant and equipment** – comprising improvements to leased properties, gaming equipment, office and computer equipment, furniture, electrical and sanitary fittings, works in progress and motor vehicles,

which based on the pro-forma financial statements for the year ended 30 June 2021 were:

as at 30 June	<b>2021 Pro-forma</b>
Intangible Assets (Goodwill)	91,770
Right of use asset	42,426
Property, plant & equipment	3,171

An analysis of the Group's assets is included in section 9 of this FAS.

## 6. MARKET OVERVIEW <sup>1</sup>

### ECONOMIC CONTRIBUTION

The gaming sector in Malta is one of the most important economic pillars given its significant contributions to country as it generated a total gross value added (GVA) of €924 million representing around 8% of the economy's total in 2020. Moreover, also accounting for the sector's indirect contribution to the local economy through links with other major sectors, the gaming sectors contribution to Malta's economy would increase to 10.2%.

The sector also ranks as an important pillar of employment in Malta. In fact, the 2020 Annual Report of the MGA indicates that the gaming sector in Malta contributed (directly and indirectly) to almost 5% of Malta's total workforce.

### THE REGULATOR – MALTA GAMING AUTHORITY

The Gaming Act (Chapter 583 of the Laws of Malta) established the Malta Gaming Authority ('MGA') as the competent authority responsible for the oversight of the gaming sector in Malta.

MGA licences govern four types of gaming services as detailed hereunder:

- **Type 1:** including games of chance played against the house, where the outcome is determined by a random generator. This usually includes casino type games, such as blackjack, baccarat and roulette, lotteries and poker played against the house (casino);
- **Type 2:** including games of chance played against the house. However, the outcome of the game is not determined by a random generator but is instead determined by the result of a game or competition which is external to the game being played. The operator of the game will manage their risk by managing the odds offered to the player. This encapsulates sports betting and fixed odds betting;

<sup>1</sup> Malta Gaming Authority, 2021, Annual Report 2020, available from <https://www.mga.org.mt/wp-content/uploads/MGA-AR-2020-WEB.pdf>, [Accessed 13 January 2022]

- **Type 3:** including games of chance played not against the house but against other players. The operator is not exposed to gaming risk as it generates revenue by taking a commission or other charges based on the stakes or prize. This includes games such as peer to peer poker and peer to peer bingo. Betting exchanges and other commission-based games are also included; and
- **Type 4:** including controlled skill games which includes fantasy sports. Gaming revenue can be levied by software vendors taking commission on wagers placed.

## GAMING IN MALTA

The gaming sector in Malta is split into five different categories as described below.

- A Gaming Premises – Casinos:** any premises accessible to the public, which is used or intended to be used for players to participate in a gaming service.

The land-based casino market in Malta is highly competitive. There are three casino concessions and four operative land-based casinos namely:

- Dragonara Casino (operated by Dragonara Gaming Limited);
- Oracle Casino located at the Dolmen Resort in Qawra;
- Portomaso Casino, St. Julians; and
- Casino Malta located at the Intercontinental Hotel in St. Julians

Management estimates that in 2019 and 2020, Dragonara Casino had a market share (in terms of GGR) of 30% but this increased to 37% in 2021.

- B Controlled Gaming Premises:** any premises intended to make available for use, to host or operate one or more gaming devices, but shall not include premises in which gaming is carried out in virtue of a concession by Government, or premises in which the only gaming which is carried out consists in tombola games.

The retail gaming market in Malta is a very competitive market. By the end of 2020, the number of approved Controlled Gaming Premises in Malta was 60 spread over 32 localities and operated by seven licensees. Most of the licensees have licences covering Type 1 and Type 2 games. However, only two licensees (one of which is GOL) have a licence covering Type 3 gaming services. The number of licenced gaming devices amounted to 521 in 2020 of which approximately 60% are held within Gaming Operations Limited's retail stores.

- C Gaming Premises – Commercial Bingo:** any premises licenced as a commercial bingo hall.

There are four commercial bingo halls located in Birkirkara, Qawra, Valletta and Paola. The demographics of this segment of the local gaming market is heavily skewed towards the '65+' age group.

- D National Lottery:** the National Lottery games (including Super 5 and Lotto) as defined by the Gaming Act and such other games as authorised by the MGA.

