Financial Analysis Summary

25 June 2024

Issuer

Eden Finance p.l.c.

(C 26843)

Guarantor

Eden Leisure Group Limited

(C 4529)

Prepared by:

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The Board of Directors
Eden Finance p.l.c.
Eden Place
St George's Bay
St Julian's STJ 3310
Malta

25 June 2024

Dear Board Members,

Financial Analysis Summary

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

The purpose of this Analysis is that of summarising key financial information appertaining to Eden Finance p.l.c. (the "**Issuer**", "**Company**", or "**Eden Finance**") and Eden Leisure Group Limited (the "**Guarantor**", "**Group**", or "**Eden Leisure Group**"). The data is derived from various sources or is based on our own computations as follows:

(a) Historical information for the most recent three financial years ended 31 December 2021, 31 December 2022, and 31 December 2023 has been extracted from the respective audited consolidated annual financial statements.

(b) The forecast information for the financial year ending 31 December 2024 has been provided by the Group.

(c) Our commentary on the financial performance, cash flows, and financial position of the Issuer and the Guarantor is based on explanations provided by Eden Leisure Group.

(d) The ratios quoted in this Analysis have been computed by applying the definitions set out in Part 4 – Explanatory Definitions of this report.

(e) Relevant financial data in respect of the companies included in Part 3 – Comparative Analysis of this Analysis has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Malta Business Registry, as well as other sources providing financial information.

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This Analysis is meant to assist existing and potential investors in the Issuer's securities by summarising the more important financial information of the Group. This Analysis does not contain all data that is relevant to investors. This Analysis does not constitute an endorsement by our firm of any securities of the Issuer and should not be interpreted as a recommendation to invest or not invest in any of the Issuer's securities. We will not accept any liability for any loss or damage arising out of the use of this Analysis. As with all investments, existing and potential investors are encouraged to seek professional advice before investing in the Issuer's securities.

Yours faithfully,

Evan Mohnani
Head Corporate Broking

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PART 1 – INFORMATION ABOUT THE GROUP

1. KEY ACTIVITIES OF THE ISSUER

The principal activity of Eden Finance is to act as a finance vehicle for Eden Leisure Group. The Company is not engaged in any trading activities and its sole purpose is that of raising finance and advance it to related entities within the Group. As a result, the Issuer is economically dependent on the operations, performance, and prospects of the Guarantor.

2. KEY ACTIVITIES OF THE GROUP

The Guarantor is the parent and holding company of Eden Leisure Group which, in turn, is principally engaged, through subsidiary companies and/or associated entities, in the ownership of various businesses within the hospitality and entertainment industries in Malta.

The Group owns two hotel properties, namely the InterContinental Malta which is the largest five-star hotel in Malta, and the 3-star Holiday Inn Express Malta. Both the InterContinental Malta and the Holiday Inn Express Malta are operated in terms of a management agreement with InterContinental Hotels Group ("**IHG**"). Furthermore, Eden Leisure Group manages and services an apartment building of 46 self-catering units located adjacent to the InterContinental Malta ("**Diamond Suites**") that is leased to a third-party timeshare operator. Similarly, the Guarantor owns various other real estate which is leased to related parties as well as independent third parties.

The entertainment and leisure ("**E&L**") segment of the Group also comprises: (i) 89.7 Bay and Bay Easy; (ii) Cynergi Health & Fitness Club ("**Cynergi**"); (iii) Eden Car Park; (iv) Eden Cinemas; and (v) the InterContinental Arena and Conference Centre ("**IACC**"). Eden Leisure Group also operates an Esports division which focuses on activities and tournaments that are organised both locally as well as through online/offline channels. Furthermore, the Group will soon be inaugurating The Eden which is a brand-new entertainment destination that is expected to revolutionise Malta's leisure landscape.

BID FOR THE REGENERATION OF EVANS BUILDING

In 2023, the Group submitted a bid (through a joint venture with a leading entrepreneur) in response to the public call for proposals, issued by Malta Strategic Partnership Projects, for the renovation, conversion, and long-term management (for a period of 65 years) of Evans Building, Valletta.

In case of a successful outcome, the joint venture intends to transform Evans Building into an ultra-luxury Anantara Hotel through a management agreement with Minor Hotel Group – a global hospitality company headquartered in Bangkok, Thailand. Indeed, Minor Hotel Group operates a diverse portfolio of over 550 hotels/resorts and serviced suites across multiple brands in 56 countries, catering to a variety of market segments. Minor Hotel Group is also known for its commitment to exceptional service, luxury accommodations, and unique guest experiences, apart from its strong commitment to sustainability and responsible tourism practices.

2.1 HOSPITALITY

The **InterContinental Malta** is a 481-room 5-star hotel located in St Julian's which is run by IHG under a management contract which expires in 2034. The hotel offers a wide range of facilities, including accommodation, food and beverage offerings, spa, health and fitness centre, and extensive conference facilities. In this regard, the IACC is a 3,000 sqm facility that is mainly used by InterContinental Malta for organising meetings, conferences, events, and live shows.

The 118-room 3-star **Holiday Inn Express Malta** commenced operations in September 2017 and is run by IHG under a 15-year management contract. The property is designed to provide a straightforward and efficient travel experience, particularly targeting the business traveller, as it offers convenience and value in a hassle-free setting supported by a reliable and high-quality service.

2.2 ENTERTAINMENT AND LEISURE

2.2.1 89.7 BAY & BAY EASY

The Group has operated 89.7 Bay since its inception in 1991. The radio station derives most of its revenues from advertising and the production of adverts. Over the years, it built a strong audience and today enjoys considerable popularity especially among younger cohorts, with most of its listeners aged between 12 and 30 years.

During FY2023, the Group invested in the development of a new radio station on the FM frequency of 100.2 FM and created a second station under the brand Bay Easy. This station was launched in August 2023 and has been positively viewed as a good alternative to some of the other 'oldies' popular music alternatives. Despite the crowded market, the feedback received so far for Bay Easy has been positive with the latest statistics by the Broadcasting Authority showing an audience of 20,000 listeners.[1]

2.2.2 CYNERGI

Cynergi is one of the largest health and fitness centres in Malta. Apart from generating revenue from memberships, the club also derives income from the rental of its studio and squash courts, as well as from the sale of nutritional and beverage products.

Cynergi has over 100 machines, a comprehensive weights area, two squash courts, an aerobics room, a crèche facility, as well as an indoor pool equipped with steam bath and sauna. The spa facilities are leased to a third-party international company and include an authentic Turkish Hamam.

2.2.3 EDEN CAR PARK

The Eden Car Park is a multi-storey facility that spans the footprint of the InterContinental Malta and has a maximum capacity of 310 vehicles. Amid the strong increase in commercial, tourism, and leisure activities around the area, the Eden Car Park experienced a surge in demand and today is an important

[1] Broadcasting Authority – Audience Assessments, available at: https://ba.org.mt/audience-assessments.

contributor to the Group's financial results. Moreover, the Eden Car Park is of significance to the other business entities of the Eden Leisure Group as it provides easily accessible car parking facilities to their respective clients.

2.2.4 EDEN CINEMAS

The Group is the largest operator of multiplex cinemas in Malta. The Eden Cinemas are situated in St Julian's and generate income through the operation of movie theatres, including box office receipts, food and beverage activities, as well as on-screen and off-screen advertising. Apart from showing the latest blockbusters as well as art-house movies, the Eden Cinemas also screens cultural and musical productions including operas and ballets broadcasted live from the world's most renowned theatres.

In view of the closure of the Group's second cinema building ("**Cinema 16 Building**") which made way for a mixed-use development, and following the inauguration in December 2022 of two new large cinema screens having a capacity of around 250 seats per cinema, Eden Leisure Group now has a total of nine cinema screens operating under one roof. In FY2023, the Group replaced the older projection technology that was still being used with new state-of-the-art laser projection technology. This project was completed in Q1 2024.

