IZI Finance p.l.c.

Report & Consolidated Financial Statements

30 June 2023

Company registration number: C 101228

The users of this financial report are reminded that the official statutory Annual Financial Report 2023, authorised for issue by the Board of Directors, is in European Single Electronic Format (ESEF) and is published on Inline Viewer - Financial statements and auditors' report. A copy of the Independent auditor's report issued on the official statutory Annual Financial Report 2023, is included within this printed document and comprises the auditor's report in compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the ESEF RTS), by reference to Capital Markets Rule 5.55.6. In case of any conflicts and differences, the ESEF report prevails.

Contents

Directors' report	**3**
Statement by the directors on the financial statements	**6**
Directors' statement of compliance with the Code Of Principles of Good Corporate Governance	**6**
Statements of comprehensive income	**14**
Statements of financial position	**15**
Statements of changes in equity	**17**
Statements of cash flows	**18**
Notes to the financial statements	**19**
Independent auditor's report	**57**

Directors' report

The directors present their report and the audited financial statements for the year 30 June 2023.

Principal activities

IZI Finance p.l.c. (the 'Company') was registered with the Malta Financial Services Authority on the 30th day of December 2021. The company holds interests in several subsidiaries involved in the gaming industry including the management and operation of the Dragonara Casino, the National Lottery, Retail Gaming (Sports Betting and Electronic Gaming Machines), Commercial Bingo, Interactive Gaming, Intellectual Property (IP) and Real Estate.

Review of business and results

This is the first annual report of the Company for a full financial year since the listing of its € 30 million 4.25% unsecured bonds on the Malta Stock Exchange in May 2022. This financial year has been remarkable on all counts with the Company and its subsidiaries now collectively establishing themselves as the largest land-based gaming group of companies in Malta, operating products of excellence across all gaming verticals. The financial period under review was also the first one during which there were no Covid-19 related restrictions, hence enabling the operating companies to gradually return to normal unrestricted operations.

This financial period was characterised by a comprehensive transformation programme through which the Company has transitioned into a major corporate enterprise building a strong corporate executive team that is being successful in putting in place the pillars for sustainable growth across all the Company's verticals.

These organisational and commercial efforts have been complemented by the adoption of a more extensive enterprise-based approach towards ESG principles and policies, seeking to consistently reducing its carbon footprint, entrenching increasingly rigorous responsible gaming measures as part of its social commitment, whilst sustaining its governance agenda, through the implementation of an effective corporate governance framework and a constant strengthening of the group's AMLFT systems, processes and capabilities.

The most notable event of the year was the launch of the national lottery operation on 5th July 2022, following an intensive implementation and transition programme through which the fully-owned subsidiary National Lottery plc has taken over the national lottery operations from the previous operator. The directors note that, notwithstanding the complex implementation of the national lottery, the performance of this vertical is now consistently accelerating its pace to reach its stated goals and objectives within the next months. This ramp-up period has mandated a highly capital-intensive programme focusing on stronger direct and distributed retail presence, an enhanced user experience, widespread adoption of digital tools and an upskilled workforce at all customer touchpoints.

The directors note the material leap forward in the Company's financial performance for the financial period under review. This is largely due to the operation of the national lottery and the sustained growth acceleration in the other established verticals of the Group, most notably the casino and sports betting operations.

In fact, for the year ended 30 June 2023, the Group generated total revenue of € 73,753,267 (2022: € 15,908,923). The growth in revenues is largely attributable to the operation of the national lottery but was also strongly augmented by the established verticals, confirming the strong fundamentals of the businesses the Group has curated over the years. 'Other Income' of € 1,423,945 was close to that of the pre vious year (2022: € 1,253,543).

The uplift in revenues translated into a record EBITDAR (Earnings Before Interest Tax Depreciation Amortisation and Rents) registered at € 16,565,021 (2022: € 2,690,219 covering the period of six months from the date of incorporation up to the 30 June 2022) representing a very healthy 22% EBITDAR margin for the year. 63% of this EBITDAR was generated by National Lottery plc, 32% generated by Dragonara Gaming Ltd and the remaining 5% generated from the Group's online gaming operations.

Notwithstanding that this was the first year of the national lottery operations, this EBITDAR performance represents the best recorded performance ever for the Group, clearly reflecting the robustness of the business model and its outlook in the coming 24 months, once the national lottery is fully deployed and operational. The operating loss for the financial year under review stood at € 668,724 (2022: profit of € 1,436,84 7), resulting after depreciation and amortisation amounting to € 16,547,776 (2022: € 1,309,873), principally arising out of the intense capital expenditure programme and concession fees.

In the financial year under review total equity stood at € 81,343,790 (2022: € 85,918,944), with total assets and total liabilities closing at € 279,029,378 and € 197,685,588 respectively, confirming the strong asset base the Group has managed to build over the years, which positions the Group for a heightened tempo of growth acceleration over the next financial years.

The directors note that the next financial year will be one which will see the Company consolidating its performance on the strength of its established verticals whilst accelerating the revenue generation from the national lottery operation. This full alignment to the Company's long-term plans will enable it to shift its focus on sustainability of its EBITDA levels, pursuant to which it will seek to make its first investments in the international market, leveraging the knowledge and intellectual property it has managed to build across its product portfolio in Malta.

In parallel, on an enterprise-basis, the Company will be escalating its focus and investment in its people through the intensification of the employees' knowledge, capabilities, and well-being.

Dividend and reserves

The directors do not recommend the payment of a dividend.

Directors

The following have served as directors of the company during the year under review:

Christian Gernert - Chairman
Johann Schembri
Franco De Gabriele
Joseph Mallia
Jacqueline Camilleri
Stephanie Fabri
Otto Karasek

In accordance with the company's Articles of Association, the present directors remain in office.

Disclosure of information to auditor

At the date of making this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each director has taken all steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Statement of directors' responsibilities

The Companies Act, Cap 386 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the company and the group for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company and the group will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the company and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

The auditor Grant Thornton has intimated its willingness to continue in office and a resolution proposing its reappointment will be put to the Annual General Meeting.

Signed on behalf of the board of directors on 19 October 2023 by Christian Gernert (chairman) and Johann Schembri as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Registered address:
Portomaso Business Tower
Level 11, Portomaso
St. Julian's
Malta

Statement by the directors on the financial statements

Pursuant to Capital Markets Rule 5.68, we, the undersigned, declare that to the best of our knowledge, the financial statements included in the financial statements, and prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the company and the group, and that this report includes a fair review of the development and performance of the business and position of the company and the group, together with a description of the principal risks and uncertainties that it faces.

Signed on behalf of the board of directors on 19 October 2023 by Christian Gernert (chairman) and Johann Schembri as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Directors' statement of compliance with the Code Of Principles of Good Corporate Governance

Pursuant to Rules 5.94 and 5.97 issued by the Malta Financial Services Authority (the '**Rules**'), IZI Finance p.l.c. (the '**Company**') should endeavour to adopt the Code of Principles of Good Corporate Governance contained in Appendix 5.1 to Chapter 5 of the Rules (the '**Code**'), and accordingly, is hereby reporting on the extent of its adoption of the Code for the year ended 30 June 2023.

This report covers the period commencing 1 July 2022 up to and including 30 June 2023.

The Company acknowledges that although the Code does not dictate or prescribe mandatory rules, compliance with the principles of good corporate governance recommended in the Code is in the best interests of the Company, its shareholders, bondholders and other stakeholders, and that compliance with the Code, is not only expected by investors of the Company's securities admitted to trading on the Official List of the Malta Stock Exchange but also evidences the directors' and the Company's commitment to maintaining a high standard of good governance.

The Company has only issued debt securities which have been admitted to trading on the Official List of the Malta Stock Exchange, and accordingly, in terms of Rule 5.101, is exempt from reporting on the matters prescribed in Rules 5.97.1 to 5.97.3, 5.97.6 and 5.97.7 in this corporate governance statement (the '**Statement'**) but may do so on a best-efforts basis. The Statement is to be construed accordingly.

A. COMPLIANCE WITH THE CODE

Although the adoption of the Code is not mandatory, the Board has considered the principles embodied in the Code and has noted the Code's recommended practices aimed towards the fulfilment of these same principles. The Board has also taken into account the nature of the Company's structure, business activities and operations and in the light of such considerations, has formulated the view that the Company has fully implemented the principles set out in the Code throughout the financial year under review, except for the principles outlined in part B below.

Principles 1: The Board

The Board reports that for the period under review, the directors of the Company (the '**Directors**') have provided the necessary leadership in the overall direction of the Company and have performed their responsibilities for the efficient and smooth running of the Company, with honesty, competence and integrity.

The Board is entrusted with the overall direction and management of the Company, including the establishment of strategies for future development, and the approval of any proposed acquisitions by the Company in pursuing its investment strategies, with the aim of enhancing shareholder value.

The Board is composed of persons who are fit and proper to direct the business of the Company with honesty, competence and integrity, all of whom are of the appropriate calibre, having the necessary skills and experience to contribute effectively to the decision-making process. All the Directors are fully aware of, and conversant with, the statutory and regulatory requirements connected to the business of the Company. The Board is accountable for its performance, and that of its delegates, to shareholders and other relevant stakeholders. The Directors acknowledge and ensure that they shall:

- exercise prudent and effective controls which enable risk to be assessed and managed to achieve continued prosperity to the Company;
- be accountable for all actions or non-actions arising from discussions and actions taken by them or their delegates;
- determine the Company's strategic aims and the organisational structure;
- regularly review management performance and ensure that the Company has the appropriate mix of financial and human resources to meet its objectives and improve the economic and commercial prosperity of the Company;
- acquire a broad knowledge of the business of the Company;
- be aware of and be conversant with the statutory and regulatory requirements connected to the business of the Company;
- allocate sufficient time to perform their responsibilities; and
- regularly attend meetings of the Board.

The Board has a structure that ensures a mix of executive and non-executive Directors and that enables the Board, and particularly the non-executive directors, to have direct information about the Company's performance and business activities.

Principle 2: Chairman and Chief Executive

The roles of Chairman and Chief Executive Officer (CEO) are carried out by different individuals Mr Christian Gernert is the Chairman of the Company and Mr Johann Schembri is the CEO of the Company. There is a clear division of responsibilities between the running of the Board and the CEO's responsibility in managing the Company's business. This separation of roles of the Chairman and the CEO avoids concentration of authority and power in one individual and differentiates leadership of the Board, from the running of the business.

The Chairman is responsible to:

- lead the Board and set its agenda;
- ensure that the Directors receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the Company;
- ensure effective communication with shareholders; and
- encourage active engagement by all Directors for discussion of complex or contentious issues.

The Board believes that these functions have been conducted in compliance with the dictates of Code provision 2.2. The Board considers that notwithstanding that the Chairman is not an independent director as recommended by the Code, the means for addressing potential conflicts of interest are suitably addressed in the statute of the Company and the terms of reference of the Audit Committee of the Company. Furthermore, the Board considers the present Chairman to be fit and proper to occupy the role.

The CEO is accountable to the Board for all business operations of the Company.

Principle 3: Composition of the Board

The Board consists of a mix of executive and non-executive, independent, members; four (4) are executive directors and three (3) are independent, non-executive directors. All directors are appointed by the shareholder, IZI Group plc. In line with the requirements of Code provision 3, the present mix of executive directors and independent non-executive directors is considered to create a healthy balance and serves to unite the shareholder's interests, whilst providing direction to the company's management to help maintain a sustainable organisation.

The independent non-executive Directors' main functions are to monitor the operations of the executive directors and their performance as well as to analyse any investment opportunities that are proposed by the executive directors. In addition, the non-executive Directors have the role of acting as an important check on the possible conflicts of interest of the executive Directors, which may exist as a result of their dual role as executive directors of the Company and their role directors as officers of IZI Group plc.

For the purpose of Rules 5.118 and 5.119, Ms Jacqueline Camilleri, Dr Stephanie Fabri and Dr Otto Karasek are the non-executive Directors who are considered independent. Each Director is mindful of maintaining independence, professionalism and integrity in carrying out his/her duties, responsibilities and providing judgement as a director of the Company.

The Board considers that, in compliance with Code provision 3.2, none of the independent Directors of the Company:

- are or have been employed in any capacity by the Company;
- have or have had, over the past three years, a significant business relationship with the Company;
- have received or receives significant additional remuneration from the Company in addition to its director's fee;
- has served on the board of the Company for more than twelve consecutive years;
- have close family ties with any of the Company's executive directors or senior employees; and
- have been within the last three years an engagement partner or a member of the audit team or past external auditor of the Company.