The National Lottery was established by the Government of Malta in 1923 and was first privatised in 2004. The National Lottery is operated under a concession granted by the Government of Malta for a term of 10 years and provides the concessionaire with the exclusive right to sell the National Lottery Games as well as Other Games on a non-exclusive basis. The National Lottery avails itself of the exclusive network of National Lottery agents in the market, through which it distributes the National Lottery Games Suite.

Since the first privatisation in 2004, the National Lottery has gradually developed, and the operation has witnessed growth in many aspects of the business with sales reaching €79.2 million in sales by 2011 which further grew to €96 million by the end of 2019 (the last year before the impact of COVID-19). In 2020 the total turnover of the then National Lottery operator stood at €77.6 million.

- E Online gaming:** comprising gaming services which are offered online.

The online gaming market in Malta, including casino, sports betting, poker, and bingo, has experienced exponential growth, registering an increase from €17.7 million in 2015 to €54.2 million in 2019. By the end of 2019 the online gaming market represented 50.65% of the total gaming industry in Malta.

As at the end of 2020, the number of gaming companies offering online services stood at 314 with B2C Licences accounting for 62% of the total licence base.

**IMPACT OF THE PANDEMIC**

The outbreak of the COVID-19 pandemic had an adverse impact on the gaming sector in Malta particularly the land-based activities given the lockdown measures imposed by the authorities for prolonged periods in 2020 and 2021. Nonetheless, the gaming sector in Malta has proved to be resilient in such an unprecedented challenging environment as the sector continued to register overall growth. In its 2020 Annual Report, the MGA attributes this resilience to the “take-up of sophisticated digital systems as well as to the sector’s ability to adapt to changing circumstances by innovating and placing more focus on certain products, such as virtual sports which replaced bets on live sport events.”

The operators within the sector are anticipated to recover from the adverse impacts of COVID-19 in 2022 supported by the accelerated growth in technological innovations which have led to new ways of distributing and delivering content to clients.

**OUTLOOK**

Looking ahead, the MGA stated that the gaming sector is “expected to continue to play a fundamental role in Malta, by directly generating employment and value added, attracting foreign investment and human capital, diversifying the economic base, and contributing to the growth of related activities.” Moreover, the MGA notes that whilst the pandemic and the evolving international regulatory requirements will continue to present fresh challenges, the sector is bound to continue growing.

## PART B FINANCIAL ANALYSIS

### 7. FINANCIAL INFORMATION - INTRODUCTION

#### INTRODUCTION

The following sections provide an overview of the pro-forma financial information of the Issuer for the financial year ended 30 June 2021 (FY2021) as well as an outlook for the financial years ending 30 June 2022 (FY2022) and 2023 (FY2023).

All figures referred to in the following sections of the report have been supported by management information as necessary, except for the financial ratios, which ratios have been calculated by Rizzo, Farrugia & Co (Stockbrokers) Limited.

All amounts in the tables presented below are in thousands (€'000), unless otherwise specified, and have been subject to rounding.

The Issuer was incorporated in December 2021 and the only transaction was the transfer of the subsidiaries of the Group. As such, for the purposes of financial information presented, the Company prepared pro-forma consolidated statement of comprehensive income. The pro forma information described in this section presents what the consolidated financial statement 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.

#### COVID-19 UPDATE

As indicated in section 6, the gaming sector, especially the land-based casino and retail gaming outlets, in Malta was adversely impacted by the outbreak of the COVID-19 pandemic. As a result, the Group's performance was adversely impacted during the financial years ending 30 June 2020 and 2021 as the Group's two largest subsidiaries, namely DGL and GOL had to abide by the restrictive measures imposed by the local health authorities including closing the casino and the retail gaming outlets, respectively, between March and June 2020 as well as other periods during FY2021. The Group's online operations were insufficient to offset the lost business from the land-based operations. Following the relaxation of certain measures by the health authorities, the Group reopened the casino and its retail gaming outlets leading to a recovery in the number of patrons and hence a rebound in revenue and profitability. Going forward, the existing businesses are expected to operationally recover to pre-covid levels during the current financial year ending 30 June 2022.