2.3 PROPERTY RENTAL OPERATIONS

Besides the lease of the Diamond Suites, the Group owns and leases the following other properties:

(i) Property on St Augustine Street, St Julian's – the Group leases on a long-term basis a property measuring *circa* 66 sqm which is operated as an Epic outlet.

(ii) Eden Business Centre – this property is situated in Elia Zammit Street, St Julian's, and comprises 784 sqm of office space spread on two levels with direct access to the Eden Car Park.

(iii) Casino Malta – a related party of the Group leases 3,000 sqm of space, situated under the InterContinental Malta, for the operation of Casino Malta. The lease contract is for a 10-year period starting from December 2015.

(iv) Office space on Elia Zammit Street, St Julian's – the property comprises approximately 67 sqm of office space and is currently vacant.

(v) Commercial outlet at St Augustine Street, St Julian's – at the start of 2024, the Group repurchased the property which housed a sports retail outlet situated next to the Eden Cinemas. The property comprises 250 sqm of rental space mainly for retail purposes. It is expected that rental income will start accruing in the second half of 2024.

3. NEW MIXED-USE DEVELOPMENT

In January 2022, the Group received approval from the Planning Authority for the redevelopment of the former Cinema 16 Building. The purpose for this project was multi-faceted, including the better utilisation of space with a view of maximising the potential returns on investment through new revenue streams; improve the efficiencies of the Group's cinema operations; and diversify further the Group's hospitality and E&L operations.

Demolition and excavation work started in Q1 2022, and the entire project will be completed by the end of 2024. The total cost of redevelopment is estimated at *circa* €34 million, funded through own funds (€9 million) and bank borrowings (€25 million).

Overall, the project will have a gross floor area of *circa* 28,300 sqm and will comprise: (i) a 168-room, 14-floor, upper 4-star **Voco Malta Hotel** that will also include a large outdoor area for events and catering activities that will be covered by a retractable canopy allowing it to be used 12 months of the year; (ii) two stand-alone floors of flexible commercial office space; (iii) 3,000 sqm of street front retail and food and beverage ("**F&B**") space for rent; and (iv) a state-of-the-art family entertainment centre ("**The Eden**") which will also include a brand new Eden SuperBowl.[2]

3.1 THE VOCO MALTA HOTEL *(OPENING Q4 2024)*

In 2019, the Group signed a binding agreement with IHG to manage on its behalf a hotel under the Voco brand which is one of the newest and fastest growing brands within IHG's portfolio.

The hotel's reception and lounge bar area will be situated on the fourth floor and will lead to a 1,300 sqm indoor/outdoor multi-functional space. The property will also include a roof top overflow pool, a pool bar, as well as a restaurant on the fourteenth floor with spectacular views over St George's Bay.

The building is designed in a way to ensure maximum use of sustainable resources and renewable energy including the latest technology in cooling, heating, and insulation, as well as the reduction and reusing of water through the installation of a reverse osmosis plant and a grey water treatment plant. Furthermore, the hotel will not rely on single-use plastics (such as plastic key cards and disposable soap dispensers) and will recycle all glass, aluminium, and plastic bottles. In this respect, the Group is working with IHG with a view of setting the new Voco Malta Hotel as a benchmark for best practices in sustainability.

3.2 COMMERCIAL SPACE

3.2.1 OFFICE BUILDING

The open space office area has been designed with a focus on quality including 3-sided glass façade and 3.6-metre-high floors. In total, the two floors will provide significant amount of office space which

[2] The 18-lane SuperBowl adjacent to the former Cinema 16 Building closed its doors on 8 January 2024 until construction and finishing works in relation to the new 20-lane bowling centre with The Eden are completed.

could also be used by the Voco Malta Hotel for events and business purposes. Despite the prevailing challenges in the market for office space, the Group believes that its investment will have an edge on competition in view of the building's size, floor height, natural light, and superb location as well as the ability to manage a cluster of three different category hotels.

3.2.2 RETAIL AND F&B COMPLEX

The mixed-use development will offer rentable commercial spaces ranging in size from 220 sqm to 1,800 sqm. At present, the Group is in discussions with a number of potential tenants that fit with the overall vision and concept of the entire project. It is expected that rental income will start accruing in late 2024.

3.3 THE EDEN

Once inaugurated in July 2024, the building will comprise a fully-fledged entertainment centre spread over 3 floors with a total gross floor area of nearly 4,000 sqm. The complex will have a new 20-lane bowling centre; a significant number of additional new entertainment options including three bespoke karaoke rooms, augmented reality darts, pool tables, several amusement and merchandise games, and other social options; as well as a restaurant and bar offering. Connected via escalators, the project will also have an area dedicated to the younger generations with a focus on modern entertainment such as virtual reality and video games that will be a first for Malta.

4. DIRECTORS OF THE ISSUER

The Board of Directors of Eden Finance comprises the following seven individuals who are entrusted with the overall development, direction, oversight, and management of the Issuer:

Ian De Cesare	Chairman and Non-Executive Director
Kevin De Cesare	Chief Executive Officer and Executive Director
Simon De Cesare	Executive Director
David Vella	Executive Director
Andrea Gera de Petri Testaferrata	Non-Executive Director
Paul Mercieca	Independent Non-Executive Director
Victor Spiteri	Independent Non-Executive Director

5. DIRECTORS AND MANAGEMENT STRUCTURE OF THE GROUP

The Board of Directors of Eden Leisure Group comprises the following four individuals who are entrusted with the overall development, direction, oversight, and strategic management of the Group:

Ian De Cesare	Chairman and Non-Executive Director
Kevin De Cesare	Non-Executive Director
Paul Mercieca	Non-Executive Director
Victor Spiteri	Non-Executive Director

STRATEGIC COMMITTEE

In 2021, the Group set up an *ad hoc* committee for the purpose of appraising and overseeing large-scale projects and investments. The Committee is chaired by Kevin De Cesare, with Simon De Cesare and David Vella representing the Group's Executive Management team. The Committee is further supported by Raphael Aloisio who acts as an independent advisor.

EXECUTIVE MANAGEMENT

The day-to-day management of the Group is entrusted to Simon De Cesare who is supported by the Executive Management team.

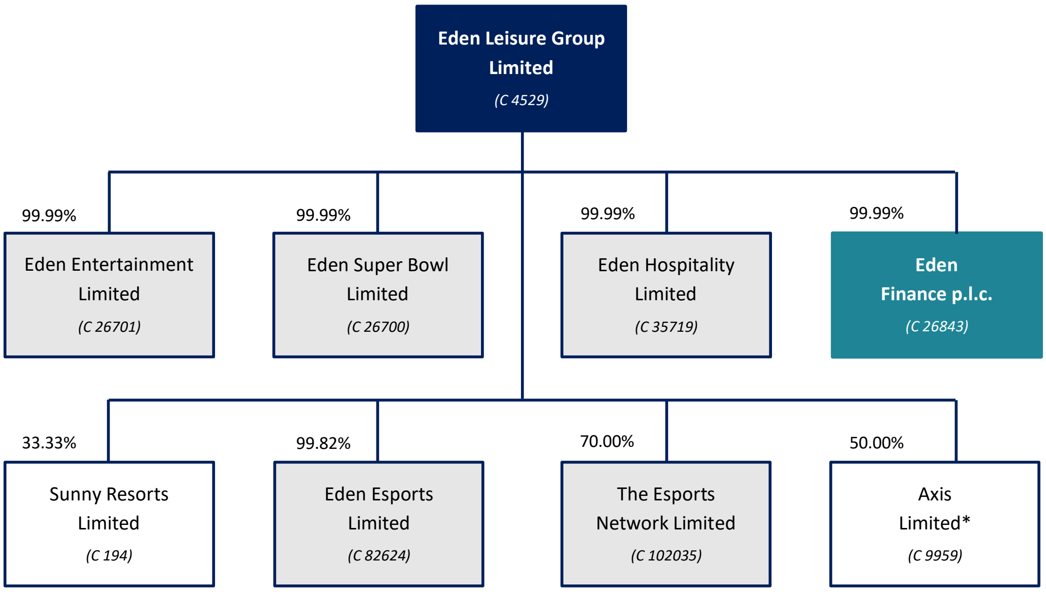
Some of the more important functions carried out by the Executive Management team include the consideration of new business opportunities, the execution of existing and new projects, and the procurement of funding thereof. The members of the Executive Management team are:

Simon De Cesare	Chief Executive Officer
David Vella	Chief Financial Officer
Kate De Cesare	Chief Sustainability Officer
Kevin De Cesare Jnr	Chief Sales and Marketing Officer
Pierre Baldacchino	Chief Commercial Officer
Stefan Borg	Chief Operating Officer

The average number of employees engaged by the Group during FY2023 amounted to 594 people (FY2022: 494 persons). Of these, 509 persons performed operational duties (FY2022: 426 persons), 76 persons performed administrative duties (FY2022: 59 persons), whilst the remaining 9 persons occupied directorship roles (FY2022: 9 persons).

6. ORGANISATIONAL STRUCTURE

The diagram below illustrates the organisational structure of Eden Leisure Group:



** In the process of being liquidated.*

Eden Entertainment Limited is principally engaged in the operation of the 89.7 Bay, Bay Easy, Cynergi, Eden Car Park, Eden Cinemas, and Eden Superbowl.

Both Eden Super Bowl Limited and Sunny Resorts Limited are real estate companies. The former is the owner of the property housing the Eden SuperBowl whilst the latter holds a property in St Julian's.

Eden Hospitality Limited is principally engaged in the operation of the InterContinental Malta, Holiday Inn Express Malta, the IACC, and Diamond Suites.

Eden Esports Limited is principally engaged in providing online and offline Esports activities through the organisation and promotion of events, leagues, and tournaments both for local and international players. The company is also engaged in the promotion of Esports on various media channels as well as the creation and running of programmes and marketing events to increase the popularity of Esports sports in Malta and abroad.

The Esports Network Limited was established on 26 June 2022 and is a software development company with a focus on automated recruitment solutions, offering products such as Applicant Tracking System and job boards like Jobhound.mt to streamline hiring and connect skilled professionals with leading employers.

7. MAJOR ASSETS

The table below provides a summary of the Group's major assets:

Eden Leisure Group Limited Major Assets as at 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000
Property, plant and equipment	148,971	181,606	186,876
of which under development:	-	*4,641*	*11,893*
Investment property	16,750	16,750	16,750
Amounts receivable emanating from the sale of intellectual property	5,586	4,063	2,893
	171,307	**207,060**	**218,412**
As % of total assets:			
Property, plant and equipment	*76.98*	*83.33*	*83.68*
Investment property	*8.66*	*7.69*	*7.50*
Amounts receivable emanating from the sale of intellectual property	*2.89*	*1.86*	*1.30*
	88.52	***92.87***	***92.48***

Property, plant, and equipment ("**PPE**") comprise land, buildings, furniture, fixtures, fittings, equipment, motor vehicles, and other fixed assets used in the Group's hospitality and E&L operations.

During the period under review, the Group completed a 3-year investment programme which involved the renovation of all the rooms at the InterContinental Malta. Furthermore, the Group invested in the upgrade of the hotel's common areas, particularly the lobby which was substantially modernised. In parallel, the Lubelli Pizzeria and the Opal Lounge were inaugurated. The former opened in summer 2022 and is a Neapolitan wood-fired pizza concept which mixes local craft beer culture in a unique blend. On the other hand, the Opal Lounge was an investment in an underutilised area of the InterContinental Malta hotel aimed at creating a family-friendly lounge experience.

In FY2022, the Group reported an uplift of €27.54 million (net of deferred tax) in the carrying value of its PPE mainly on account of a parcel of land measuring 2,840 sqm which is currently being redeveloped into a new mixed-use project.

Investment property includes the Eden Business Centre located in Elia Zammit Street, St Julian's, and another property which is leased to a related company.

Amounts receivable emanating from the sale of intellectual property represent amounts owed to the Group following the sale of intellectual property and rights associated with the brands Cynergi and 89.7 Bay to EIP Ltd ("**EIP**") for the consideration of €8.6 million. EIP is ultimately equally owned by Ian De Cesare and Kevin De Cesare. Pursuant to an agreement with EIP, Eden Entertainment Limited is licenced to use the Cynergi and 89.7 Bay brands for a period of 25 years (commencing on 1 January 2019) for the purpose of operating and managing 89.7 Bay and Cynergi.

8. ECONOMIC AND SECTOR ANALYSIS

8.1 ECONOMIC UPDATE[3]

The Maltese economy continues to grow robustly driven by strong exports and domestic demand. Tourism flows bounced back to well above pre-pandemic levels and the strong inflow of workers is boosting domestic demand. After reaching 5.60% GDP growth in 2023, the Maltese economy is expected to achieve a growth rate of 4.60% in 2024 and 4.30% in 2025. The government deficit stood at 4.90% of GDP in 2023, and it is expected to only gradually decrease in 2024 and 2025. Thanks to robust nominal GDP growth, the public debt-to-GDP ratio is forecast to increase only slightly despite the still high primary deficit.

In 2023, real GDP growth reached 5.60%, 1.6 percentage points higher than projected in autumn. Both private consumption and exports came much stronger than expected, resulting from significantly higher immigration and tourism flows. Besides exceptionally strong immigration, Malta's economy continues to benefit from a low pass-through of monetary policy to retail interest rates and from government measures that have kept energy prices stable at 2020 levels.

Tourism reached pre-pandemic levels in 2023. The number of tourist arrivals increased by more than 26% in the first two months of 2024, although tourism expenditure grew at a slightly slower pace. Strong growth is also forecast in exports of electronics and entertainment, professional and financial services.

Construction investment is expected to stabilise and recover moderately after a sharp fall in 2023, growing at 2.50% in 2024 and 3.90% in 2025. The increase of private consumption and activity in the service sector is expected to lead to higher imports of goods and services. Overall, the forecast for GDP growth was revised upward to 4.60% in 2024 and 4.30% in 2025.

With employment growth at 6.50% in 2023, Malta's labour market exceeded expectations. Employment growth is set to remain strong at 40% also in 2024 and 2025 as the country continues to attract foreign workers. Labour and skills shortages are still mentioned as the main limiting factors for the Maltese economy.

The unemployment rate was revised upwards from 2.90% to 3.50% in 2022 due to an updated demographic survey. In 2023, the unemployment rate fell to 3.10% and it is expected to drop marginally to 3% and 2.90% in 2024 and 2025. Nominal wages were, however, still growing at relatively weak rates in 2023 as employment expanded in the low wage sectors, resulting in negative real wage growth per head.

HICP inflation in 2023 reached 5.60% despite the government intervention to keep energy prices at 2020 levels. The Maltese authorities confirmed their commitment to limiting energy inflation in 2024 and 2025. Inflation in Malta slowed down in the first quarter of 2024 mainly due to lower services

[3] **Source:** European Commission, '*European Economic Forecast Spring 2024*', 15 May 2024.

inflation. Headline inflation is forecast at 2.80% in 2024 and 2.30% in 2025, with food prices set to remain the fastest growing component.

In 2023, the debt-to-GDP ratio fell by 1.2 percentage points to 50.40% due to strong nominal growth and despite the high primary deficit. A positive stock-flow adjustment related to the equity injection in the national airline is expected to drive the increase of the public debt to 52% of GDP in 2024. For 2025, a smaller primary deficit and a favourable interest growth differential will lead to a smaller increase of public debt to 52.60% of GDP.