In terms of Code provision 3.4, each non-executive Director has declared in writing to the Board that he/she undertakes to:

- maintain in all circumstances his independence of analysis, decision and action;
- not to seek or accept any unreasonable advantages that could be considered as compromising his independence; and
- clearly express his opposition in the event that he finds that a decision of the Board may harm the Company.

Each non-executive director has complied with such an undertaking for the period under review.

The Board also believes that the independence of its Directors is not compromised because of long service or the provision of any other service to IZI Finance p.l.c. and its subsidiaries.

The Board is made up as follows:

Executive directors
Dr Christian Gernert - Chairman
Mr Johann Schembri - Executive director
Mr Franco De Gabriele - Executive director
Mr Joseph Mallia - Executive director

Independent non-executive directors
Ms Jacqueline Camilleri
Dr Stephanie Fabri
Dr Otto Karasek

Principle 4: The Responsibilities of the Board

The Board acknowledges its statutory mandate to conduct the administration and management of the Company. The Board, in fulfilling this mandate and discharging its duty of stewardship of the Company, meets on a regular basis, with such meetings usually focusing on business strategy, operational and financial performance, and assumes responsibility for the Company's strategy and decisions with respect to the issue, servicing and redemption of its bonds in issue, and for monitoring that its operations are in conformity with its commitments towards bondholders, shareholders, and all relevant laws and regulations. The Board is also responsible for ensuring that the Company establishes and operates effective internal control and management information systems and that it communicates effectively with the market.

In fulfilling its mandate, the Board:

a) defines clearly the Company's strategy, policies, management performance criteria and business policies which can be measured in a precise and tangible manner;
b) has established a clear internal and external reporting system so that the Board has continuous access to accurate, relevant and timely information such that the Board can discharge its duties, exercise objective judgment on corporate affairs and take pertinent decisions to ensure that an informed assessment can be made of all issues facing the Board;
c) establishes an Audit Committee in terms of Rules 5.117 – 5.134;
d) continuously assesses and monitors the Company`s present and future operations, opportunities, threats and risks in the external environment and current and future strengths and weaknesses;
e) evaluates management's implementation of the Company's policies, corporate strategy and financial objectives, and regularly reviews the strategy, processes and policies adopted for implementation using key performance indicators so that corrective measures can be taken to address any deficiencies and ensure the future sustainability of the Company;
f) ensures that the Company has appropriate policies and procedures in place to assure that the Company and its employees maintain the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards;
g) assesses its business risk and key performance indicators against industry norms so that the Company's performance can be effectively evaluated;
h) requires management to constantly monitor performance and report to its satisfaction, at lease on a quarterly basis, fully and accurately on the key performance indicators; and
i) ensures that the financial statements of the Company and the annual audit thereof, are completed in a timely manner.

In fulfilling its responsibilities, the Board continuously assesses and monitors the company's present and future operations, opportunities, threats and risks in the external environment, and its current and future strengths and weaknesses. The Board evaluates and reviews the implementation of the business and financial strategy of the Company.

During the period under review, the Board organised information sessions to ensure that Directors are made aware of, *inter alia*, their statutory and fiduciary duties; the Company's operations and prospects; the skills and competence of senior management; the general business environment; and the Board's expectations. The Company remains committed to ensuring that information sessions are organised by the Board on a regular basis.

The Audit Committee

The Company has established an Audit Committee in line with the requirements of the Rules. The Audit Committee's primary objective is to assist the Board in fulfilling its responsibilities: in dealing with issues of risk, control and governance; and to monitor and review the financial reporting processes, financial policies and internal control structure of the Company to ensure that the Company and its employees maintain the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards.

During the financial year under review, the Audit Committee met six (6) times. The Audit Committee has a direct link to the Board and is represented by the Chairperson of the Audit Committee in all Board meetings.

The Audit Committee is also responsible for the overview of the internal audit function. The role of the internal auditor is to carry out systematic risk-based reviews and appraisals of the operations of the Company (as well as of its subsidiaries) for the purpose of advising management and the Board, through the Audit Committee, on the efficiency and effectiveness of management policies, practices and internal controls. The function is expected to promote the application of best practices within the Company to meet stakeholders' expectations.

The Audit Committee ensures that transactions entered into between related parties (which term shall have the same meaning as in the International accounting standards adopted in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council) are carried out on an arm's length basis, on a commercial basis, and ultimately in the best interests of the Company, and that the Company, and its subsidiary, accurately report all related party transactions in the notes to the financial statements.

The Audit Committee is appointed by the Board and is composed of three (3) non-executive directors all of whom are also independent:

- Ms Jacqueline Camilleri – Chairperson and Member
- Dr. Otto Karasek – Member
- Dr. Stephanie Fabri – Member

Dr. Louis Degabriele acted as the secretary to the Audit Committee.

For the purpose of Rules 5.118 and 5.119, Ms Jacqueline Camilleri, Dr Stephanie Fabri and Dr Otto Karasek are the non-executive directors who are considered by the Board to be independent. Each director is mindful of maintaining independence, professionalism and integrity in carrying out his/her duties, responsibilities and providing judgement as a director of the Company.

The Board considers that none of the independent directors of the Company (and members of the Audit Committee):

- are or have been employed in any capacity by the Company;
- have or have had, over the past three years, a significant business relationship with the Company;
- have received or receives significant additional remuneration from the Company in addition to its director's fee;
- has served on the board of the Company for more than twelve consecutive years;
- have close family ties with any of the Company's executive directors or senior employees; and
- have been within the last three years an engagement partner or a member of the audit team or past external auditor of the Company.

Ms Jacqueline Camilleri is a non-executive Director and a qualified accountant, who the Board considers as independent and competent in accounting as required in terms of the Rules.

Internal Control and Risk Management

The Board is ultimately responsible for the Company's system of internal controls and for reviewing its effectiveness. The Directors are aware that internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Company, and can only provide reasonable, and not absolute, assurance against normal business risks.

Through the Audit Committee, the Board reviews the effectiveness of the Company's system of internal controls. During the financial year under review the Company operated a system of internal controls which provided reasonable assurance of effective and efficient operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the significant risks facing the Company.

Principle 5: Board meetings

The Directors meet regularly to dispatch the business of the Company. The Directors are notified in advance of forthcoming meetings so as to provide adequate time to Directors to prepare themselves for such meetings. Notification thereof, together with the issue of an agenda and supporting board papers, which are circulated in advance of the meeting, is carried out by the company secretary of the Company. Minutes are prepared during Board meetings recording faithfully attendance, and resolutions taken at the meeting. These minutes are subsequently circulated to all Directors as soon as practicable after the meeting. The Chairman of the Board, Mr Christian Gernert, ensures that all relevant issues are on the agenda supported by all available information, whilst encouraging the presentation of views pertinent to the subject matter and giving all Directors every opportunity to contribute to relevant issues on the agenda. The board strikes a balance between long-term strategic and short-term performance issues. The directors may, in the furtherance of their duties, take independent professional advice on any matter at the Company's expense.

The Board meets as often and frequently as required in line with the nature and demands of the business of the Company. During the year under review the Board met six (6) times to discuss, inter alia, the operations and strategy of the Company, and such meetings were attended by all of the Directors for the period under review.

Shareholders' influence is exercised at the annual general meeting of the Company, which is the highest decision-making body. All shareholders have the right to participate and to vote in the meeting. Shareholders who cannot participate in the meeting can be represented by a proxy.

Principle 6: Information and professional development

The Board believes that the Code provision 6 has been effectively met during the period under review as follows:

The Company ensures that the directors are at all times provided with the precise, timely, clear and relevant information necessary to enable them to effectively contribute to board decisions.

The Company is committed to providing adequate and detailed induction training to the directors who are newly appointed to the Board, which covers to the extent necessary the company's organisation and activities and his responsibilities as a Director, and also to those entrusted with the management of the Company, and other employees as the case may be.

The Company ensures that the Directors have access to independent professional advice, at the Company's expense where they deem necessary in order to discharge their responsibilities as directors.

All Directors have access to the advice and services of the company secretary of the Company, who is responsible to the board for ensuring that board procedures are complied with.

The Chief Executive Officer is responsible for the recruitment and appointment of senior management, and, in the performance of his role as CEO, ensures that the following systems are in place:

- a system providing for the development and training of management and employees generally so that the Company remains competitive;
- a system to provide additional training for individual Directors where necessary;
- a system to monitor management and staff morale; and
- a system to establish a succession plan for senior management.

Principle 9: Relations with shareholders and with the market

Pursuant to the Company's statutory obligations in terms of the Companies Act (Cap. 386 of the Laws of Malta) ("**Companies Act**") and the Rules, the annual report and financial statements, the election of Directors and approval of Directors' fees, the appointment of the auditors and the authorisation of the Directors to set the auditor's fees, and other special business, are proposed and approved at the Company's annual general meeting. In relation to its bondholder, the Company seeks to address the diverse information needs of its bondholders and investors by providing the market with regular, timely, accurate, comparable and comprehensive information.

Principle 11: Conflicts of interest

The Directors are fully aware of their responsibility to act in the interest of the Company and its shareholders as a whole, and accordingly, should avoid conflicts of interest at all times and ensure that his/her personal interests do not take precedence over those of the Company and its shareholders. In accordance with the provisions of article 145 of the Companies Act and in terms of article 55 of the articles of association of the Company, every Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company, or any other arrangement or proposal in which s/he has a material interest, whether direct or indirect, is under the duty to fully declare his/her interest in the relevant transaction to the Board at the first possible opportunity and s/he will not be entitled to vote on matters relating to the proposed transaction and only parties who do not have any conflict in considering the matter will participate in the consideration of the proposed transaction. The Board believes that this is a procedure that achieves compliance with both the letter and rationale of principle eleven.

Principle 12: Corporate social responsibility

The Company seeks to adhere to sound Principles of Corporate Social Responsibility in its management practices and is committed to high standards of ethical conduct and to contribute to the development of the well-being of employees and their families, stakeholders and the local community and society at large.

Towards the objective of implementing a more sustainable business model, the Board is committed towards the continued assessment of existing measures and policies to address social and governmental issues such as responsible gaming and player protection, ethical marketing, customer data integrity, cyber security and anticorruption and money laundering.

The Board is mindful of the environment and its responsibility within the community in which it operates. In carrying on its business, the Company is fully aware of and at the forefront in preserving the environment and continuously reviews its policies aimed at respecting the environment and encouraging social responsibility and accountability. During the period under review, the Company pursued its corporate social responsibility by supporting and contributing to several charitable causes.

B. NON-COMPLIANCE WITH THE CODE

In conclusion, the Board considers that the Company has generally been in compliance with the principles of the Code throughout the period under review as befits a company of this size and nature.

Non-compliance with the principles of the Code and the reasons therefore have been identified below.

Principle 4: Succession policy

The Board has not formally developed a succession policy for the future composition of the Board as recommended by Code provision 4.2.7. In practice, however, the Board are actively engaged in succession planning and involved in ensuring that appropriate schemes to recruit, retain and motivate employees and senior management are in place.

Principle 7: Evaluation of the board's performance

Under the present circumstances, the Board does not consider it necessary to appoint a committee to carry out a performance evaluation of its role, as the board's performance is always under the scrutiny of the Board itself (half of which is composed by independent non-executive directors), the Company's shareholders, the market and all of the rules and regulations to which the Company is subject as a company with its securities listed on a regulated market. Whilst the requirement under Code provision 7.1 might be useful in the context of larger companies having a more complex set-up and a larger Board, the size of the company's Board is such that it should enable it to evaluate its own performance without the requirement of setting up an *ad-hoc* committee for this purpose. The Board shall retain this matter under review over the coming year.

Principle 8: Committees

Under the present circumstances the board does not consider it necessary to appoint a remuneration committee and a nomination committee as decisions on these matters are taken at shareholder level. The Board has not appointed a Remuneration Committee in line with Code provision 8A. The Board believes that the size of the company and the Board itself does not warrant the setting up of an *ad hoc* committee to establish the remuneration packages of individual directors, and relies on the constant scrutiny of the Board itself, the company's shareholders, the market and the rules by which the Company is regulated as a listed company. The Board intends to keep under review the utility and possible benefits of having a Remuneration Committee in due course. The Board has not appointed a Nomination Committee in line with Code provision 8B as appointments to the Board are determined by the shareholders of the Company in accordance with the appointment process set out in the Company's Memorandum and Articles of Association. The Company considers that the members of the Board possess the level of skill, knowledge and experience expected in terms of the Code. Notwithstanding this, the Board intends to keep under review the matter relating to the setting up of a nomination committee.

Principle 9: Minority shareholders

Under the present circumstances, the Board does not consider that Code Provisions 9.2 – 9.4 apply to the Company given the current shareholding structure.