### 8. INCOME STATEMENT

€'000	FY2021 Pro-forma	FY2022 Projected	FY2023 Projected
<b>Revenue</b>	<b>20,164</b>	<b>28,054</b>	<b>81,862</b>
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)
<b>EBITDA</b>	<b>2,240</b>	<b>5,139</b>	<b>21,668</b>
Depreciation and amortisation	(2,368)	(4,823)	(18,038)
<b>Operating profit/(loss)</b>	<b>(128)</b>	<b>316</b>	<b>3,630</b>
Finance costs	(1,237)	(1,824)	(4,775)
<b>Profit/(Loss) before tax</b>	<b>(1,365)</b>	<b>(1,508)</b>	<b>(1,146)</b>
Tax (expense)/credit	419	541	2,800
<b>Profit/(Loss) after tax</b>	<b>(946)</b>	<b>(967)</b>	<b>1,654</b>

#### HISTORIC ANALYSIS (PRO-FORMA FY2021)

Prior to the pandemic outbreak revenue was fairly stable with DGL (the operator of the Dragonara Casino) and GOL (the operator of the EGM and sports betting retail stores) ranking as the largest contributors as they accounted for more than 90% of the Group's total revenue.

As explained above, the financial performance of the Group was adversely impacted by the outbreak of the COVID-19 pandemic. In fact, in FY2021, the restrictive measures imposed by the health authorities had a direct and material adverse impact on the operations of the Group's two main operating subsidiaries referred to above. Revenues amounted to €20.2 million as all these measures resulted in a lower of number of visits by patrons to the Group's casino as well as EGM and sports betting retail stores.



In FY2021, the cost base of the Group's subsidiaries expanded on the back of the ramping up of marketing efforts as restrictions were lifted. Moreover, the subsidiaries continued to retain its staff compliment despite the further reduction in business activity hence yielding no cost savings in this regard apart from those emanating from the Government's wage subsidy scheme. Therefore, the Group's operational cost base (excluding rent) in FY2021 amounted to €18.3 million.

The Group's EBITDA of €2.2 million reflects the downturn in the business activity of the Group's subsidiaries particularly DGL and GOL.

After accounting for depreciation and amortisation charges of €2.4 million, the Group incurred an operating loss of €0.1 million.

Finance costs in FY2021 amounted to €1.2 million and mainly reflect expenses related to bank borrowings and interest on the finance lease liabilities.

Overall, the Group registered a pre-tax loss of €1.4 million in FY2021 given the adverse effects of COVID-19 on the Group's business as described above. After accounting for tax credits of €0.4 million, the Group registered a net loss of €0.9 million.

### **OUTLOOK FY2022 & FY2023**

The projections for FY2022 and FY2023 assume that the Maltese gaming sector will recover to pre-COVID levels thereby enabling the Group's main operating subsidiaries to also recover as well as continue to grow going forward. Moreover, with effect from FY2023 the forecasts include the contribution of the National Lottery concession.

In FY2022, management expect revenue to reach €28 million thereby exceeding the level registered in FY2019 pre-COVID as activity is expected to recover in line with the evidenced improvements up until December 2021. Given the expected improvement in business activity as well as certain costs incurred in anticipation of the commencement of the National Lottery concession in FY2023, operating expenses are also expected to increase by 27.0% to €23.2 million. Nonetheless, in view of the high fixed cost element in the Group's cost base, the increase in costs is lower than that in the revenue line and therefore EBITDA is expected to reach €5.1 million in FY2022 compared to €2.2 million in FY2021.

Depreciation and amortisation charges are also anticipated to increase to €4.8 million in FY2022 compared to €2.4 million in the previous financial year, reflecting the higher depreciation charge following the investment in property, plant and equipment that is expected to be funded by the bond issue proceeds. The Bond, together with additional bank borrowings drawn down in FY2022, are expected to result in an increase of 47.5% in finance costs, to €1.8 million. As a result, these increases are expected to offset the improved EBITDA, leading to a pre-tax loss of €1.5 million. After accounting for a tax credit of €0.5 million, the net loss for FY2022 is expected to amount to just under a €1 million, similar to the position in FY2021.

FY2023 will comprise the start of the National Lottery concession, which is anticipated to materially improve the financial performance and position of the Group. In fact, revenue is projected to reach €81.9 million in FY2023 largely reflecting the inclusion of the National Lottery contribution but also further growth at DGL and GOL albeit to a lesser extent. Given the national outreach of the National Lottery concession, costs are also expected to surge and reach over €60 million in FY2023, reflecting the expansion of the Group's operations (including a larger staff complement and retail network) which naturally carry a higher cost base. Nevertheless, EBITDA is projected to increase from €5.1 million in FY2022 to €21.7 million in FY2023.