Key Economic Indicators [1]	**2021 Actual**	**2022 Actual**	**2023 Forecast**	**2024 Forecast**	**2025 Projection**
Malta					
Real GDP growth *(%, year-on-year)*	12.50	8.10	5.60	4.60	4.30
Real GDP growth per capita *(%, year-on-year)*	11.90	5.30	2.40	1.90	1.70
Inflation *(%, year-on-year)* [2]	0.70	6.10	5.60	2.80	2.30
Unemployment (%)	3.80	3.50	3.10	3.00	2.90
Primary balance *(% of GDP)*	(6.50)	(4.60)	(3.80)	(3.10)	(2.60)
General balance *(% of GDP)*	(7.60)	(5.50)	(4.90)	(4.30)	(3.90)
Gross public debt *(% of GDP)*	53.90	51.60	50.40	52.00	52.60
Current account balance *(% of GDP)*	5.70	0.60	4.20	3.40	3.60
Euro area (20)					
Real GDP growth *(%, year-on-year)*	5.90	3.40	0.40	0.80	1.40
Real GDP growth per capita *(%, year-on-year)*	5.90	2.90	(0.20)	0.50	1.10
Inflation *(%, year-on-year)* [2]	2.60	8.40	5.40	2.50	2.10
Unemployment (%)	7.80	6.80	6.60	6.60	6.50
Primary balance *(% of GDP)*	(3.80)	(2.00)	(1.90)	(1.10)	(0.90)
General balance *(% of GDP)*	(5.20)	(3.70)	(3.60)	(3.00)	(2.80)
Gross public debt *(% of GDP)*	96.60	92.40	90.00	90.00	90.40
Current account balance *(% of GDP)*	3.70	1.00	2.90	3.20	3.20
EU					
Real GDP growth *(%, year-on-year)*	6.00	3.50	0.40	1.00	1.60
Real GDP growth per capita *(%, year-on-year)*	6.10	3.30	0.00	0.80	1.50
Inflation *(%, year-on-year)* [2]	2.90	9.20	6.40	2.70	2.20
Unemployment (%)	7.10	6.20	6.10	6.10	6.00
Primary balance *(% of GDP)*	(3.40)	(1.80)	(1.80)	(1.20)	(0.90)
General balance *(% of GDP)*	(4.70)	(3.40)	(3.50)	(3.00)	(2.90)
Gross public debt *(% of GDP)*	89.00	84.80	82.90	82.90	83.40
Current account balance *(% of GDP)*	3.30	0.90	2.90	3.10	3.10

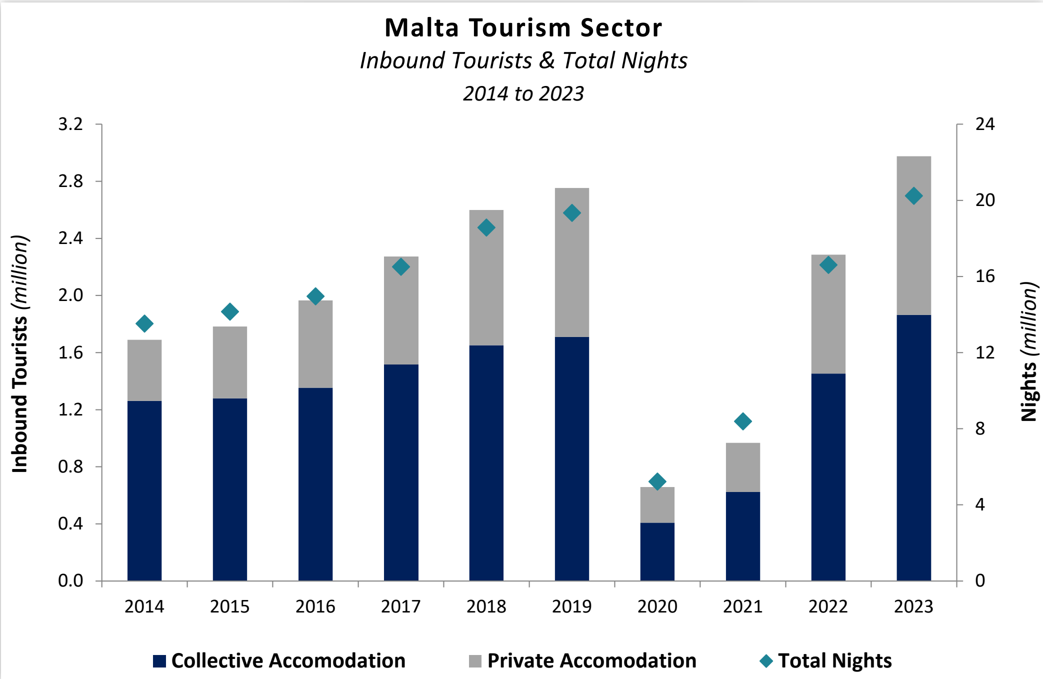
[1] **Source:** *European Commission, 'European Economic Forecast Spring 2024, 15 May 2024.*

[2] *Harmonised Indices of Consumer Prices ("HICP")*

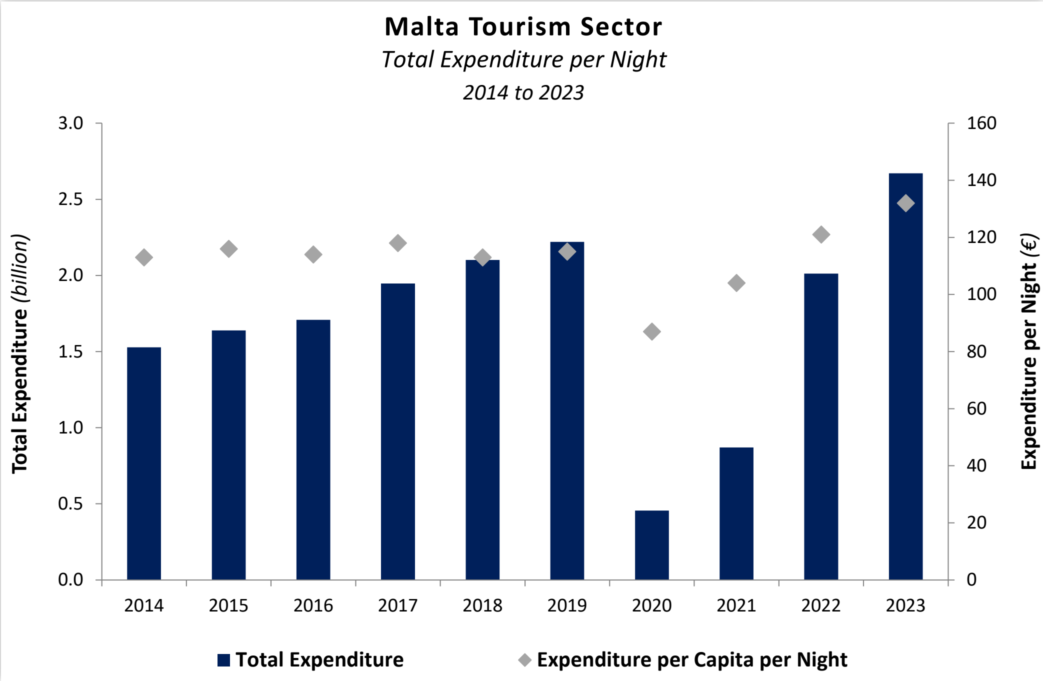
8.2 HOSPITALITY[4]

Total inbound tourists to Malta amounted to just over 3 million in 2023 (2022: 2.33 million)[5], thus exceeding the previous high of 2.77 million recorded in 2019 by 8.33%. Overall, inbound tourists spent a total of 20.24 million nights (2019: 19.34 million), or 6.80 nights per inbound tourist (2019: 7.02 nights per inbound tourist), the majority of which (17.12 million) were spent in rented accommodation which comprises collective accommodation (10.57 million nights)[6] and other rented accommodation (6.55 million nights).[7] On the other hand, inbound tourists only spent 3.12 million nights at non-rented accommodation.[8] Accordingly, inbound tourists spent a total of 10.57 million nights at collective accommodation (or 52.20% of the total nights spent) whilst the remaining portion (9.68 million nights – or 47.80%) were spent at private accommodation.