Principle 10: Institutional shareholders

This principle is not applicable since the Company has no institutional shareholders.

Signed on behalf of the board of directors on 19 October 2023 by Christian Gernert (chairman) and Johann Schembri as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Statements of comprehensive income

	Notes	The group		The company	
		2023 (1 year) €	**2022 (6 months) €**	**2023 (1 year) €**	**2022 (6 months) €**
Revenue	7	73,753,267	15,908,923	-	-
Other income	8	1,423,945	1,253,543	-	-
Staff costs	9	(14,055,427)	(4,979,107)	(54,590)	(29,396)
Gaming tax		(21,655,093)	(4,061,965)	-	-
Other operating expenses		(23,587,640)	(5,374,674)	(128,792)	(66,412)
Depreciation and amortisation	13, 14, 15	(16,547,776)	(1,309,873)	-	-
Operating (loss) profit	10	**(668,724)**	**1,436,847**	**(183,382)**	**(95,808)**
Impairment of goodwill	6	(755,922)	-	-	-
Finance income	11	-	-	3,477,306	351,427
Finance costs	11	(5,002,965)	(1,081,358)	(3,233,973)	(294,009)
(Loss) profit before tax		**(6,427,611)**	**355,489**	**59,951**	**(38,390)**
Tax income (expense)	12	1,852,457	(381,743)	12,550	(20,096)
(Loss) profit for the year/period		**(4,575,154)**	**(26,254)**	**72,501**	**(58,486)**
(Loss) profit for the year/period attributable to:					
Non-controlling interest		786,517	263,937	-	-
Owners of the parent		(5,361,671)	(290,191)	72,501	(58,486)
		(4,575,154)	**(26,254)**	**72,501**	**(58,486)**

Statements of financial position

	Notes	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Assets					
Non-current					
Goodwill	6	61,595,544	62,351,466	-	-
Intangible assets	13	130,180,791	142,049,060	-	-
Property plant and equipment	14	21,849,400	11,926,675	-	-
Right-of-use asset	15	44,689,878	42,275,934	-	-
Investment properties	16	1,424,975	1,181,764	-	-
Investment in subsidiaries	17	-	-	100,189,682	100,189,682
Investment in associate	17	400	400	-	-
Loans receivable	18	-	-	64,512,519	28,600,000
Other assets	19	2,939,252	2,182,439	-	236,997
Deferred tax asset	20	1,385,280	420,169	47,550	-
Trade and other receivables	22	-	197,546	27,274,126	26,916,360
		264,065,520	**262,585,453**	**192,023,877**	**155,943,039**
Current					
Loans receivable	18	-	-	5,087,481	-
Other assets	19	6,000	-	-	-
Inventories	21	875,045	271,770	-	-
Trade and other receivables	22	2,511,118	2,031,459	354,475	1,760,572
Current tax receivable		2,836	2,836	-	-
Cash and cash equivalents	23	11,568,859	18,869,268	197,558	237,770
		14,963,858	**21,175,333**	**5,639,514**	**1,998,342**
Total assets		**279,029,378**	**283,760,786**	**197,663,391**	**157,941,381**
Equity					
Share capital	24	80,000,001	80,000,001	80,000,001	80,000,001
Accumulated losses		(5,651,862)	(290,191)	14,015	(58,486)
		74,348,139	**79,709,810**	**80,014,016**	**79,941,515**
Non-controlling interest		6,995,651	6,209,134	-	-
Total equity		**81,343,790**	**85,918,944**	**80,014,016**	**79,941,515**

Statements of financial position

	Notes	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Liabilities					
Non-current					
Bank borrowings	25	41,131,363	7,720,103	35,632,565	-
Debt securities in issue	26	29,504,500	29,418,326	29,504,500	29,418,326
Trade and other payables	27	57,943,686	65,984,949	46,614,491	4,851,629
Deferred tax liability	20	8,321,392	9,208,738	-	-
Lease liabilities	15	26,809,560	23,770,083	-	-
		163,710,501	**136,102,199**	**111,751,556**	**34,269,955**
Current					
Bank borrowings	25	7,009,511	1,605,252	5,087,481	-
Trade and other payables	27	26,019,871	59,359,845	810,338	43,729,911
Lease liabilities	15	945,705	774,546	-	-
		33,975,087	**61,739,643**	**5,897,819**	**43,729,911**
Total liabilities		**197,685,588**	**197,841,842**	**117,649,375**	**77,999,866**
Total equity and liabilities		**279,029,378**	**283,760,786**	**197,663,391**	**157,941,381**

The financial statements were approved and authorised for issue by the Board of Directors on 19 October 2023. The financial statements were signed on behalf of the Board of Directors by Johann Schembri and Christian Gernert as per the Directors' Declaration on ESEF Annual Financial Report submitted in conjunction with the Annual Financial Report.

Statements of changes in equity

	Share capital €	Accumulated losses €	Attributable to the owners of the parent €	Non-controlling interest €	Total equity €
The group					
At 1 July 2022	80,000,001	(290,191)	79,709,810	6,209,134	85,918,944
Loss for the year	-	(5,361,671)	(5,361,671)	786,517	(4,575,154)
At 30 June 2023	**80,000,001**	**(5,651,862)**	**74,348,139**	**6,995,651**	**81,343,790**
Issue of share capital	80,000,001	-	80,000,001	-	80,000,001
Non-controlling interest from business combination	-	-	-	5,945,197	5,945,197
Loss for the period	-	(290,191)	(290,191)	263,937	(26,254)
At 30 June 2022	**80,000,001**	**(290,191)**	**79,709,810**	**6,209,134**	**85,918,944**
The company					
1 July 2022	80,000,001	(58,486)	79,941,515	-	79,941,515
Profit for the year	-	72,501	72,501	-	72,501
At 30 June 2023	**80,000,001**	**14,015**	**80,014,016**	**-**	**80,014,016**
Issue of share capital	80,000,001	-	80,000,001	-	80,000,001
Loss for the period	-	(58,486)	(58,486)	-	(58,486)
At 30 June 2022	**80,000,001**	**(58,486)**	**79,941,515**	**-**	**79,941,515**

Statements of cash flows

	Notes	The group 2023 (1 year) €	2022 (6 months) €	The company 2023 (1 year) €	2022 (6 months) €
Operating activities					
(Loss) profit before tax		(6,427,611)	355,489	59,951	(38,390)
Adjustments	28	22,339,572	2,379,786	(243,333)	(57,418)
Net changes in working capital	28	1,273,511	96,515	(494,807)	987,807
Tax paid		-	(25,764)	-	-
Net cash from (used in) operating activities		**17,185,472**	**2,806,026**	**(678,189)**	**891,999**
Investing activities					
Payments to acquire subsidiaries		-	(1,282,553)	-	(1,472,555)
Payments to acquire intangible assets		(42,372,499)	(2,292,333)	-	-
Payments to acquire property, plant and equipment		(13,087,963)	(9,328,629)	-	-
Loan advanced to subsidiaries		-	-	(41,000,000)	(28,600,000)
Bank guarantees		-	211,403	-	-
Payments to acquire investment properties		(243,211)	(38,276)	-	-
Interest received		-	-	3,828,733	-
Net cash used in investing activities		**(55,703,673)**	**(12,730,388)**	**(37,171,267)**	**(30,072,555)**
Financing activities					
Net proceeds from issue of bonds		-	29,418,326	-	29,418,326
Net proceeds from bank loans		40,917,050	-	40,917,050	-
Repayment of bank loans		(1,904,527)	(914,645)	-	-
Repayment of lease liabilities		(1,049,212)	(249,317)	-	-
Repayment of amounts due to shareholder		(2,450,658)	-	-	-
Interest paid on lease liabilities		(1,041,107)	(559,591)	-	-
Interest paid		(3,253,754)	(444,613)	(3,107,806)	-
Net cash from financing activities		**31,217,792**	**27,250,160**	**37,809,244**	**29,418,326**
Net change in cash and cash equivalents		**(7,300,409)**	**17,325,798**	**(40,212)**	**237,770**
Cash and cash equivalents from business combination		-	1,543,470	-	-
Cash and cash equivalents, beginning of year/period		18,869,268	-	237,770	-
Cash and cash equivalent, end of year/period	23	**11,568,859**	**18,869,268**	**197,558**	**237,770**

Notes to the financial statements

1 Nature of operations

The principal activities of IZI Finance p.l.c. and subsidiaries (collectively referred to as the 'group') are to manage and operate casinos, the national lottery, and electronic gaming machines (EGM), sports betting, online gaming, commercial bingo and immovable property situated in Malta.

2 General information and statement of compliance with International Financial Reporting Standards (IFRS)

IZI Finance p.l.c. (the 'company'), the group's parent company, is a public limited liability company incorporated and domiciled in Malta. It was registered with the Malta Financial Services Authority on the 30th day of December 2021. The address of the company's registered office, which is also its principal place of business, is Portomaso Business Tower, Level 11 Portomaso, St. Julian's, Malta.

The company forms part of the IZI Group of companies and its parent company is IZI Group plc, which is of the same registered office. IZI Group plc also draws up consolidated financial statements of which the group forms part.

The financial statements of the company and the consolidated financial statements of the group have been prepared in accordance with IFRS as adopted by the European Union (EU), and in accordance with the Companies Act, Cap 386.

3 Going concern

The going concern basis underlying the preparation of these financial statements assumes that the company's and the group's lenders and creditors will continue to provide the financial support necessary to enable the company and the group to finance their investments and to meet their debts as they fall due.

In the year under review, the group generated positive cash flows of € 17.19 million, a € 14.38 million increase from previous year. In 2023, the group made significant strategic investments in fixed assets particularly in operating equipment, store refurbishments and the acquisition of a site on which the group intends to consolidate all its operations in the future. The majority of these investments were paid by the group from cash generated from operations. The group's and the company's working capital positions as at the end of the reporting period reflect deficits of € 19.01 million (€ 40.56 million and € 258,000 (2022: € 41.73 million), respectively.

Management has performed an assessment incorporating cash flows to be generated from operations during the period 2023 – 2024 and actual cash outflows including interest and other changes. Management has built its assessment on the actual performance of the group and the projected growth in revenues for the said period.

Moreover, the directors are adopting additional measures to ensure that the group will continue to translate the positive operating cash flows into adequate levels of funding to sustain its growth operations and prospective investments. This will be realised through a concerted effort to realise efficiency gains through consolidation of functions, streamlining of operating expenditure and performance optimisation across all subsidiaries. In parallel, the group will also consider aligning its payment commitments to its projected inflows to adequately match the timing of the respective cash flows.

These measures together with the continued improvement in the operating performances of the group's investments are expected to maintain adequate funding levels to enable the group and the company to meet its financial obligations and sustain its growth efforts going forward.

Based on the foregoing, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Consequently, these financial statements do not include any adjustments that may be necessary should the directors' expectation materialise.

4 New or revised Standards or Interpretations

4.1 New standards adopted

Some accounting pronouncements which have become effective for annual periods beginning on or after 1 January 2022 and have therefore been adopted do not have a significant impact on the group's financial results or position.

4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the group's financial statements.

5 Summary of accounting policies

5.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement basis specified by IFRS as adopted by the EU for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

The significant accounting policies have been consistently applied by the group and are consistent with those used by the subsidiaries in previous years.

The financial information has been prepared from the audited financial statements of the companies comprising the group (see note 17).

5.2 Presentation of financial statements

The consolidated financial statements are presented in accordance with IAS 1 *Presentation of Financial Statements (Revised 2007).* The group has elected to present statements of comprehensive income.

5.3 Basis of consolidation

The group financial statements consolidate those of the company and all of its subsidiary undertakings drawn up to 30 June 2023. All subsidiaries have a reporting date of 30 June.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

All transactions and balances between group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

The consolidated financial statements have been prepared from the financial statements of the companies as set out in note 17.

5.4 Business combination

The group applies the acquisition method in accounting for business combinations. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in the statements of comprehensive income.

A merger of entities under common control is accounted for by applying the pooling of interests method (predecessor accounting). Under this method, the financial statement items of the combining entities for the period in which the combination occurs and for any comparative periods disclosed are included in the financial statements of the company (the acquirer) as if they had been combined from the beginning of the earliest period presented. Any difference between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is adjusted against reserves.

5.5 Foreign currency translation

Functional and presentation currency

The financial statements are presented in euro (€), which is also the group's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the group using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statements of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

5.6 Segment reporting

The group has four operating segments: casino and catering, retail gaming, online gaming and real estate. In identifying these operating segments, management generally follows the group's service lines representing its main products (see Note 7).