Depreciation and amortisation charges are also forecast to increase to €18 million in FY2023 (FY2022: €4.8 million), mainly reflecting the amortisation of the National Lottery concession fee of €105 million over the 10-year concession period as well as additional depreciation charges incurred following the capital investment that is planned to be undertaken.

Given the additional bank borrowings to be drawdown in FY2023 to finance the upfront payment of €40 million in connection with the National Lottery concession, a higher finance charge in connection with the additional lease liabilities upon the commencement of the National Lottery concession as well as accounting for a full year of interest on the bonds, the Group's finance costs are expected to rise from €1.8 million in FY2022 to €4.8 million in FY2023.

As a result, the Group is expected to incur a pre-tax loss of €1.1 million in FY2023 which represents a 24% improvement over the pre-tax loss of €1.5 million incurred in FY2022. The projected pre-tax loss is largely related to the first year of operations of the National Lottery concession which is expected to be loss-making following the various initiatives to be undertaken to update and expand the product portfolio as well as other operational improvements.

After accounting for a tax credit of €2.8 million, the Group's net profit is forecasted to reach €1.7 million compared to a net loss of just below €1 million in FY2022.



**9. STATEMENT OF FINANCIAL POSITION**

€'000	FY2021 Pro-forma	FY2022 Projected	FY2023 Projected
<b>Assets</b>			
<b>Non-Current Assets</b>			
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
<b>Total non-current assets</b>	<b>140,152</b>	<b>150,087</b>	<b>260,009</b>
<b>Current Assets</b>			
Inventories	246	599	825
Trade and other receivables	1,028	621	857
Cash and cash equivalents	1,356	20,055	11,020
<b>Total current assets</b>	<b>2,630</b>	<b>21,275</b>	<b>12,702</b>
<b>Total Assets</b>	<b>142,782</b>	<b>171,361</b>	<b>272,711</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	8,176	37,737	71,641
Trade and other payables	9,943	8,678	66,588
Deferred tax liability	8,703	7,275	6,964
Other non-current liabilities	500	500	500
Leases Liabilities	23,713	23,304	26,152
<b>Total non-current liabilities</b>	<b>51,035</b>	<b>77,493</b>	<b>171,845</b>
<b>Current Liabilities</b>			
Borrowings	609	1,734	6,923
Trade and other payables	5,428	6,890	6,932
Lease liabilities	–	745	1,076
Current tax liability	23	–	–
<b>Total current liabilities</b>	<b>6,060</b>	<b>9,369</b>	<b>14,932</b>
<b>Total Liabilities</b>	<b>57,096</b>	<b>86,862</b>	<b>186,777</b>
<b>Equity</b>			
Share capital	80,000	80,000	80,000
Retained earnings	0	(921)	164
<b>Equity attributable to the owners of the parent</b>	<b>80,000</b>	<b>79,079</b>	<b>80,164</b>
Non-controlling interest	5,685	5,421	5,770
<b>Total Equity</b>	<b>85,685</b>	<b>84,499</b>	<b>85,934</b>
<b>Total Equity &amp; Total Liabilities</b>	<b>142,782</b>	<b>171,361</b>	<b>272,711</b>

**PRO-FORMA ANALYSIS (FY2021) & OUTLOOK (FY2022 – FY2023)****ASSETS**

As highlighted in section 5 of this report, the majority of the assets of the Group consist of intangible assets representing the goodwill resulting from the corporate restructuring undertaken during FY2022, rights over property (mainly comprising the retail gaming outlets and the Dragonara Casino) used in the operations of the Group (right of use assets) as well as the property, plant equipment (PPE) used throughout the Group's operations. In aggregate, these assets represented 96.2% of the Group's total assets as at 30 June 2021.