The total expenditure by inbound tourists in 2023 amounted to €2.67 billion which was 20.30% higher than the previous all-time high of €2.22 billion recorded in 2019. This also translated into an spend of €132 per inbound tourist per night which was 14.78% higher than the expenditure of €115 per inbound tourist per night registered in 2019. When adjusted for inflation, the expenditure per inbound tourist per night in 2023 stood at €125 compared to €113 in 2019.



[4] **Source:** National Statistics Office, available at: https://nso.gov.mt/tourism/.
[5] Including overnight cruise passenger which in 2023 amounted to 27,153 visitors (2022: 43,723 visitors).
[6] Collective accommodation comprises hotels, guesthouses, hostels, tourist villages, holiday complexes, bed & breakfast, and campsites.
[7] Other rented accommodation comprises holiday furnished premises (farmhouses, flats, and villas), host families, marinas, convents, rented yachts, and student dormitories.
[8] Non-rented accommodation typically comprises private residences (owned dwellings, caravans, and, or yachts), stays with friends or relatives, and other private accommodation such as timeshare.



Almost 68% (or 2.02 million) of inbound tourists in 2023 came from EU countries, of which 80.58% represented markets within the euro area, the largest of which were Italy (0.55 million inbound tourists who spent circa €107 per capita per night), followed by France (0.29 million inbound tourists / €127 per capita per night), and Germany (0.22 million inbound tourists / €133 per capita per night). Outside of the euro area, the largest markets were the United Kingdom (0.54 million inbound tourists / €148 per capita per night), followed by Poland (0.17 million inbound tourists / €120 per capita per night), and Sweden (0.11 million inbound tourists / €120 per capita per night).

The bulk of inbound tourists visiting Malta in 2023 were for leisure purposes (2.71 million) who opted not to take a packaged holiday (2.23 million). Similarly, the large majority (2.31 million – or 77.47%) where first-time tourists whilst the number and percentage of repeat tourists trended lower when compared to 2019. In fact, 0.67 million were repeat tourists in 2023, representing 22.53% of the inbound tourists, compared to a total of 0.70 million in 2019 who represented 25.32% of the inbound tourists who visited Malta that year.

In terms of the demographic profile of inbound tourists in 2023, 0.66 million (or 22.14%) were below 25 years, 1.16 million (or 38.97%) were aged between 25 years and 44 years, 0.89 million (or 29.79%) were aged between 45 years and 64 years, whilst the remaining portion amounting to 0.27 million (or 9.10%) were over 64 years. All age brackets contracted slightly as a proportion of inbound tourists in 2023 when compared to 2019, except for the youngest tourists aged below 25 years as this section gained 2.36 percentage points relative to 2019.

PART 2 – PERFORMANCE REVIEW

9. FINANCIAL INFORMATION RELATING TO THE ISSUER

The historical information is extracted from the audited financial statements of Eden Finance for the financial years ended 31 December 2021, 31 December 2022, and 31 December 2023.

The forecast information for the current financial year ending 31 December 2024 relates to events in the future and is based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecasts and actual results may be material.

Eden Finance p.l.c. Income Statement for the financial year 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
Finance income	1,680	1,680	1,680	1,680
Finance costs	(1,600)	(1,600)	(1,600)	(1,600)
Gross profit	**80**	**80**	**80**	**80**
Administrative expenses	(79)	(83)	(79)	(79)
Profit before tax	**1**	**(3)**	**1**	**1**
Taxation	-	1	-	-
Profit after tax	**1**	**(2)**	**1**	**1**

INCOME STATEMENT

In **FY2021**, interest receivable (finance income) amounted to €1.68 million while interest payable on bonds (finance costs) amounted to €1.60 million. After deducting €0.08 million in administrative costs, the Company reported a marginal net profit.

In **FY2022**, the Issuer reported a similar performance to FY2021, but posted a marginal net loss amid an increase in administrative expenses.

The Issuer returned a small profit in **FY2023** reflecting the reduction in administrative costs despite the unchanged gross profit year-on-year.

For **FY2024**, Eden Finance is not anticipating any material movements in its financial performance when compared to the previous years.

Eden Finance p.l.c. Statement of Cash Flows for the financial year 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
Net cash from / (used in) operating activities	543	(677)	(920)	(75)
Net cash from / (used in) investing activities	1,680	1,680	1,680	1,680
Net cash from / (used in) financing activities	(1,600)	(1,600)	(1,600)	(1,600)
Net movement in cash and cash equivalents	**623**	**(597)**	**(840)**	**5**
Cash and cash equivalents at beginning of year	831	1,454	857	17
Cash and cash equivalents at end of year	**1,454**	**857**	**17**	**22**

CASH FLOW STATEMENT

In **FY2021**, Eden Finance recorded a positive net movement in cash and cash equivalents of €0.62 million which represented a substantial improvement over the previous year reflecting favourable movements in receivables and/or related company balances. However, this was reversed in **FY2022** as the Company reported a negative net movement in cash and cash equivalents of €0.60 million on the back of adverse movements in receivables and/or related company balances. As a result, the Issuer ended the 2022 financial year with a cash balance of €0.86 million compared to €1.45 million as at 31 December 2021.

During **FY2023**, Eden Finance recorded a drop of €0.84 million in its cash and cash equivalents amid an increase in the amount of net cash used in operating activities to €0.92 million compared to €0.68 million in the prior year. As a result, the Company's cash balances contracted to €0.02 million.

For **FY2024**, the Issuer is forecasting a marginal positive net movement in cash and cash equivalents of less than €0.01 million. Accordingly, Eden Finance expects to end the forecasted year with a virtually unchanged cash balance of €0.02 million.

STATEMENT OF FINANCIAL POSITION

The Company's assets principally comprise the €40 million 4.00% unsecured and guaranteed bonds 2027 which funds were advanced to the Guarantor. Apart from this, non-current assets comprise €1.17 million in redeemable preference shares of Eden Entertainment Limited. The remaining assets of the Company are current financial assets and cash and cash equivalents.

The Issuer's equity base is made up of share capital and retained earnings, whilst liabilities comprise the €40 million 4.00% unsecured and guaranteed bonds 2027 and trade and other payables.

For **FY2024**, the Issuer is not anticipating any material movements in its financial position when compared to the previous years.

Eden Finance p.l.c. Statement of Financial Position as at 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
ASSETS				
Non-current assets				
Loans owed by parent company	40,000	40,000	40,000	40,000
Redeemable preference shares	1,165	1,165	1,165	1,165
Deferred tax asset	-	1	1	1
	41,165	**41,166**	**41,166**	**41,166**
Current assets				
Financial assets at amortised cost	305	868	1,708	1,703
Cash and cash equivalents	1,454	857	17	22
	1,759	**1,725**	**1,725**	**1,725**
Total assets	**42,924**	**42,891**	**42,891**	**42,891**
EQUITY				
Share capital	1,165	1,165	1,165	1,165
Retained earnings	542	539	540	541
	1,707	**1,704**	**1,705**	**1,706**
LIABILITIES				
Non-current liabilities				
Debt securities	40,000	40,000	40,000	40,000
Current liabilities				
Trade and other payables	1,217	1,187	1,186	1,185
Total liabilities	**41,217**	**41,187**	**41,186**	**41,185**
Total equity and liabilities	**42,924**	**42,891**	**42,891**	**42,891**

10. FINANCIAL INFORMATION RELATING TO THE GROUP

The following information is extracted from the audited consolidated annual financial statements of Eden Leisure Group for the financial years ended 31 December 2021, 31 December 2022, and 31 December 2023.