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

For management purposes, the group uses the same measurement policies as those used in its financial statements, except for certain items not included in determining the operating profit of the operating segments.

5.7 Revenue

Revenue comprises revenue from gaming activities and food and beverages.

To determine whether to recognise revenue, the group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from contracts with customers is recognised when performance obligations have been satisfied and the consideration to which the group expects to be entitled to can be measured reliably.

The group evaluates all contractual arrangements it enters into and evaluates the nature of the promised goods or services, and rights and obligations under the arrangement, in determining the nature of its performance obligations. Where such performance obligations are capable of being distinct and are distinct in the context of the contract, the consideration the group expects to be entitled under the arrangement is allocated to each performance obligation based on their relative stand-alone selling prices. Revenue is recognised at an amount equal to the transaction price allocated to the specific performance obligation when it is satisfied, either at a point in time or over time, as applicable, based on the pattern of transfer of control.

Gaming revenue

The group recognises revenues as the net win from gaming activities, which is the difference between bets placed less players winnings.

The following specific recognition criteria must also be met before revenue is recognised:

Draw-based games

Revenue from draw-based games is recognised on the sale of tickets net client winnings.

Gaming tables

Revenue from gaming tables is recognised on the closure of the individual tables and represents the increase or decrease in each table's position after the settlement of client winnings.

Electronic Gaming Machines

Revenue from EGM's is recognised when machine counts are carried out and represents the increase or decrease in each machine's position net of client winnings.

Sports betting

Revenue from sportsbook is recognised on gains and losses in respect of bets placed on live sporting events.

Bingo

Revenue from bingo is recognised on the sale of bingo tickets less clients' winnings.

Food and beverage revenues

Revenue from the sale of food and beverages is recognised when the food and beverage service is consumed by the customer.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

5.8 Operating expenses

Operating expenses are recognised in the statements of comprehensive income upon utilisation of the service or at the date of their origin.

5.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in 'finance costs'.

5.10 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 5.14 for a description of impairment testing procedures.

5.11 Other intangible assets

Intangible assets include acquired software licences, concession fee, trademarks and domain and key money. They are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 5.14. The following rates are applied:

	%
Concession fee	10
Software	15
Key money	10

Concession fee is written off to the statements of comprehensive income by equal annual instalments over the term of the concession.

Acquired software is capitalised on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining computer software are expensed as incurred.

Trademark acquired in a business combination that qualifies for separate recognition is recognised as intangible asset at fair value.

5.12 Property, plant and equipment

Items of property, plant and equipment, except for land, are carried at acquisition cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment as follows:

	%
Gaming equipment	10 – 20
Office and computer equipment	15 – 33
Furniture, electrical and sanitary fittings	12.5 – 33
Plant and machinery	20
Motor vehicle	20
Others	20-33

In the case of leasehold property, expected useful life is of 10 years or over the term of the lease, if shorter.

Land owned is stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

As land does not have a finite useful life, related carrying amounts are not depreciated.

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statements of comprehensive income within other income or other expenses.

5.13 Investment property

Investment property comprises an arable land currently held for undetermined future use, a shop and asset under construction for the purpose of earning rental once completed. They are accounted for using the cost model.

The land is carried at its purchase price and directly attributable expenditure such as professional fees for legal services, property transfer taxes and other transaction costs.

As no finite useful life for land can be determined, related carrying amounts are not depreciated. Depreciation on asset under construction does not commence until they are complete and available for use.

5.14 Impairment of goodwill, other intangible assets, property, plant and equipment, and investment property

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the greater of its fair value less costs to sell and its value in use. To determine the value in use, the group's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the group's management.

Impairment losses are recognised immediately in the statements of comprehensive income. Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

5.15 Leased assets

The group as a lessee

The group makes the use of leasing arrangements principally for its land-based casino, retail shops and office space. The rental contracts for offices are typically negotiated for terms of between 3 and 20 years and some of these have extension terms. Lease terms for office fixtures and equipment and motor vehicles have lease terms of between 6 months and 6 years without any extension terms. The group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the group assesses whether the contract meets three key evaluations which are, whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the group;
- the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the group has the right to direct the use of the identified asset throughout the period of use. The group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the group recognises a right of use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the commencement date (net of any incentives received).

Subsequent to initial measurement, right-of-use assets of emphyteutic deed are stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers annually or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss (note 5.14) has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of right-of-use assets are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

The group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At lease commencement date, the group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statements of financial position, right-of-use assets and lease liabilities have been presented separately.

Finance lease

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the assets value and whether the group obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite useful life.

Finance lease as lessee or property

Leases of motor vehicle where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are classified at the lease's inception at the fair value of the leased property or, if lower, the present value of minimum lease payments. The corresponding rental obligations, net of finance lease charges, are included in other short-term and long-term trade and other payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicles or property acquired under finance leases are depreciated over the assets' useful lives or over the shorter of the assets' useful lives and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

5.16 Investment in subsidiaries

Investment in subsidiaries is included in the company's statement of financial position at cost less any impairment loss that may have arisen. Income from investment in subsidiaries is recognised only to the extent of distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as a recovery of the investment and are recognised as a reduction of the cost of the investment.

At each reporting date the company reviews the carrying amount of its investment in subsidiaries to determine whether there is any indication of impairment and, if any such indication exists, the recoverable amount of the investments is estimated. An impairment loss is the amount by which the carrying amount of an investment exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. An impairment loss that has been previously recognised is reversed if the carrying amount of the investment exceeds its recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the investment does not exceed the carrying amount that would have been determined if no impairment loss had been previously recognised. Impairment losses and reversals are recognised immediately in the statement of comprehensive income.

5.17 Investment in associate

Associate is an entity over which the group is able to exert significant influence, but which is neither subsidiary nor a joint venture. Investment in associate is initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the group's share in the associate is not recognised separately and is included in the amount recognised as investment in associate.

The carrying amount of the investment in associate is increased or decreased to recognise the group's share of the profit or loss and other comprehensive income of the associate. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustment of assets and liabilities.

5.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of ordinarily interchangeable items are assigned using weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

5.19 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

The group and the company do not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in the statements of comprehensive income are presented within 'finance costs' or 'finance income'.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, loans and receivables fall into this category of financial instruments.

Trade and other receivables

The group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The group assess impairment of trade receivables on a collective basis as they possess share credit risk characteristics.

Classification and measurement of financial liabilities

The group's financial liabilities include borrowings, lease liabilities and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the group designates a financial liability at fair value through profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statements of comprehensive income are included within 'finance costs' or 'finance income'.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

5.20 Income taxes

Tax expense recognised in the income statement comprises the sum of deferred tax and current tax not recognised directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income. This is assessed based on the group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

5.21 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand and at bank.

5.22 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include current and prior period results.

5.23 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts. Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.24 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Use of available information and application of judgement are inherent in making estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Except as disclosed below, in the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Significant management judgement

The following is a significant management judgement in applying the accounting policies of the group that has the most significant effect on the financial statements.

Recognition of deferred tax asset

The assessment of the probability of future taxable income in which deferred tax asset can be utilised is based on the group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is usually recognised in full.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Determining whether an arrangement contains a lease

The group uses its judgement in determining whether an arrangement contains a lease, based on the substance of the arrangement and makes assessment of whether it is dependent in the use of a specific asset or assets, conveys a right to use the asset and transfers substantially all the risks and rewards incidental to ownership to/from the group.

In the opinion of the directors, the accounting and estimates made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful life of depreciable assets

Management reviews its estimate of useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain plant and equipment.

Leases - Estimating the incremental borrowing rate

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity's stand-alone credit rating).

Impairment of intangible assets including goodwill and tangible assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see note 5.14). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The group tests goodwill and intangible assets with an indefinite useful life annually for impairment or more frequently if there are indications that goodwill or intangibles might be impaired. Determining whether the carrying amounts of these assets can be realised requires an estimation of the recoverable amount of the cash generating units. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Goodwill arising on a business combination is allocated, to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

Furthermore, following an in-depth review of the projections, management opted to include an execution risk premium (based on their professional judgement) to mitigate the current forecasting uncertainty and to obtain added comfort that the carrying value of the intangible assets is indeed recoverable.

For further details, refer to note 6 of these financial statements.

CGUs – Casino, Lottery and Online Gaming

The recoverable amounts of the CGUs are determined from their value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and intangible assets includes:

- forecasted cash flow projections for the next ten years and projection of terminal value using the perpetuity method except for Dragonara Gaming Limited where cash flows were forecasted until the end of the sub emphyteusis;
- growth rates to perpetuity of 2.02% (2022: 1.9%); and
- use of 8%-8.3% (2022: 8%) (pre-tax) to discount the projected cash flows to net present values.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

CGU – Property holding entities

The recoverable amount of the property which is expected to generate rental revenue is determined from the value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The assessment of recoverability of the carrying amount of goodwill and the investments held by the company includes:

- forecasted cash flow projections for the next ten years and projection of terminal value using the perpetuity method;
- growth rates to perpetuity of 2.02% (2022: 1.9%); and
- use of 4.8% (2022: 4.5%) (pre-tax) to discount the projected cash flows to net present values.

The recoverable amount of property which comprises land and which is carried at cost is determined by reference to market value.

Based on the above assessment, the directors expect the carrying amount of goodwill and intangible assets with an indefinite useful life to be recoverable.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by expiry, obsolescence or other market-driven changes that may reduce future selling prices.

6 Acquisition of subsidiaries

On 30 December 2021, IZI Finance p.l.c. acquired the equity instruments of the following companies:

Company	**Percentage of shares acquired**	**Nature of business**
Peninsula Gaming Group Limited	60% of ordinary shares	Holding company and owner of the Dragonara Casino through a subsidiary named Dragonara Gaming Limited. The company also owns Dragonara Catering Limited, operator of catering and other ancillary services supporting the Dragonara Casino and Dragonara Interactive Limited, operator of an online casino portal.
St. George Develpments Limited	99.98% of ordinary shares	Owner of an investment property.
Pinnacle IP Limited	100% of ordinary shares	Owner of the intellectual property controlled by the company.
O2 Estates Limited	99.92% of ordinary shares	Owner of an investment property.
IZI Interactive Limited	99.99% of ordinary shares	Operator of online sports betting and casino portal.
Gaming Operations Limited	99.99% of ordinary shares	Merged with National Lottery plc effective from 1 July 2022.

Company	Percentage of shares acquired	Nature of business
National Lottery plc	100% of ordinary shares	Holds a concession to operate the national lottery of Malta.

The details of the business combination are as follows:

	€
Fair value of consideration transferred	
Ordinary shares issued	80,000,000
Deferred consideration	6,134,220
Novation of intercompany balances	13,865,462
Total	**99,999,682**
Recognised amounts of identifiable assets	
Intangible assets	31,559,315
Property, plant and equipment	3,175,831
Right-of-use assets	41,887,348
Investment properties	1,143,488
Investment in associate	400
Other non-current assets	863,683
Deferred tax asset	797,298
Total non-current assets	**79,427,363**
Inventories	271,877
Trade and other receivables	954,024
Cash and cash equivalents	1,543,470
Total current assets	**2,769,371**
Bank borrowings	(8,622,091)
Deferred tax liability	(9,204,091)
Other non-current liabilities	(2,971,219)
Lease liability	(23,750,486)
Total non-current liabilities	**(44,547,887)**
Bank borrowings	(1,617,909)
Trade and other payables	(6,280,060)
Tax payable	(22,928)
Total non-current liabilities	**(7,920,897)**
Identifiable net assets	**29,727,950**
Non-controlling interest	(5,945,196)
Net assets acquired	**23,782,754**
Novation of intercompany balances	**13,865,462**
Goodwill on acquisition	**62,351,466**

Consideration transferred

The company acquired the subsidiaries through a share for share exchange plus a deferred consideration of € 6,134,220 and novation of intercompany balances of € 13,865,462. As at 30 June 2023, € 3,748,249 (2022: € 1,282,554) of the deferred consideration has been paid.

Goodwill

Goodwill is primarily growth expectations, expected future profitability, the substantial skill and expertise of the workforce and expected cost synergies. Goodwill has been allocated to the following segments.