Going forward, these assets are expected to remain the major assets of the Group together with cash and cash equivalents. In fact, by 30 June 2023, the Group's intangible assets are anticipated to reach €188 million following the inclusion of the National Lottery concession of €105 million, which will be amortised over the concession period of 10 years. Similarly, PPE is expected to grow from €3.2 million as at 30 June 2021 to €22.6 million as at 30 June 2023 reflecting the investment undertaken upon the commencement of the National Lottery as well as other investments in gaming equipment projected for the Dragonara Casino as well as the Group's retail gaming outlets. Meanwhile, right of use assets are only expected to marginally increase to around €44 million as at 30 June 2023 driven by the expected increase in lease payments.

The only other significant change in the Group's asset base is cash and cash equivalents which are initially anticipated to increase from €1.4 million as at 30 June 2021 to €20.1 million as at 30 June 2022 reflecting the proceeds raised from the bond issue.

## LIABILITIES

As at 30 June 2021, the Group's main liabilities include lease liabilities, trade and other payables, borrowings and a deferred tax liability. Going forward, these are expected to remain the elements of the Group's liabilities.

**Lease Liabilities:** The Group had €23.7 million in lease liabilities as at 30 June 2021 relating to the properties over which Group holds a right of use, namely the retail gaming outlets and the Dragonara Casino. These are anticipated to increase by 14.8% by FY2023 to €27.2 million as at 30 June 2023 following the projected increase in leases upon commencement of the National Lottery concession.

**Trade and other payables:** The Group had €15.4 million in trade and other payables as at 30 June 2021 comprising trade payables in the normal course of business. This includes a €7.1 million deferred consideration owed to IZI Group p.l.c. as part payment for the subsidiaries IZI Finance p.l.c. acquired from IZI Group p.l.c. and €5.5 million in statutory liabilities related to tax accruals. These latter liabilities will be paid over the next five years in line with the agreed repayment terms reached with the relative authorities. Payables are expected to increase materially to €66.6 million as at 30 June 2023, largely reflecting the part of the National Lottery concession fee which is payable throughout the concession period.

**Borrowings:** The Group had €8.8 million in bank borrowings as at 30 June 2021 that were drawn down to finance working capital requirements following the closure of premises due to the outbreak of the pandemic as well as to settle other payables. Going forward, the Group's borrowings (as detailed in the table hereunder) are expected to materially increase following the issuance of the Bond and a €41 million loan facility to mainly finance the upfront payment of the National Lottery concession.

In terms of borrowings, the Group's debt structure is composed of the following:

€'000	FY2021 Pro-forma	FY2022 Projected	FY2023 Projected
<b>Borrowings</b>			
Current	609	1,734	6,923
Non-Current	8,176	37,737	71,641
<b>Total Debt</b>	<b>8,785</b>	<b>39,471</b>	<b>78,564</b>
Less Cash	(1,356)	(20,055)	(11,020)
<b>Net Debt</b>	<b>7,429</b>	<b>19,416</b>	<b>67,545</b>

**Deferred tax liability:** The other major liability as at FY2021 was an €8.6 million deferred tax liability following the uplift in value recognised on the Dragonara property. This figure is expected to drop to just below €7 million by 30 June 2023 as the revaluation gain and corresponding deferred tax liability are amortised over the lease term (until March 2083).

## EQUITY BASE

The Group's equity stood at €85.7 million at the end of FY2021, consisting primarily of the €80 million in share capital. Looking ahead, the equity base of the Group is expected to remain fairly stable as the aforementioned growth in assets is expected to be financed by debt. Furthermore, the Group's retained earnings remain relatively unchanged as the anticipated loss in FY2022 of €1 million will be offset by the net profit envisaged for FY2023 of €1.7 million.

**10. STATEMENT OF CASH FLOWS**

<b>€'000</b>	<b>FY2022 Projected</b>	<b>FY2023 Projected</b>
Net cash flows generated from operating activities	5,058	20,196
Net cash used in investing activities	(15,202)	(63,206)
<b>Free Cash Flow to the Firm</b>	<b>(10,373)</b>	<b>(44,209)</b>
Net cash generated from financing activities	28,842	33,975
<b>Net movement in cash and cash equivalents</b>	<b>18,698</b>	<b>(9,035)</b>
Cash and cash equivalents at the beginning of the year	1,356	20,055
<b>Cash and cash equivalents at the end of the year</b>	<b>20,055</b>	<b>11,020</b>

**OUTLOOK FY2022 & FY2023**

The cash generation capabilities of the Group are expected to considerably improve with the start of the National Lottery operations. In fact, whilst cash flows from operating activities are expected to amount to €5.1 million in FY2022, increasing to €20.2 million in FY2023.