The forecast information for the current financial year ending 31 December 2024 has been provided by the Guarantor. This information relates to events in the future and is based on assumptions which the Group believes to be reasonable. Accordingly, the actual outcome may be adversely affected by unforeseen circumstances and the variation between forecasts and actual results may be material.

Eden Leisure Group Limited **Income Statement** **for the financial year 31 December**	**2021** **Actual** **€'000**	**2022** **Actual** **€'000**	**2023** **Actual** **€'000**	**2024** **Forecast** **€'000**
Hospitality	*15,851*	*23,789*	*33,320*	*34,525*
Entertainment & leisure	*6,709*	*9,439*	*12,069*	*12,320*
Revenue	**22,560**	**33,228**	**45,389**	**46,845**
Net operating expenses	(15,210)	(24,679)	(33,531)	(34,550)
EBITDA	**7,350**	**8,549**	**11,858**	**12,295**
Depreciation and amortisation	(4,294)	(4,179)	(4,021)	(5,935)
Operating profit / (loss)	**3,056**	**4,370**	**7,837**	**6,360**
Other net non-operating costs	(55)	(1)	(1)	(1)
Net finance costs	(2,026)	(2,017)	(2,183)	(2,289)
Profit / (loss) before tax	**976**	**2,352**	**5,653**	**4,070**
Taxation	1	(1,180)	(1,840)	(1,425)
Profit / (loss) after tax	**977**	**1,172**	**3,813**	**2,645**
Other comprehensive income				
Revaluation surplus, net of deferred tax	-	27,536	-	-
Other comprehensive items	(61)	(71)	8	15
Total comprehensive income/(expense)	**916**	**28,637**	**3,821**	**2,660**
EBITDA Analysis:				
Hospitality	*5,386*	*7,027*	*9,745*	*10,105*
Entertainment & leisure (post royalty fee)	*762*	*930*	*1,136*	*941*
*Other**	*1,202*	*592*	*977*	*1,249*
Segment EBITDA margin (%):				
Hospitality	*33.98*	*29.54*	*29.25*	*29.27*
Entertainment & leisure (post royalty fee)	*11.36*	*9.85*	*9.41*	*7.64*

* *Namely rental operations. In FY2022, the Group incurred a one-time impairment charge of €0.5 million in relation to the demolition of the Cinema 16 Building.*

Eden Leisure Group Limited Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
EBITDA margin (%) *(EBITDA / revenue)*	32.58	25.73	26.13	26.25
Operating profit margin (%) *(Operating profit / revenue)*	13.55	13.15	17.27	13.58
Net profit margin (%) *(Profit after tax / revenue)*	4.33	3.53	8.40	5.65
Return on equity (%) *(Profit after tax / average equity)*	0.90	0.96	2.80	1.93
Return on assets (%) *(Profit after tax / average assets)*	0.51	0.57	1.73	1.14
Return on invested capital (%) *(Operating profit / average equity and net debt)*	1.97	2.61	4.26	3.23
Interest cover (times) *(EBITDA / net finance costs)*	3.63	4.24	5.43	5.37

INCOME STATEMENT

In **FY2021**, revenues nearly doubled to €22.56 million reflecting the gradual re-opening of tourism as well as the organisation of some social and business events particularly in the second half of the year following the rapid rollout of anti-COVID-19 vaccination in Q1 2021. Hospitality revenues amounted to €15.85 million whilst income from E&L increased by almost 23% to €6.71 million.

Total EBITDA amounted to €7.35 million, with €5.39 million (or 73.28%) emanating from the hospitality segment whilst the rental and E&L operations contributed €1.20 million (16.36%) and €0.76 million (10.37%) respectively. The EBITDA margin stood at 32.58% – an improvement of 257 basis points year-on-year – as the Group received €3.51 million in Government grants related to the COVID-19 wage subsidy scheme. Furthermore, the Group reduced its staff complement as it had an average head count of 391 persons in FY2021 compared to 331 persons in the prior year.

After accounting for depreciation and amortisation charges of €4.29 million, the Group reported an operating profit of €3.06 million which translated into a margin of 13.55% and a return on invested capital of 1.97%.

Net finance costs remained virtually unchanged at €2.03 million. However, given the upsurge in EBITDA, the interest cover improved materially to 3.63 time.

Overall, Eden Leisure Group reported a net profit for the year of €0.98 million which translated into a return on equity of 0.90% and a return on assets of 0.51%. The net profit margin for the year stood at 4.33%.

In **FY2022**, revenues surged by 47.29% (or +€10.67 million) to €33.23 million amid a strong rebound in activity across all business lines reflecting the much higher tourism numbers as well as the significant increase in local consumerism. The hospitality segment generated €23.79 million in income (+50.08%), representing 71.59% of the Group's total turnover. Conference groups started to return in Q2 2022 and activity during summer was positive despite the construction activity taking place near the Group's hotels and the limited availability of airline seats on the UK-Malta route that resulted in very expensive flight tickets.

The Group also faced other challenges stemming from the disruptions resulting from the demolition of the former Cinema 16 Building which impacted the operations of both Eden Cinemas and Eden SuperBowl. Notwithstanding, income from E&L increased by 40.69% year-on-year to €9.44 million as all sectors recorded improvement in performance particularly Cynergi, Eden Cinemas, and Eden SuperBowl.

EBITDA for the year amounted to €8.55 million and included a one-time impairment charge of €0.5 million in relation to the demolition of the former Cinema 16 Building. Meanwhile, the amount of Government grants received by the Group in relation to the COVID-19 wage supplement were lower and amounted to €1.64 million. As a result, the EBITDA margin eased to 25.73% and also reflected the negative impact of high inflation which translated into higher costs, particularly wages and salaries.

After accounting for depreciation and amortisation charges of €4.18 million, the Group reported an operating profit of €4.37 million which translated into a margin of 13.15% and a return on invested capital of 2.61%. Net finance costs stood at €2.02 million, thus leading to a pre-tax profit of €2.35 million compared to €0.98 million in FY2021. Given the growth in EBITDA, the interest cover improved further to 4.24 times.

Overall, Eden Leisure Group reported a net profit for the year of €1.17 million which translated into a return on equity of 0.96% and a return on assets of 0.57%. Total comprehensive income was boosted by a €27.54 million revaluation surplus (net of deferred tax) in relation to the land on which the new mixed-use development is currently being finished. Accordingly, Eden Leisure Group reported total comprehensive income for the year of €28.64 million compared to €0.92 million in FY2021.

The performance achieved by the Group in **FY2023** continued to show the extent of the post-COVID-19 strong recovery in tourism and economic activity. Indeed, revenues generated by the hospitality segment surged by 40.06% to €33.32 million whilst income from E&L operations increased by 27.86% to €12.07 million. As a result, total revenues generated by the Group rose by 36.60% to a new all-time high of €45.39 million.

Despite the non-recurrence of the grants received from Government in relation to the COVID-19 wage subsidy scheme, and notwithstanding the adverse impact of high inflation and the tight labour market, EBITDA still increased by 38.71% year-on-year to €11.86 million. The lion's share of this emanated from the hospitality segment which contributed €9.75 million in EBITDA (FY2022: €7.03 million), translating into a margin of 29.25% (FY2022: 29.54%). Overall, the EBITDA margin of the Group trended higher to

26.13% whilst the interest cover rose to 5.43 times as net finance costs only increased marginally to €2.18 million.

After taking into account depreciation and amortisation charges of €4.02 million (-3.79%), the Group reported an operating profit of €7.84 million which, in turn, translated into a margin of 17.27% and a return on invested capital of 4.26%.