	2023 €	2022 €
Goodwill allocated to operating segments		
Casino and catering	9,284,960	9,284,960
Retail gaming	48,910,530	48,910,530
Online gaming	3,164,218	3,164,218
Real estate	991,758	991,758
Total	**62,351,466**	**62,351,466**

The recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed ten-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using a declining growth rate determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

	2023 €	2022 €
Recoverable amount of each operating segment		
Casino and catering	21,250,000	18,202,898
Retail gaming	71,617,000	78,528,475
Online gaming	3,636,000	3,164,218
Real estate	235,836	991,758
Total	**96,738,836**	**100,887,349**

The movement in the net carrying amount of goodwill are as follows:

	2023 €	2022 €
Gross carrying amount		
Balance at 1 July 2022, 2021	62,351,466	-
Acquired through business combination	-	62,351,466
Balance at 30 June	**62,351,466**	**62,351,466**
Accumulated impairment		
Balance at 1 July 2022, 2021	-	-
Impairment loss recognised	(755,922)	-
Balance at 30 June	**(755,922)**	**-**
Net carrying amount at 30 June	**61,595,544**	**62,351,466**

7 Segment reporting

Management currently identifies the group's four revenue streams as its operating segments (see Note 5.6). The group's Chief Operating Decision Maker (CODM) is the chief executive officer, and he monitors the performance of these operating segments as well as deciding on the allocation of resources to them. Segmental performance is monitored using adjusted segment operating results.

Segment information for the reporting periods presented are as follows:

	The group	
	2023	2022
	(1 year)	(6 months)
	€	€
Casino and catering	47,291,320	10,327,653
Retail gaming	23,866,566	4,619,725
Online gaming	2,595,381	961,545
	73,753,267	**15,908,923**

8 Other income

Other income for the reporting periods presented are as follows:

	The group	
	2023	2022
	(1 year)	(6 months)
	€	€
Covid-19-supplement	42,064	942,111
Gratuity income	426,024	182,923
Insurance income	488,293	-
Others	467,564	128,509
	1,423,945	**1,253,543**

9 Staff costs

	The group		The company	
	2023	2022	2023	2022
	(1 year)	(6 months)	(1 year)	(6 months)
	€	€	€	€
Salaries and wages	12,853,057	4,461,863	1,767,499	28,996
Social security	710,307	161,925	40,692	200
Other staff costs	492,063	355,319	590	200
	14,055,427	**4,979,107**	**1,808,781**	**29,396**
Salaries and wages recharged to subsidiaries	-	-	(1,754,191)	-
	14,055,427	**4,979,107**	**54,590**	**29,396**

The average full time equivalent persons employed for the reporting periods presented were:

	The group		The company	
	2023	2022	2023	2022
	(1 year)	(6 months)	(1 year)	(6 months)
	No.	No.	No.	No.
Administration	53	37	18	1
Hospitality and gaming	402	250	1	-
Security and surveillance	21	26	-	-
	476	**313**	**19**	**1**

In addition to the above, the group had for the period ended 30 June 2023 average full time equivalent persons seconded or outsourced of 24 (2022: 22).

10 Operating (loss) profit

The operating (loss) profit is stated after charging:

	The group		The company	
	2023	2022	2023	2022
	(1 year)	(6 months)	(1 year)	(6 months)
	€	€	€	€
Directors' remuneration	90,000	22,500	54,000	22,500
Auditor's remuneration	145,553	128,620	22,420	22,420
Non-audit services	25,901	76,700	-	-

11 Finance income and finance costs

The following amounts may be analysed as follows for the reporting periods presented:

	The group		The company	
	2023	2022	2023	2022
	(1 year)	(6 months)	(1 year)	(6 months)
	€	€	€	€
Finance income				
Interest income charged to subsidiaries	-	-	3,477,306	351,427
	-	**-**	**3,477,306**	**351,427**
Finance costs				
Interest expense for borrowings at amortised costs:				
- Bank loans	(2,291,213)	(227,758)	(1,872,799)	-
- Bonds	(1,361,174)	(294,009)	(1,361,174)	(294,009)
Interest expense for leasing arrangements	(1,350,578)	(559,591)	-	-
	(5,002,965)	**(1,081,358)**	**(3,233,973)**	**(294,009)**

12 Tax income (expense)

The relationship between the expected tax income (expense) based on the effective tax rate of IZI Finance p.l.c. at 35% and the tax expense actually recognised in the statements of comprehensive income can be reconciled as follows:

	The group		The company	
	2023 (1 year) €	2022 (6 months) €	2023 (1 year) €	2022 (6 months) €
(Loss) profit before tax	(5,748,895)	355,489	59,951	(38,390)
Tax rate	35%	35%	35%	35%
Expected tax income (expense)	**2,012,113**	**(124,421)**	**(20,983)**	**13,437**
Adjustments for:				
Non-deductible expenses	(127,689)	(179,014)	-	(33,533)
Non-taxable income	168	(383)	-	-
Other timing differences	(202,206)	(65,056)	-	-
Movement of deferred tax asset not recognised	(12,915)	(12,869)	-	-
Under provision in prior year deferred tax	(54,565)	-	33,533	-
Actual tax income (expense), net	**1,852,457**	**(381,743)**	**12,550**	**(20,096)**
Comprising:				
Current tax expense	-	-	-	(20,096)
Deferred tax expense	1,852,457	(381,743)	12,550	-
	1,852,457	**(381,743)**	**12,550**	**(20,096)**

Refer to note 20 for information on the group's deferred tax asset and liability.

13 Intangible assets

Details of the group's intangible assets and their carrying amounts are as follows:

The group	Concession fee €	Software €	Trademark and domain €	Key money €	Work-in-progress €	Total €
Gross carrying amount						
Balance at 1 July 2022	106,515,277	5,682,761	29,204,149	732,600	-	142,134,787
Additions	-	562,329	42,000	120,225	-	724,554
Adjustment*	-	(846,360)	-	-	-	(846,360)
Balance at 30 June 2023	**106,515,277**	**5,398,730**	**29,246,149**	**852,825**	**-**	**142,012,981**
Amortisation						
Balance at 1 July 2022	75,000	10,727	-	-	-	85,727
Charge for the year	10,657,778	1,000,985	-	87,700	-	11,746,463
Balance at 30 June 2023	**10,732,778**	**1,011,712**	**-**	**87,700**	**-**	**11,832,190**
Carrying amount at 30 June 2023	**95,782,499**	**4,387,018**	**29,246,149**	**765,125**	**-**	**130,180,791**
Gross carrying amount						
Acquisition of subsidiaries	1,437,500	911,040	29,000,000	-	210,775	31,559,315
Additions	105,077,777	4,691,616	73,479	732,600	-	110,575,472
Transfers	-	80,105	130,670	-	(210,775)	-
Balance at 30 June 2022	**106,515,277**	**5,682,761**	**29,204,149**	**732,600**	**-**	**142,134,787**
Amortisation						
Charge for the year	75,000	10,727	-	-	-	85,727
Balance at 30 June 2022	**75,000**	**10,727**	**-**	**-**	**-**	**85,727**
Carrying amount at 30 June 2022	**106,440,277**	**5,672,034**	**29,204,149**	**732,600**	**-**	**142,049,060**

*Adjustment relates to the reversal of software cost and the corresponding liability, therefore, there was no effect on profit and loss.

Casino concession

On 28 July 2021, the group through Dragonara Gaming Limited, was granted by Ministry for the Economy and Industry (the 'Ministry') a new 10-year concession to operate the Dragonara Casino. Dragonara Casino obtained the licence to operate from the Malta Gaming Authority commencing from 1 August 2021 and expiring on 31 July 2031.

The group paid an initial concession fee of €1.5 million. In addition to the initial concession fee, the group shall also pay the Ministry an additional fee of €11.1 million payable in three instalments spread over a period of three years as follows:

(i) The first payment of €3.7 million shall be due at the end of the first 12-calendar months from 1 August 2021 and payable by not later than 45 days therefrom.
(ii) The second payment of €3.7 million shall be due at the end of the second 12-calendar months following the due date of the first payment and payable by not later than 45 days therefrom.
(iii) The third and final payment of €3.7 million shall be due at the end of the third 12-calendar months following the due date of the second payment and payable by not later than 45 days therefrom.

The additional fees will be waived by the Ministry in the event that qualifying contributions (i.e., licence fees, gaming levies and/or gaming taxes) paid in relation to the land-based casino equals or exceeds the sum of €3.7 million before the expiry of each of the 45 days mentioned in relation to the first, second and third payments above. If the qualifying contributions paid in relation to the land-based casino is less than €3.7 million in any of the 12-calendar month, the group shall pay the difference between the €3.7 million and the qualifying contributions paid.

The total gaming taxes paid by the group in relation to the land-based casino exceeded €3.7 million in 2022 and 2023. Therefore, the 1st and 2nd payments of €3.7 million each has been waived by the Ministry.

National lottery concession

On 10 March 2022, the group, through its subsidiary namely National Lottery plc, was awarded a concession to manage and operate the National lottery of Malta for a period of 10- years commencing from the 5 July 2022 until the 4 July 2032.

All amortisation charges are included within 'depreciation and amortisation' in the statements of comprehensive income.

14 Property, plant and equipment

Details of the group's property, plant and equipment and their carrying amounts are as follows:

The group	Land	Leasehold improvements	Gaming equipment	Office and computer equipment	Furniture, electrical and sanitary fittings	Plant and machinery	Motor vehicle	Work-in-progress	Others	Total
	€	€	€	€	€	€	€	€	€	€
Gross carrying amount										
Balance at 1 July 2022	-	287,676	7,572,359	2,214,200	1,498,388	237,776	150,653	520,087	14,808	12,495,947
Additions	4,250,096	55,048	4,544,700	1,853,473	877,749	215,981	109,155	1,518,904	112,857	13,537,963
Remeasurement of lease liability	-	-	-	-	-	-	56,282	-	-	56,282
Reclassifications	-	-	-	-	70,668	88,188	-	(158,856)	-	-
Adjustments*	-	-	(192,960)	(157,398)	-	-	-	-	-	(350,358)
Balance at 30 June 2023	**4,250,096**	**342,724**	**11,924,099**	**3,910,275**	**2,446,805**	**541,945**	**316,090**	**1,880,135**	**127,665**	**25,739,834**
Depreciation										
Balance at 1 July 2022	-	38,130	223,728	122,703	145,644	21,385	14,971	-	2,711	569,272
Charge for the year	-	79,484	2,024,191	716,494	334,783	66,545	78,912	-	20,753	3,321,162
Balance at 30 June 2023	**-**	**117,614**	**2,247,919**	**839,197**	**480,427**	**87,930**	**93,883**	**-**	**23,464**	**3,890,434**
Carrying amount at 30 June 2023	**4,250,096**	**225,110**	**9,676,180**	**3,071,078**	**1,966,378**	**454,015**	**222,207**	**1,880,135**	**104,201**	**21,849,400**

14 Property, plant and equipment

The group	Land	Leasehold improvements	Gaming equipment	Office and computer equipment	Furniture, electrical and sanitary fittings	Plant and machinery	Motor vehicle	Work-in-progress	Others	Total
	€	€	€	€	€	€	€	€	€	€
Gross carrying amount										
Acquisition of subsidiaries	-	254,340	866,566	520,408	789,260	155,764	150,653	425,006	13,833	3,175,830
Additions	-	27,436	6,705,793	1,686,667	668,403	82,012	-	148,831	975	9,320,117
Reclassification	-	5,900	-	7,125	40,725	-	-	-53,750	-	-
Balance at 30 June 2022	**-**	**287,676**	**7,572,359**	**2,214,200**	**1,498,388**	**237,776**	**150,653**	**520,087**	**14,808**	**12,495,947**
Depreciation										
Charge for the year	-	38,130	223,728	122,703	145,644	21,385	14,971	-	2,711	569,272
Balance at 30 June 2022	**-**	**38,130**	**223,728**	**122,703**	**145,644**	**21,385**	**14,971**	**-**	**2,711**	**569,272**
Carrying amount at 30 June 2022	**-**	**249,546**	**7,348,631**	**2,091,497**	**1,352,744**	**216,391**	**135,682**	**520,087**	**12,097**	**11,926,675**

*Adjustment relates to the reversal of property, plant and equipment costs and the corresponding liability, therefore, there was no effect on profit and loss.

Motor vehicles include the following amounts where the group is a lessee under finance leases.

	The group	
	2023	2022
	€	€
Costs	422,892	149,078
Accumulated depreciation	(231,057)	(13,621)
	191,835	**135,457**

All depreciation and impairment charges are included within 'depreciation and amortisation' in the statements of comprehensive income.