During FY2022 and FY2023, the Group is anticipated to ramp up its investment with the National Lottery concession and related capital expenditure as well as other capital expenditure related to the Group's existing operations, namely the Dragonara Casino and the retail gaming. Moreover, in FY2023 the Group is anticipated to start settling the €105 million concession of which €40 million is due in FY2023 whilst the remaining €65 million will be split evenly over the 10-year concession period.

In anticipation of the National Lottery concession and the planned capital investment in the coming years, the Group is expecting to raise €30 million through a bond issue in FY2022 as well as drawdown a further €41 million in bank borrowings in FY2023.

## 11. RATIO ANALYSIS

The following set of ratios have been computed from the Company's figures, both historical and projections.

Note: where the ratios were non-comparable because of a negative return or a negative result, the ratio has been recorded as 'n/a'.

	FY2021 Pro-forma	FY2022 Projected	FY2023 Projected
<b>EBITDA margin</b> (EBITDA / Revenue)	11.1%	18.3%	26.5%
<b>Operating Profit (EBIT) margin</b> (Operating Profit (EBIT) / Revenue)	n/a	1.1%	4.4%
<b>Net Profit margin</b> (Profit for the period / Revenue)	n/a	n/a	2.0%
<b>Return on Equity</b> (Net Profit / Average Equity)	n/a	n/a	2.1%
<b>Return on Capital Employed</b> (Net Profit / Average Capital Employed)	n/a	n/a	0.8%
<b>Return on Assets</b> (Profit for the period / Average Assets)	n/a	n/a	0.7%
<b>Current Ratio</b> (Current Assets / Current Liabilities)	0.4x	2.3x	0.9x
<b>Cash Ratio</b> (Cash & cash equivalents / Current Liabilities)	0.2x	2.1x	0.7x
<b>Interest Coverage ratio</b> (EBITDA / Net finance costs)	1.8x	2.8x	4.5x
<b>Gearing Ratio</b> (Net debt / [Net Debt + Total Equity])	8.0%	18.7%	44.0%
<b>Gearing Ratio (2)</b> [Total debt / (Total Debt plus Total Equity)]	9.3%	31.8%	47.8%
<b>Net Debt to EBITDA</b> (Net Debt / EBITDA)	3.3x	3.8x	3.1x

Source: Management information

The financial performance of the Group has been adversely impacted by the outbreak of COVID-19 and as a result, the profitability and liquidity ratios, including the EBITDA margin, Return on Equity and current ratio have all weakened during FY2021.

Similarly, the interest coverage ratio had fallen and slipped below 2 times by FY2021, although this means that the Group could still service its outstanding debt. In FY2021, the Group's gearing was very low when comparing its level of debt with equity. However, in view of the adverse effect of COVID-19 on the Group's financial performance the net debt to EBITDA was relatively elevated at 3.3 times.

Nonetheless, as the Group's performance is anticipated to rebound from the effects of the pandemic during the current financial year FY2022, its ratios are also expected to improve on the back of the anticipated uplift in the performance of the Group's operations particularly the retail gaming operations and the Dragonara Casino. Meanwhile, in anticipation of the planned capital investment for its existing businesses as well as the start of the National Lottery concession, the Group plans to raise fresh debt capital which in turn is expected to lead to a more leveraged position albeit to still acceptable levels.

The commencement of the National Lottery concession in FY2023 is expected to generate further improvements in the Group's ratios from the first year of operations. Moreover, notwithstanding the further increase in borrowings, the Group is still expected to be in a comfortable position to meet its debt service obligations (interest coverage expected to rise to 4.5 times in FY2023) whilst leverage would still be maintained at sustainable levels as evidenced by the net debt to EBITDA of 3.1 times.