Profit for the year more than doubled to €3.81 million despite the increase in tax charges to €1.84 million. As a result, the profitability ratios of the Group trended higher, with the net profit margin rising to 8.40% from 3.53% in FY2022. Likewise, the return on equity and the return on assets advanced more than 100 basis points to 2.80% and 1.73% respectively.

Eden Leisure Group is expecting to register further growth in **FY2024**, albeit its financial performance is anticipated to be adversely impacted by higher depreciation and amortisation costs (+€1.91 million to €5.94 million) reflecting the Group's considerable investments in existing and new operations. In fact, although revenues and EBITDA are envisaged to increase by over 3% to €46.85 million and €12.30 million respectively, resulting also in an improvement in the EBITDA margin to 26.25%, operating profit is estimated to drop by 18.85% to €6.36 million which, in turn, would translate into a margin of 13.58% and a return on invested capital of 3.23%. On the other hand, in view of the stronger uplift in EBITDA than the increase in net finance costs (in absolute terms) to €2.29 million, the interest cover is forecasted to remain stable at 5.37 times.

The Guarantor's performance will also be impaired by the circa six-month loss of income from the Eden SuperBowl which closed its doors on 8 January 2024 until construction and finishing works in relation to the new 20-lane bowling centre with The Eden are completed. Nonetheless, the new revenues streams from The Eden, as well as the twelve-month contribution from Bay Easy and The Esports Network Limited, are anticipated to offset this extraordinary disruption in business and result in a year-on-year growth in revenue from the E&L segment to €12.32 million.

After accounting for tax charges of €1.43 million, Eden Leisure Group is estimating a profit for the year of €2.65 million which would translate into a margin of 5.65%. The return on equity and the return on assets are also expected to trend lower year-on-year to 1.93% and 1.14% respectively.

Eden Leisure Group Limited Statement of Cash Flows for the financial year 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
Net cash from operating activities	7,212	7,426	10,288	11,229
Net cash used in investing activities	(265)	(6,652)	(11,543)	(28,457)
Free cash flow	**6,947**	**774**	**(1,255)**	**(17,228)**
Net cash from / (used in) financing activities	(760)	(6,204)	(693)	17,562
Net movement in cash and cash equivalents	**6,187**	**(5,430)**	**(1,948)**	**334**
Cash and cash equivalents at beginning of year	3,590	9,777	4,347	2,399
Cash and cash equivalents at end of year	**9,777**	**4,347**	**2,399**	**2,733**

STATEMENT OF CASH FLOWS

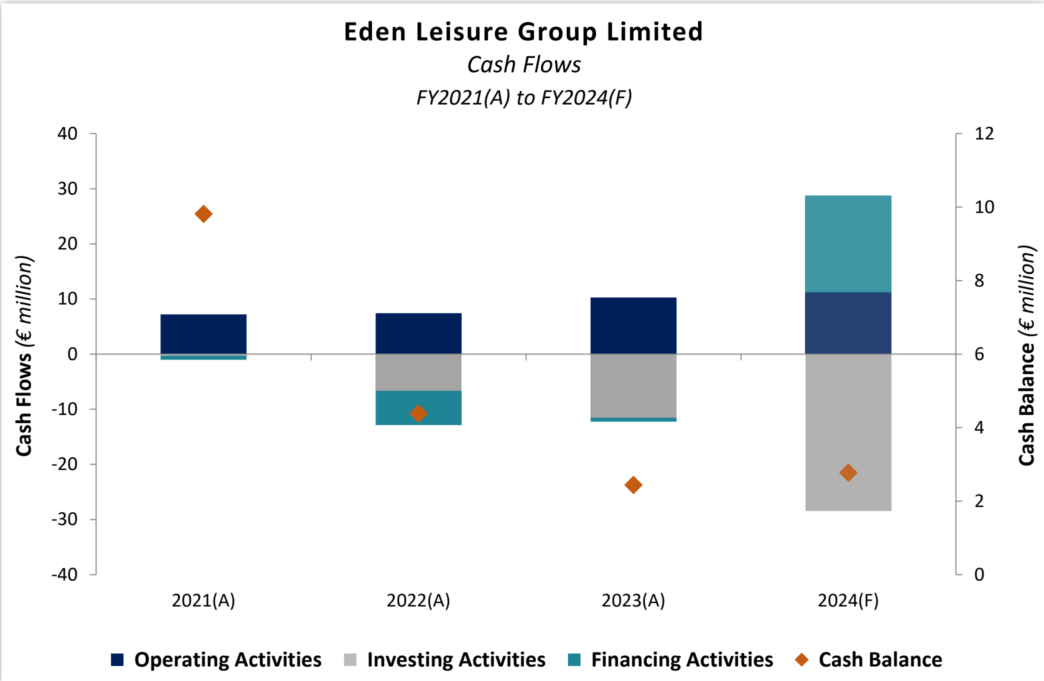
In **FY2021**, the Guarantor generated €7.21 million in net cash from operating activities which was partly used in investing activities (€0.27 million) and financing activities (€0.76 million). Accordingly, the overall net movement in cash and cash equivalents was positive by €6.19 million, thus contributing to a notable increase in the Group's cash balance to €9.78 million.

In **FY2022**, the Group registered a negative net movement in cash and cash equivalents of €5.43 million. Despite the considerable increase in business, net cash flows from operating activities only increased marginally year-on-year to €7.43 million as the Group's operating cash flows were impacted by adverse working capital movements.

Elsewhere, Eden Leisure Group used €6.65 million for its investing activities, primarily for (i) the redevelopment of the former Cinema 16 Building; (ii) the investment related to two new state-of-the-art cinema screens; and (iii) the refurbishment and other improvement works at the InterContinental Malta including the opening of Lubelli Pizzeria and Opal Lounge. Meanwhile, €6.20 million was used for the Group's financing activities. These included the repayment of bank borrowings amounting to €3.18 million and a dividend distribution of €2.5 million. Overall, the Guarantor ended the 2022 financial year with a cash balance of €4.35 million.

The Group recorded a drop of almost €2 million in its cash balances in **FY2023** as the amount of €10.29 million in net cash generated from operating activities was not sufficient to cover the Guarantor's investing (€11.54 million) and financing (€0.69 million) activities. Throughout the year, Eden Leisure Group continued with the redevelopment of the former Cinema 16 Building which is the single, largest investment undertaken by the Group in recent years. At the same time, the Guarantor launched Bay Easy and intensified further its efforts at having more environmentally friendly operations through the investment in, and the introduction of, more efficient energy consumption, water usage, and waste management procedures. Meanwhile, within financing activities, net cash movements in new bank borrowings amounted to €2.40 million, whilst other outflows related to the payment of a dividend (€2.50 million), third party loans (€0.33 million), and leases (€0.27 million).

During **FY2024**, the Group is expecting to increase its cash and cash equivalents by €0.33 million, thus ending the year with a balance of €2.73 million compared to €2.40 million as at 31 December 2023. Despite the considerable amount of €28.46 million in net cash outflows relating to investing activities, net cash inflows from operating (€11.23 million) and financing (€17.56 million) activities are projected to total €28.79 million. The latter includes new bank borrowings supporting the Guarantor's significant investments programme (mainly comprising the acquisition of a property next to Eden Cinemas, the redevelopment of the former Cinema 16 Building, and the Group's strong commitment towards environmental consciousness[9]) and the payment of dividends amounting to €2.50 million.



[9] In March 2024, InterContinental Malta was awarded the Green Key ecolabel certification which is a global voluntary eco-certification programme that is coordinated by the Foundation for Environmental Education. The certification is considered as the leading standard for excellence in the field of environment responsibility and sustainable operation within the tourism and hospitality industry and is only awarded after a rigorous evaluation of the hotel's environmental management, energy conservation, waste management, water conservation, and other sustainable practices.