15 Leases

15.1 Right-of-use asset

The group	**Emphyteusis deed**	**Leased property**	**Total**
	€	**€**	**€**
Gross carrying amount			
Balance at 1 July 2022	36,612,815	6,317,993	42,930,808
Additions	-	3,864,665	3,864,665
Remeasurement of lease liability	-	29,430	29,430
Balance at 30 June 2023	**36,612,815**	**10,212,088**	**46,824,903**
Depreciation and impairment			
Balance at 1 July 2022	292,497	362,377	654,874
Charge for the year	589,751	890,400	1,480,151
Balance at 30 June 2023	**882,248**	**1,252,777**	**2,135,025**
Carrying amount at 30 June 2023	**35,730,567**	**8,959,311**	**44,689,878**
Gross carrying amount			
Acquisition of subsidiaries	36,612,815	5,274,533	41,887,348
Additions	-	1,043,460	1,043,460
Balance at 30 June 2022	**36,612,815**	**6,317,993**	**42,930,808**
Depreciation and impairment			
Charge for the year	292,497	362,377	654,874
Balance at 30 June 2022	**292,497**	**362,377**	**654,874**
Carrying amount at 30 June 2022	**36,320,318**	**5,955,616**	**42,275,934**

15.2 Lease liabilities

The group leases motor vehicles, casino premises, commercial properties and office space. Lease liabilities included in the statements of financial position are as follows:

	The group 2023 €	2022 €
Non-current	26,809,560	23,770,083
Current	945,705	774,546
	27,755,265	**24,544,629**

Each lease generally imposes a restriction that, unless there is a contractual right for the group to sublet the asset to another party, the right-of-use asset can only be used by the group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The group is prohibited from lending or transferring the underlying leased assets. Upon termination, the right-of-use assets shall be returned to the lender in as good a condition as when received by the group, except for reasonable wear and tear. The group shall ensure that these assets are at all times kept in a good state of repair and return the premises in their original condition at the end of the lease.

Right-of-use assets	No of right-of-use assets leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with termination options
Casino	1	62 years	62 years	-	-
Gaming premises	63	1 – 15 years	10 years	-	63
Commercial properties	3	1 - 23 years	16 years	-	2

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2023 and 2022 were as follows:

	The group 2023 €	2022 €
Lease payments		
- not later than one year	1,956,857	1,602,532
- later than one year and not later than five years	7,852,121	5,801,339
- later than five years	71,918,995	70,290,665
	81,727,973	**77,694,536**
Finance charges		
- not later than one year	1,336,097	1,168,970
- later than one year and not later than five years	5,462,038	4,527,403
- later than five years	47,174,573	47,453,534
	53,972,708	**53,149,907**
Net present values		
- not later than one year	620,760	433,562
- later than one year and not later than five years	2,390,083	1,273,936
- later than five years	24,744,422	22,837,131
	27,755,265	**24,544,629**

16 Investment properties

Details of the group's investment properties and their carrying amounts are as follows:

The group	Land	Shop	Asset under construction	Total
	€	€	€	€
Gross carrying amount				
Balance at 1 July 2022	216,129	-	965,635	1,181,764
Additions	-	120,000	123,211	243,211
Balance at 30 June 2023	**216,129**	**120,000**	**1,088,846**	**1,424,975**
Gross carrying amount				
Acquisition of subsidiaries	216,129	-	927,359	1,143,488
Additions	-	-	38,276	38,276
Balance at 30 June 2022	**216,129**	**-**	**965,635**	**1,181,764**

The group holds a 30 (thirty) year temporary emphyteusis of a property situated in Malta. As part of the agreement, the group binds itself to demolish the existing property and to construct a block of buildings to earn rentals. The construction is not yet completed during the period under review.

The directors believe that the fair value of the investment property did not significantly change from the time it was acquired until period end.

During the period, no revenue was received from investment properties.

17 Investment in subsidiaries and associate

17.1 Investment in subsidiaries

The amount stated in the statements of financial position is analysed as follows:

	The company	
	2023	2022
	€	€
Balance at 1 July 2022, 2021	100,189,682	-
Acquisition of subsidiaries	-	99,999,682
Additions	-	190,000
Balance at 30 June	**100,189,682**	**100,189,682**

On 23 May 2022, the company acquired an additional 190,000 ordinary shares at € 1 each in National Lottery plc.

Set out below are the details of the subsidiaries held directly by the group:

Subsidiary companies	**Registered office**	**Percentage holding in ordinary shares**				**Nature of business**
		The group		**The company**		
		2023 %	**2022 %**	**2023 %**	**2022 %**	
Dragonara Catering Limited	Dragonara Casino Complex, Dragonara Road, St Julian's, Malta	60	60	-	-	Catering services
Dragonara Gaming Limited	Dragonara Casino Complex, Dragonara Road, St Julian's, Malta	60	60	-	-	Casino
Dragonara Interactive Limited	Dragonara Casino Complex, Dragonara Road, St Julian's, Malta	60	60	-	-	Online gaming
Gaming Operations Limited	Level 11, Portomaso Business Tower, St Julian's, Malta	-	99.99	-	99.99	Merged with National Lottery plc effective from 1 July 2022.
Peninsula Gaming Group Limited	Level 11, Portomaso Business Tower, St Julian's, Malta	60	60	60	60	Investment
IZI Interactive Limited	Level 11, Portomaso Business Tower, St Julian's, Malta	99.99	99.99	99.99	99.99	Online gaming
St. George Developments Limited	Level 11, Portomaso Business Tower, St Julian's, Malta	99.99	99.99	99.99	99.99	Immovable property
O2 Estates Limited	Level 11, Portomaso Business Tower, St Julian's, Malta	99.99	99.99	99.99	99.99	Immovable property
Pinnacle IP Limited	Level 11, Portomaso Business Tower, St Julian's, Malta	100	100	100	100	Intellectual property and marketing arm
National Lottery plc	Level 11, Portomaso Business Tower, St Julian's, Malta	100	100	100	100	Holds the concession to manage and operate the national lottery of Malta.

17.2 Investment in associate

The group also has indirect investment in associate through St. George Developments Limited as follows:

Associate company	Registered office	Percentage holding in ordinary shares				Nature of business
		The group		The company		
		2023	2022	2023	2022	
		%	%	%	%	
Confident Limited	1A, Triq Wied Ghomor, St Julian's, Malta	22.22	22.22	-	-	Immovable property

The group holds 22.22% voting and equity interest in Confident Limited engaged in purchasing, selling development and improving land and building for investment purposes. These shares are not publicly listed on a stock exchange and hence published price quotes are not available.

17.3 Subsidiaries with material non-controlling interests

The group includes Peninsula Gaming Group Limited (Peninsula Group) of which 40% is owned by non-controlling interests (NCI).

	2023	2022
Peninsula Group	**€**	**€**
Balance at beginning of year	6,209,203	-
Business combination	-	5,945,246
Profit allocated to NCI	786,682	263,957
Balance at end of year	**6,995,885**	**6,209,203**

No dividends were paid to NCI for the reporting periods presented.

Summarised financial information for Peninsula Group, before intragroup eliminations, is set out below:

	2023	2022
	€	**€**
Non-current assets	42,294,804	41,353,916
Current assets	10,423,771	10,575,504
Total assets	**52,718,575**	**51,929,420**
Non-current liabilities	24,819,822	29,637,302
Current liabilities	10,409,048	6,769,091
Total liabilities	**35,228,870**	**36,406,393**
Net assets	**17,489,705**	**15,523,027**
Net assets attributable to:		
Owners of the parent	10,493,820	9,313,824
Non-controlling interest	6,995,885	6,209,203
	17,489,705	**15,523,027**
Total comprehensive income for the period attributable to:		
Owners of the parent	1,179,996	395,935
Non-controlling interest	786,682	263,957
	1,966,678	**659,892**

	2023	2022
	€	€
Net cash from operating activities	2,947,740	4,042,159
Net cash used in investing activities	(2,081,229)	(4,212,256)
Net cash from (used in) financing activities	(1,905,395)	8,674,406
Net cash inflow	**(1,038,884)**	**8,504,309**

18 Loans receivable

	The company	
	2023	2022
	€	€
Loans to subsidiary companies		
Non-current	64,512,519	28,600,000
Current	5,087,481	-
	69,600,000	**28,600,000**

On 6 June 2022, the company extended loans to its subsidiaries Gaming Operations Limited and National Lottery plc amounting to € 12.4 million and €16.2 million, respectively. The loans were to part finance the subsidiaries' projected capital expenditure for the years 2022 to 2025. Capital expenditure includes the purchase of new gaming equipment and costs associated with the refurbishment of the existing retail outlets. The loans to are unsecured, bears interest of 5.75% and are repayable by 2 April 2029.

During the year under review, the company extended an additional loan to National Lottery plc amounting to € 41 million to finance the National Lottery concession fee. The loan is unsecured, bears interest of 4.56% per annum and is repayable by equal monthly instalments of € 571,100. The loan has a moratorium period until June 2023, therefore, first instalment is due in July 2023.

The net carrying values of loans are considered a reasonable approximation of fair value.

19 Other assets

The group's other assets include the following:

	The group		The company	
	2023	2022	2023	2022
	€	€	€	€
Deferred charges	2,266,490	1,568,099	-	236,997
Deposits	406,087	341,665	-	-
Guarantees	272,675	272,675	-	-
	2,945,252	**2,182,439**	**-**	**236,997**
Comprising:				
Non-current	2,939,252	2,182,439	-	236,997
Current	6,000	-	-	-
	2,945,252	**2,182,439**	**-**	**236,997**

Deferred charges include set-up costs to operate National Lottery Games in Malta. These costs will be amortised over a period of 10 years.

Security deposits are mainly deposits in relation to leased properties.

Guarantees include a € 250,000 cash collateral to act as a security for the performance obligation in relation to the Dragonara Casino concession agreement.

20 Deferred tax asset (liability)

Deferred taxes arising from temporary differences, unused tax losses and unabsorbed capital allowances can be summarised as follows:

The group	**1 July 2022**	**Recognised in (loss) profit for the year**	**30 June 2023**
	€	**€**	**€**
Intangible assets	(10,183,163)	(10,944,003)	(21,127,166)
Property, plant and equipment	(207,265)	(559,416)	(766,681)
Right-of-use asset	678,198	16,873	695,071
Revaluation of ROU asset	(7,082,322)	29,944	(7,052,378)
Unused tax losses	7,751,665	11,630,904	19,382,569
Unused capital allowances	254,318	1,678,155	1,932,473
Total	**(8,788,569)**	**1,852,457**	**(6,936,112)**
Recognised as:			
Deferred tax assets	420,169		1,385,280
Deferred tax liabilities	(9,208,738)		(8,321,392)
	(8,788,569)		**(6,936,112)**

The company	**1 July 2022**	**Recognised in (loss) profit for the year**	**30 June 2023**
	€	**€**	**€**
Unused tax losses	-	47,550	47,550
Total	**-**	**47,550**	**47,550**
Recognised as:			
Deferred tax assets	-		47,550
Deferred tax liabilities	-		-
	-		**47,550**

Deferred taxes for the comparative period can be summarised as follows:

The group	**Acquisition of subsidiaries**	**Recognised in (loss) profit for the year**	**30 June 2022**
	€	**€**	**€**
Intangible assets	(8,458,334)	(1,724,829)	(10,183,163)
Property, plant and equipment	(52,108)	(155,157)	(207,265)
Right-of-use asset	513,764	164,434	678,198
Revaluation of ROU asset	(7,140,873)	58,551	(7,082,322)
Unused tax losses	6,514,350	1,237,315	7,751,665
Unused capital allowances	216,375	37,943	254,318
Total	**(8,406,826)**	**(381,743)**	**(8,788,569)**

The group	30 June 2022 €
Recognised as:	
Deferred tax assets	420,169
Deferred tax liabilities	(9,208,738)
	(8,788,569)

Refer to note 12 for information on the group's tax income (expense).

21 Inventories

Inventories recognised in the statements of financial position mainly comprise gaming consumables and food and beverages.

22 Trade and other receivables

	The group		The company	
	2023 €	2022 €	2023 €	2022 €
Trade receivables	459,781	74,128	-	-
Payment processors	105,047	87,739	-	-
Amounts owed by subsidiaries	-	-	27,596,171	28,310,298
Amounts owed by parent company	-	75,600	-	-
Accrued income	256,466	-	-	351,427
Other receivables	706,000	866,418	-	-
Financial assets	**1,527,294**	**1,103,885**	**27,596,171**	**28,661,725**
Advance payments	222,775	561,742	-	-
Prepayments	761,049	563,378	32,430	15,207
Total trade and other receivables	**2,511,118**	**2,229,005**	**27,628,601**	**28,676,932**
Comprising:				
Non-current	-	197,546	27,274,126	26,916,360
Current	2,511,118	2,031,459	354,475	1,760,572
	2,511,118	**2,229,005**	**27,628,601**	**28,676,932**

The amounts owed by subsidiaries and parent company are unsecured, interest free and repayable on demand.

The net carrying values of financial assets are considered a reasonable approximation of fair value.