## PART C COMPARATIVES

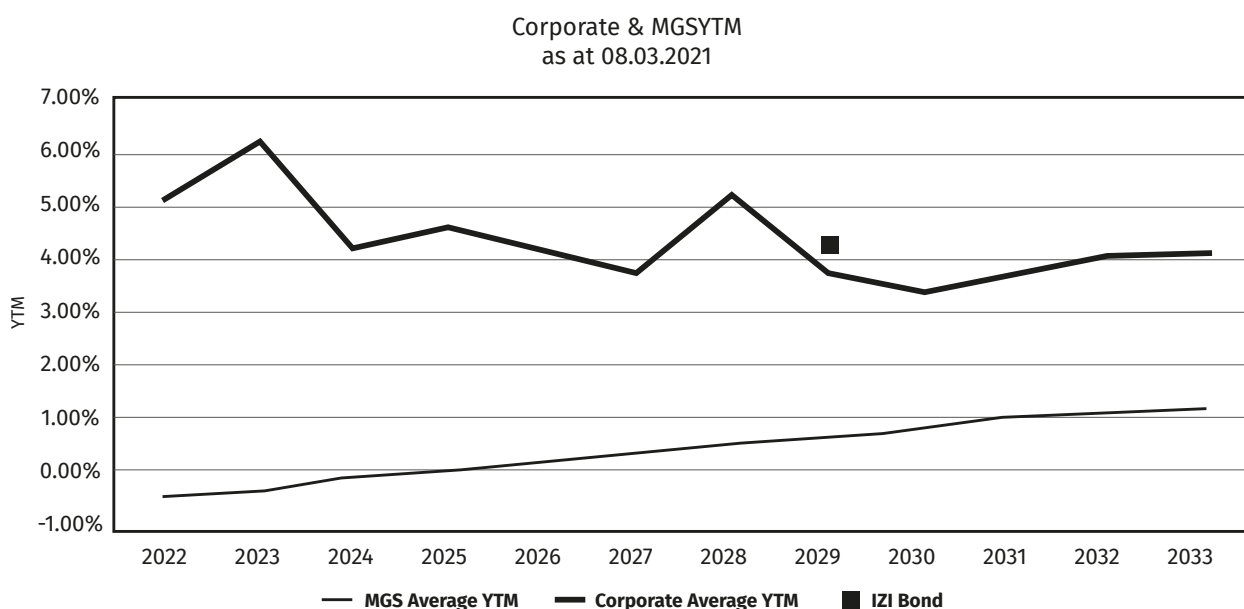
The table below compares the Company's bonds with other local corporate bonds having maturities closest to the Company's bonds. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations vary significantly from those of the Company and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

Bond Details	Amounts Outstanding (€'millions)	Gearing*	Net Debt to EBITDA	Interest Cover	YTM
3.65% Stivala Group Finance p.l.c. 2029 (Secured)	15,000,000	26.3%	11.4	2.3	3.3%
3.80% Hili Finance Company p.l.c. 2029	80,000,000	74.2%	4.6	3.4	3.8%
3.75% AX Group p.l.c. 2029	10,000,000	25.6%	7.0	3.0	3.8%
3.75% TUM Finance p.l.c. 2029 (Secured) (Puttable)	20,000,000	37.2%	3.0	9.0	3.7%
4.00% Cablenet Communication Systems p.l.c. 2030	40,000,000	66.5%	1.6	9.1	3.8%
4.25% IZI Finance p.l.c. 2029	30,000,000	8.0%	3.3	1.8	4.3%

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 8 March 2022. Ratio workings and financial information quoted have been based on the respective issuers' unadjusted published financial data (or their guarantors, where and as applicable)

\*Gearing – (Net Debt/ Net Debt + Total Equity)

The following shows the average yield to maturity of listed corporate bonds and MGS covering an eleven-year period, and how the Company's bond priced at 4.25% compares to such average yields. All the yields presented hereunder are as at 8 March 2022.



At 4.25%, the Company's bonds are priced 43 basis points above the equivalent average corporate bonds YTM for 2029 maturities and at a 355 basis points premium over the average MGS YTM for 2029 maturities.

## PART D GLOSSARY

### INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
EBIT	Earnings before interest and tax.
Depreciation and Amortisation	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

### CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

### STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.
Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

### PROFITABILITY RATIOS

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	Return on assets (ROA) measures the rate of return on the assets of the company. This is computed by dividing profit after tax by total assets.

**LIQUIDITY RATIOS**

Current Ratio The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.

Cash Ratio Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

**SOLVENCY RATIOS**

Interest Coverage Ratio This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.

Gearing Ratio The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.

Net Debt to EBITDA This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