23 Cash and cash equivalents

Cash and cash equivalents include the following components:

	The group		The company	
	2023 €	2022 €	2023 €	2022 €
Bank deposits	9,276,508	17,588,011	197,558	237,770
Cash in hand	2,292,351	1,281,257	-	-
	11,568,859	**18,869,268**	**197,558**	**237,770**

24 Share capital

The share capital of IZI Finance p.l.c. consists of:

	2023	2022
	€	€
Shares issued and fully paid-up		
80,000,000 ordinary A shares of € 1 each	80,000,000	80,000,000
1 ordinary B shares of € 1 each	1	1
	80,000,001	**80,000,001**
Shares authorised		
99,999,999 ordinary A shares of € 1 each		
1 ordinary B shares of € 1 each	99,999,999	99,999,999
	1	1
	100,000,000	**100,000,000**

Ordinary A shares are entitled to one vote at a general meeting and are entitled to receive dividend distributions. Ordinary B share do not carry voting rights and has no right to receive dividends nor is entitled to any assets upon dissolution or winding up of the company.

25 Bank borrowings

	The group		The company	
	2023	2022	2023	2022
	€	€	€	€
Non-current				
Bank loan I	2,248,687	3,113,631	-	-
Bank loan II	1,064,838	1,539,739	-	-
Bank loan III	1,431,724	1,923,229	-	-
Bank loan IV	753,549	1,143,504	-	-
Bank loan V	35,632,565	-	35,632,565	-
	41,131,363	**7,720,103**	**35,632,565**	**-**
Current				
Bank loan I	752,510	641,331	-	-
Bank loan II	388,454	282,456	-	-
Bank loan III	449,997	427,537	-	-
Bank loan IV	331,069	253,928	-	-
Bank loan V	5,087,481	-	5,087,481	-
	7,009,511	**1,605,252**	**5,087,481**	**-**

The carrying amount of bank borrowings is considered to be a reasonable approximation of fair value.

Bank loans are secured by a first general hypothec over the group's assets and by pledges on the shares of the parent company and a subsidiary.

Bank loan I

Bank loan I is to be repaid over a period of 6 years with interest rate of 1.5% to 6.99% per annum. The loan is secured by a general hypothec over the group's assets by general and hypothecary guarantees given by third parties and guarantees given by related companies.

Bank loan II

This loan is secured by a general hypothec over the Dragonara Gaming Limited's (DGL) and a related party's assets and a pledge over the shares of DGL and its parent company, Peninsula Gaming Group Limited.

The loan is to be repaid within 6 years, inclusive of a 12-month moratorium, from first drawdown. During the moratorium, interest is to be met by monthly instalments of approximately € 8,870 and thereafter monthly instalments of € 37,946 each, inclusive of interest.

Bank loan III

This loan shall be repaid over a period not exceeding 6 years inclusive of a 6 month moratorium on capital and interest through 18 monthly instalments of € 46,768 each inclusive of interest for the first 2 years following the moratorium period and 48 monthly repayments of € 47,443 each inclusive of interest for the final 4 years.

Bank loan IV

This loan is to be repaid within 6 years through 52 monthly instalments of € 32,065 starting from March 2022 after the 6 months moratorium.

Bank loan V

During the year under review, the group obtained a loan amounting to € 41 million. The loan bears interest of 4.56% per annum and is repayable by equal monthly instalments of € 571,100. The loan has a moratorium period until June 2023, therefore, first instalment is due in July 2023. The carrying amount of this loan as at 30 June 2023 is net of transaction costs of €279,954.

Total interest incurred on these loans amounted to € 2,291,214 (2022 - 6 months: € 227,758) which are included in 'finance costs' in the statements of comprehensive income.

26 Debt securities in issue

	The group		The company	
	2023	2022	2023	2022
	€	€	€	€
Nominal value				
4.25% unsecured bonds redeemable 2029	29,504,500	29,418,326	29,504,500	29,418,326
Comprising:				
4.25% unsecured bonds redeemable 2029	30,000,000	30,000,000	30,000,000	30,000,000
Issue cost	603,218	603,218	603,218	603,218
Accumulated amortisation	(107,718)	(21,544)	(107,718)	(21,544)
Closing net book amount	**495,500**	**581,674**	**495,500**	**581,674**
Amortised costs at 30 June	**29,504,500**	**29,418,326**	**29,504,500**	**29,418,326**

On 14 April 2022, IZI Finance p.l.c. issued 300,000 4.25% unsecured bonds with a nominal value of € 100 per bond. The bonds are redeemable at their nominal value on 13 April 2029.

Interest on the bonds is due and payable annually on 14 April of each year.

The bonds are listed on the official list of the Malta Stock Exchange. The carrying amount of the bonds is net of direct issue costs of € 495,500 (2022: € 581,674) which are being amortised over the life of the bonds.

27 Trade and other payables

	The group		The company	
	2023	2022	2023	2022
	€	€	€	€
Non-current				
Concession fee payable	53,689,166	58,569,999	-	-
Provisions	500,000	500,000	-	-
Cash guarantees from agents	210,000	-	-	-
Amounts due to parent company	2,325,371	4,851,629	2,400,971	4,851,629
'Amounts owed to subsidiary	-	-	44,213,520	-
Financial liabilities	**56,724,537**	**63,921,628**	**46,614,491**	**4,851,629**
Statutory liabilities	1,219,149	2,063,321	-	-
Total non-current liabilities	**57,943,686**	**65,984,949**	**46,614,491**	**4,851,629**
Current				
Concession fee payable	9,761,667	46,507,778	-	-
Trade payables	8,321,058	7,030,060	19,860	5,900
Players' liability	110,130	57,366	-	-
Provisions	922,479	148,470	-	-
Amounts due to subsidiary company	-	-	127,116	43,430,425
Amounts due to other related parties	7,874	15,402	-	-
Accruals	2,435,107	1,848,605	619,999	293,586
Financial liabilities	**21,558,315**	**55,607,681**	**766,975**	**43,729,911**
Statutory liabilities	4,461,556	3,752,164	43,363	-
Total current liabilities	**26,019,871**	**59,359,845**	**810,338**	**43,729,911**

The carrying values of financial liabilities are considered to be a reasonable approximation of fair value.

The amounts due to parent company, subsidiary company and other related parties are unsecured, interest free and repayable on demand.

28 Cash flow adjustments and changes in working capital

The following cash flow adjustments and changes in working capital have been made to (loss) profit before tax to arrive at operating cash flow:

	The group		The company	
	2023	2022	2023	2022
	€	€	€	€
Adjustments:				
Depreciation and amortisation	16,547,776	1,309,873	-	-
Impairment of goodwill	755,922	-	-	-
Interest income	-	-	(3,477,306)	(351,427)
Interest expense	5,002,965	1,081,358	3,233,973	294,009
Provision for jackpots and cash and bonus points	32,909	(11,445)	-	-
	22,339,572	**2,379,786**	**(243,333)**	**(57,418)**
Net changes in working capital:				
Changes in inventories	(603,275)	107	-	-
Changes in trade and other receivables	(1,281,923)	(2,805,144)	696,904	510,183
Changes in trade and other payables	3,158,709	2,901,552	(1,191,711)	477,624
	1,273,511	**96,515**	**(494,807)**	**987,807**

29 Related party transactions

Unless otherwise stated, none of the transactions incorporates special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash. Amounts owed by/to related parties are shown separately in notes 18, 22 and 27.

29.1 Transactions with subsidiaries

Transactions with subsidiaries are disclosed in notes 9 and 11.

30 Contingent liabilities

	The group		The company	
	2023	2022	2023	2022
	€	€	€	€
Guarantees given in the ordinary course of business	**53,103,825**	**54,650,919**	**45,000,000**	**45,000,000**

31 Financial instrument risk

Risk management objectives and policies

The group is exposed to various risks in relation to financial instruments. The group's financial assets and liabilities by category are summarised in note 31.4. The main types of risks are credit risk, liquidity risk and market risk.

The group's risk management is coordinated by the directors and focuses on actively securing the group's short to medium term cash flows by minimising the exposure to financial risk.

The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risk to which the group is exposed are described below.

31.1 Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the group. The group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

		The group		The company	
	Notes	2023	2022	2023	2022
		€	€	€	€
Classes of financial assets - carrying amount					
- Loans receivable	18	-	-	69,600,000	28,600,000
- Deposits	19	406,087	341,665	-	-
- Guarantees	19	272,675	272,675	-	-
- Trade and other receivables	22	1,527,294	1,103,885	27,596,171	28,661,725
- Cash and cash equivalents	23	11,568,859	18,869,268	197,558	237,770
		13,774,915	**20,587,493**	**97,393,729**	**57,499,495**

The group continuously monitors defaults of counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on counterparties are obtained and used. The group's policy is to deal only with creditworthy counterparties.

The group's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

In respect of trade and other receivables, the group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The group banks with local institutions. At 30 June 2023, cash and cash equivalents are held with local counterparties with credit ratings of BBB- and are callable on demand. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be insignificant to the group.

31.2 Liquidity risk

Liquidity risk is defined as the risk of an enterprise not meeting its obligations. The group manages its liquidity needs through yearly cash flow forecasts by carefully monitoring expected cash inflows and outflows on a monthly basis. The group's liquidity risk is not deemed to be significant in view of the matching of cash inflows and outflows arising from expected maturities of financial instruments, as well as the group's committed borrowing facilities that it can access to meet liquidity needs.

As at 30 June 2023, the non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

	Within 1 year	2 to 5 years	Later than 5 years	Total
	€	€	€	€
The group				
Bank borrowings	9,183,993	33,381,698	13,711,314	56,277,005
Bonds	1,275,000	5,100,000	31,275,000	37,650,000
Deferred consideration	9,761,667	27,658,055	26,031,111	63,450,833
Trade payables	8,321,058	-	-	8,321,058
Players' liability	110,130	-	-	110,130
Amounts owed to parent company	-	2,325,371	-	2,325,371
Amounts owed by other related parties	7,874	-	-	7,874
Provisions	922,479	-	500,000	1,422,479
Cash guarantees from agents	-	-	210,000	210,000
Accruals	2,162,641	-	-	2,162,641
Lease liability	1,956,857	7,852,121	71,918,995	81,727,973
	33,701,699	**76,317,245**	**143,646,420**	**253,665,364**
The company				
Bank borrowings	6,853,200	27,412,800	13,711,314	47,977,314
Bonds	1,275,000	5,100,000	31,275,000	37,650,000
Trade payables	19,860	-	-	19,860
Amounts owed to parent company	-	2,400,971	-	2,400,971
Amounts owed to subsidiary	127,116	44,213,520	-	44,340,636
Accruals	347,533	-	-	347,533
	8,622,709	**79,127,291**	**44,986,314**	**132,736,314**

This compares to the maturity of the Group's non-derivative financial liabilities in the previous reporting period as follows:

	Within 1 year	2 to 5 years	Later than 5 years	Total
	€	€	€	€
The group				
Bank borrowings	2,322,939	7,978,818	-	10,301,757
Bonds	1,275,000	5,100,000	32,550,000	38,925,000
Deferred consideration	46,507,778	26,031,111	32,538,888	105,077,777
Trade payables	7,030,060	-	-	7,030,060
Players' liability	57,366	-	-	57,366
Amounts owed to parent company	-	4,851,629	-	4,851,629
Amounts owed by other related parties	15,402	-	-	15,402
Provisions	148,470	-	500,000	648,470
Accruals	1,576,139	-	-	1,576,139
Lease liability	1,602,532	5,801,339	70,290,665	77,694,536
	60,535,686	**49,762,897**	**135,879,553**	**246,178,136**
The company				
Bonds	1,275,000	5,100,000	32,550,000	38,925,000
Trade payables	5,900	-	-	5,900
Amounts owed to parent company	-	4,851,629	-	4,851,629
Amounts owed to subsidiary	43,430,425	-	-	43,430,425
Accruals	21,120	-	-	21,120
	44,732,445	**9,951,629**	**35,550,000**	**87,234,074**

31.3 Market risk

Foreign currency risk

The group transacts business mainly in euro. Exposure to currency exchange rates arise from the group's sale and purchase of foreign currency to/from clients. However, foreign currency denominated financial assets and liabilities at the end of the financial reporting date under review are deemed negligible.

Accordingly, the group's exposure to foreign exchange risk is not significant and a sensitivity analysis for foreign exchange risk disclosing how profit or loss and equity would have been affected by changes in foreign exchange rates that were reasonably possible at the reporting date is deemed not necessary.

Interest rate risk

The group is exposed to changes in market interest rates through its borrowings at variable interest rates.

The following table illustrates the sensitivity of the net result for the year to a reasonably possible change in interest rates of +/- 100 basis points, with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the group's financial instruments held at the reporting date of the reporting period under review that are sensitive to changes in interest rates. All other variables are held constant.

The group	**(Loss) profit for the year**	
	€	€
	+100 bp	**-100 bp**
30 June 2023	(481,409)	481,409
30 June 2022	(93,254)	93,254

31.4 Categories of financial assets and liabilities

The carrying amounts of the group's financial assets and liabilities as recognised at the reporting date of the reporting period under review may also be categorised as follows. See note 5.19 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	The group 2023 €	The group 2022 €	The company 2023 €	The company 2022 €
Financial assets at amortised costs:					
- Loans receivable	18	-	-	69,600,000	28,600,000
- Deposits	19	406,087	341,665	-	-
- Guarantees	19	272,675	272,675	-	-
- Trade and other receivables	22	1,527,294	1,103,885	27,596,171	28,661,725
- Cash and cash equivalents	23	11,568,859	18,869,268	197,558	237,770
		13,774,915	**20,587,493**	**97,393,729**	**57,499,495**
Financial liabilities at amortised costs:					
- Lease liability	15	27,755,265	24,544,629	-	-
- Bank borrowings	25	48,140,874	9,325,355	40,720,046	-
- Bonds	26	29,504,500	29,418,326	29,504,500	29,418,326
- Trade and other payables	27	78,282,852	119,529,309	47,381,466	48,581,540
		183,683,491	**182,817,619**	**117,606,012**	**77,999,866**

32 Capital management policies and procedures

The group's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders through innovation, continuous improvement in quality service, resource utilisation, increasing the market share and flexibility.

33 Ultimate controlling party

The company's parent company, IZI Group plc, is ultimately controlled by Johann Schembri, who owns 99.9% of the parent company's issued share capital.

34 Events after the end of the reporting period

No adjusting or significant other non-adjusting events have occurred between the reporting date and the date of authorisation.

Grant Thornton

Independent auditor's report

To the shareholders of IZI Finance p.l.c.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IZI Finance p.l.c (the "Company") and the consolidated financial statements of the Group of which it is the parent, which comprise the statements of financial position as at 30 June 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at as at 30 June 2023, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European .Union (EU) , and have been properly prepared in accordance with the requirements of the Companies Act, Cap. 386 (the "Act").

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 that are relevant to our audit of the financial statements in Malta. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In conducting our audit we have remained independent of the Company and the Group and have not provided any of the non-audit services prohibited by article 18A of the Accountancy Profession Act, Cap. 281. The non-audit services that we have provided to the Company and the Group during the year ended 30 June 2023 are disclosed in note 10 to the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters, together with our response by way of the audit procedures we performed to address those matters in our audit.

Impairment testing of Goodwill and other intangible assets in the consolidated financial statements

Key audit matter

Goodwill with a carrying amount of € 61.6 million as at 30 June 2023 is included in the Group's Statement of Financial Position at that date. The Group's intangible assets include concession fee and trademarks and domains of € 125 million.

Management is required to perform an assessment at least annually to establish whether goodwill and other intangibles should continue to be recognised, or if any impairment is required. The assessment was performed at the lowest level at which the Group could allocate and assess goodwill, which is referred to as a cash generating unit ('CGU').

The impairment assessment was based on the calculation of a value-in-use for each of the CGUs. This calculation was based on estimated future cash flows for each CGU, including assumptions concerning revenue growth, profit margins, weighted average cost of capital and effective tax rates.

Estimating future profitability requires the directors to apply significant judgements which include estimating future taxable profits, long term growth and discount rates. The estimation of future cash flows and the level to which they are discounted is inherently uncertain and requires judgement.

We focused on this area because of the significance of the amount of goodwill and other intangibles which are recognised at balance sheet date. Moreover, the director's assessment process is complex and highly judgemental and is based on assumptions which are affected by expected future market or economic conditions.

How the key audit matter was addressed in our audit

We evaluated the suitability and appropriateness of the impairment methodology applied by management and engaged our internal valuation specialist resources to assess the reliability of the director's forecasts and to challenge the methodology used and the underlying assumptions. We concluded that the parameters utilised were reasonable.

We communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions. We also assessed the adequacy of the disclosures made in notes 6 and 13 of the financial statements relating to goodwill other intangibles including those regarding the key assumptions used in assessing its carrying amount. Those disclosures specifically explain that the directors have assessed the carrying amount of goodwill and other intangibles as at 30 June 2023 to be recoverable.

We have no key observations to report, specific to this matter.

Impairment assessment of right-of-use asset in the consolidated financial statements

Key audit matter

The carrying amount of the Group's right-of-use asset carried at revalued amounts as at 30 June 2023 totalled € 35.7 million.

Management performs an assessment to establish whether the value of sub-emphyteusis, which is accounted for as a right-of-use asset should continue to be recognised, or if any impairment is required.

The impairment assessment was based on two valuation methodologies: (i) rental income approach assuming the property is rented to third parties (ii) income approach based on the casino's projected performance, and include assumptions concerning revenue growth, profit margins, weighted average cost of capital and effective tax rates.

We focused on this area because of the significance of the carrying amount of right-of-use asset at balance sheet date. Moreover, the director's assessment process is highly judgemental.

How the key audit matter was addressed in our audit

We evaluated the suitability and appropriateness of the impairment methodology applied by management and engaged our internal valuation specialist resources to assess the reliability of managements workings and to challenge the methodology used and the underlying assumptions. We concluded that the parameters utilised were reasonable.

We communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions.

We have no key observations to report, specific to this matter.

Revenue in the consolidated financial statements

Key audit matter

Revenues amounting to € 73.8 million mainly comprises revenues from the land-based casino operated by Dragonara Gaming Limited, National Lottery, iZiBET retail outlets operated by National Lottery plc and online gaming operated by IZI Interactive Limited. Refer to note 7 for the segment reporting information.

We focused on revenue given its overall significance to the financial statements and the reliance on a number of IT systems and manual reconciliation of revenue to system reports.

How the key audit matter was addressed in our audit

As part of our audit procedures we obtained an understanding of the significant transaction flows and critical IT systems and examined the most important controls in order to manage the risk of misstatements in the financial reporting. Using our IT specialists, we assessed the administration of access, changes and daily IT operations for key layers of underlying infrastructure for the systems in scope of the audit, and tested the operating effectiveness of the processes and controls.

In addition, to place reliance on the system generated information and any automated controls implemented in these systems, we have reviewed business process controls and performed additional substantive procedures as part of our audit.

We have also assessed whether the accounting principles applied and disclosures made in these financial statements are correct and in accordance with IFRS.

We have no key observations to report, specific to this matter.

Impairment assessment of carrying amount of investments in subsidiaries in the company's financial statements

Key audit matter

During the year ended 30 June 2023 management carried out an assessment to establish whether the carrying amount of investments in subsidiaries in the financial statements of the Company at 30 June 2023 should continue to be recognised, or if any impairment is required.

We focused on this area because of the significance of the investments in subsidiaries which at 30 June 2023, amounted to € 100 million. Moreover, the directors' assessment process is complex and highly judgemental and is based on assumptions, such as forecast growth rates, profit margins, weighted average cost of capital and effective tax rate, which are affected by expected future market and economic conditions.

How the key audit matter was addressed in our audit

We evaluated the suitability and appropriateness of the impairment methodology applied by management and engaged our internal valuation specialist resources to assess the reliability of the director's forecasts and to challenge the methodology used and the underlying assumptions. We concluded that the parameters utilised were reasonable.

We communicated with management and those charged with governance and noted that they were able to provide satisfactory responses to our questions. We also assessed the adequacy of the disclosures made in the note 5.24 of the financial statements relating to investments including those regarding the key assumptions used in assessing its carrying amount. Those disclosures specifically explain that the directors have assessed the carrying amount of investments as at 30 June 2023 to be recoverable and there is no impairment in the value of the investments.

We have no key observations to report, specific to this matter.

Recoverability of loans advanced to subsidiaries in the company's financial statements

Key audit matter

Included in loans receivable and trade and other receivables at 30 June 2023 are balances amounting to € 97.2 million due from subsidiaries. These represent a significant portion of the company's assets and are disclosed in notes 18 and 22.

How the key audit matter was addressed in our audit

We have examined and agreed the balances and terms of the loans amounting to € 69.6 million to the supporting loan agreements and agreed the loans receivable and other balances amounting to € 27.6 million to the accounting records of the respective subsidiaries at balance sheet date.

The recoverability of the balances was ascertained by assessing the financial soundness of the subsidiaries by reference to their latest financial information, cash flow projections and forecasts.

On the basis of our work, we determined that management's assessment that the loans and other receivables from subsidiaries are recoverable and reasonable.

Other information

The directors are responsible for the other information. The other information comprises (i) the Directors' Report, (ii) Statement by the directors on the financial statements (iii) Directors' statement of compliance with the Code of Principles of Good Corporate Governance which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, including the Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' report, we also considered whether the Directors' report includes the disclosures required by Article 177 of the Act.

Based on the work we have performed, in our opinion, the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' report has been prepared in accordance with the Act, and

In addition, in light of the knowledge and understanding of the Company and the Group and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Directors' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the directors those charged with governance for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act and the Gaming Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's and the Group's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Company and the Group to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefit of such communication.

Reports on other legal and regulatory requirements

Report on compliance with the requirements of the European Single Electronic Format Regulatory Technical Standard (the "ESEF RTS"), by reference to Capital Markets Rule 5.55.6

We have undertaken a reasonable assurance engagement in accordance with the requirements of Directive 6 issued by the Accountancy Board in terms of the Accountancy Profession Act (Cap. 281) - the Accountancy Profession (European Single Electronic Format) Assurance Directive (the "ESEF Directive 6") on the Report and Consolidated Financial Statements of IZI Finance p.l.c. for the year ended 30 June 2023, entirely prepared in a single electronic reporting format.

Responsibilities of the directors

The directors are responsible for the preparation of the Report and Consolidated Financial Statements and the relevant mark-up requirements therein, by reference to Capital Markets Rule 5.56A, in accordance with the requirements of the ESEF RTS.

Our responsibilities

Our responsibility is to obtain reasonable assurance about whether the Report and Consolidated Financial Statements and the relevant electronic tagging therein, complies in all material respects with the ESEF RTS based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with the requirements of ESEF Directive 6.

Our procedures included:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the Report and Consolidated Financial Statements, in accordance with the requirements of the ESEF RTS.
- Obtaining the Report and Consolidated Financial Statements and performing validations to determine whether the Report and Consolidated Financial Statements have been prepared in accordance with the requirements of the technical specifications of the ESEF RTS.
- Examining the information in the Report and Consolidated Financial Statements to determine whether all the required taggings therein have been applied and whether, in all material respects, they are in accordance with the requirements of the ESEF RTS.
- We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Report and Consolidated Financial Statements for the year ended 30 June 2023 has been prepared, in all material respects, in accordance with the requirements of the ESEF RTS.

Report on the Statement of Compliance with the Principles of Good Corporate Governance

The Capital Market Rules require the directors to prepare and include in their Annual Report a Statement of Compliance providing an explanation of the extent to which they have adopted the Code of Principles of Good Corporate Governance and the effective measures that they have taken to ensure compliance throughout the accounting year with those Principles.

The Capital Market Rules also require us, as the auditor of the Company and Group, to include a report on the Statement of Compliance prepared by the directors.

We read the Statement of Compliance with the Code of Principles of Good Corporate Governance and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements included in the Annual Report. Our responsibilities do not extend to considering whether this statement is consistent with any other information included in the Annual Report.

We are not required to, and we do not, consider whether the Board's statements on internal control included in the Statement of Compliance with the Code of Principles of Good Corporate Governance cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

In our opinion, the Corporate governance statement has been properly prepared in accordance with the requirements of the Capital Market Rules.

Other matters on which we are required to report by exception

We also have responsibilities

- under the Companies Act, Cap 386 to report to you if, in our opinion:
    - adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us
    - the financial statements are not in agreement with the accounting records and returns
    - we have not received all the information and explanations we require for our audit
    - certain disclosures of directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

- in terms of Capital Market Rules to review the statement made by the Directors that the business is a going concern together with supporting assumptions or qualifications as necessary.

We have nothing to report to you in respect of these responsibilities.

Auditor tenure

We were first appointed as auditors of the Company and Group on 17 June 2022. Our appointment has been renewed annually by a shareholders' resolutions representing a total period of uninterrupted engagement appointment of two years.

The engagement partner on the audit resulting in this independent auditor's report is Mark Bugeja.

GRANT THORNTON
Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

Mark Bugeja
Partner

19 October 2023