Eden Leisure Group Limited Statement of Financial Position as at 31 December	2021 Actual €'000	2022 Actual €'000	2023 Actual €'000	2024 Forecast €'000
ASSETS				
Non-current assets				
Property, plant and equipment	148,971	181,606	186,876	205,091
Right-of-use assets	1,491	1,423	1,700	1,484
Investment property	16,750	16,750	16,750	19,900
Investment in associated undertakings	717	717	716	716
Trade and other receivables	5,978	4,476	3,314	2,209
Deferred tax asset	1,665	584	189	-
	175,572	**205,556**	**209,545**	**229,400**
Current assets				
Inventory	2,077	2,123	2,358	2,698
Trade and other receivables	4,952	4,948	6,874	7,235
Financial assets	1,151	974	986	486
Fixed deposits	-	-	750	-
Cash and cash equivalents	9,777	4,347	2,803	2,733
	17,957	**12,392**	**13,771**	**13,152**
Total assets	**193,529**	**217,948**	**223,316**	**242,552**
EQUITY				
Share capital	60,000	60,000	60,000	60,000
Revaluation reserve	33,491	60,956	60,964	60,964
Fair value gain reserve	4,540	4,540	4,540	4,540
Retained earnings	11,254	9,926	11,239	11,400
Non-controlling interest	(1)	(1)	(1)	(1)
Equity and reserves	**109,284**	**135,421**	**136,742**	**136,903**
LIABILITIES				
Non-current liabilities				
Bonds	39,749	39,796	39,843	39,890
Bank borrowings	8,895	5,679	8,882	30,149
Lease liabilities	1,563	1,537	1,687	1,512
Other non-current liabilities	17,034	20,296	19,432	17,956
	67,241	**67,308**	**69,844**	**89,507**
Current liabilities				
Bank borrowings	3,209	3,241	2,847	1,642
Lease liabilities	37	26	188	175
Other current liabilities	13,758	11,952	13,695	14,325
	17,004	**15,219**	**16,730**	**16,142**
Total liabilities	**84,245**	**82,527**	**86,574**	**105,649**
Total equity and liabilities	**193,529**	**217,948**	**223,316**	**242,552**
Total debt	*53,453*	*50,279*	*53,447*	*73,368*
Net debt	*43,676*	*45,932*	*49,894*	*70,635*
Invested capital (total equity plus net debt)	*152,960*	*181,353*	*186,636*	*207,538*

Eden Leisure Group Limited Key Financial Ratios	FY2021 Actual	FY2022 Actual	FY2023 Actual	FY2024 Forecast
Net debt-to-EBITDA (times) *(Net debt / EBITDA)*	5.94	5.37	4.21	5.75
Net debt-to-equity (times) *(Net debt / total equity)*	0.40	0.34	0.36	0.52
Net gearing (%) *(Net debt / net debt and total equity)*	28.55	25.33	26.73	34.03
Debt-to-assets (times) *(Total debt / total assets)*	0.28	0.23	0.24	0.30
Leverage (times) *(Total assets / total equity)*	1.77	1.61	1.63	1.77
Current ratio (times) *(Current assets / current liabilities)*	1.06	0.81	0.82	0.81

STATEMENT OF FINANCIAL POSITION

During **FY2021**, total assets increased by 1.38% to €193.53 million as the drop in the values of PPE (to €148.97 million) and trade and other receivables (to €10.93 million) was offset by the substantial increase in cash balances. The Group's equity base expanded by 0.84% to €109.28 million whilst total liabilities increased by 2.09% to €84.25 million. In view of the drop of €5.74 million in net debt to €43.68 million, coupled with the increase in equity, the Group's net gearing and net debt-to-equity ratios improved to 28.55% and 0.40 times respectively.

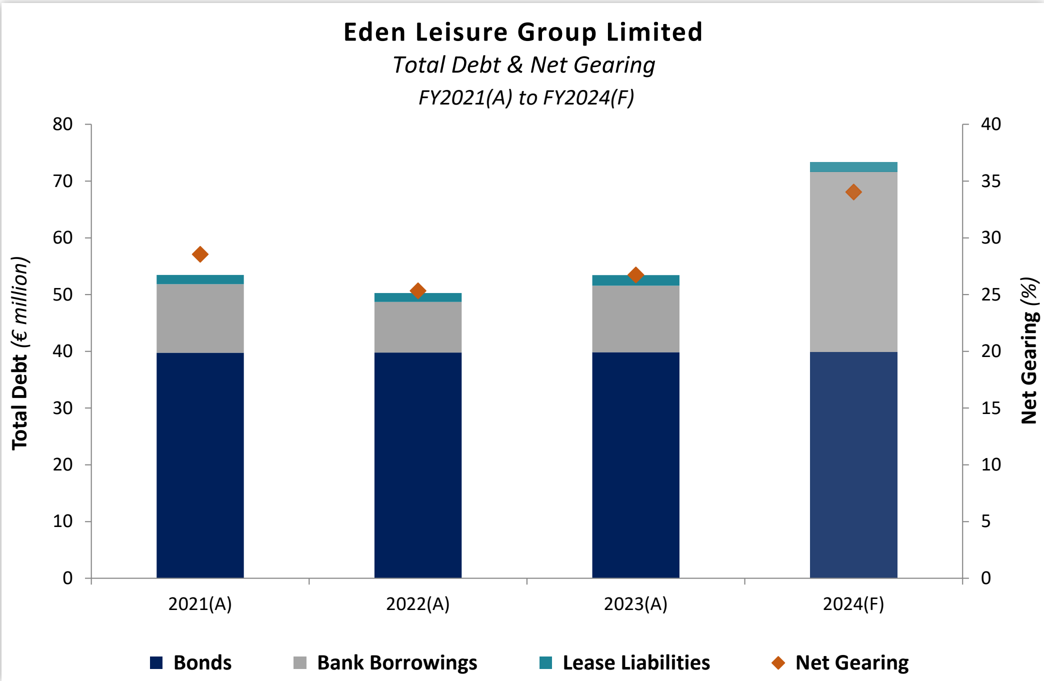
In **FY2022**, total assets increased by 12.62% to €217.95 million reflecting the higher value of PPE to €181.61 million on account of the works-in-progress relating to the redevelopment of the former Cinema 16 Building and an uplift in carrying value of the same site. The revaluation surplus also positively impacted the equity base of the Group which expanded by almost 24% to €135.42 million.

Total liabilities contracted by 2.04% to €82.53 million reflecting the reduction in total borrowings to €50.28 million from €53.45 million as at the end of FY2021.

In the context of the abovementioned year-on-year changes, coupled with the strong uplift in EBITDA recorded during the year, the net debt-to-EBITDA multiple strengthened to 5.37 times from 5.94 times in FY2021. Likewise, all other credit metrics of the Group registered an improvement with the net debt-to-equity and net gearing ratios dropping to 0.34 times and 25.33% respectively whilst the debt-to-assets ratio and the leverage ratio slipped to 0.23 times (31 December 2021: 0.28 times) and 1.61 times (31 December 2021: 1.77 times) respectively. Conversely, the current ratio deteriorated to 0.81 times from 1.06 times as at the end of FY2021 in view of the reduction in cash balances on account of the redevelopment of the former Cinema 16 Building.

The Group's asset base expanded by 2.46% to €223.32 million in **FY2023**, mostly due to the further increase in PPE to €186.88 million. Total equity and total liabilities also trended marginally higher year-on-year, mostly on account of the strengthening of the Guarantor's retained earnings and the increase in indebtedness respectively. Accordingly, most of the Group's debt ratios remained somewhat unchanged except for the net debt-to-EBITDA multiple which dropped sharply to 4.21 times reflecting the notable upsurge in EBITDA recorded during the year.

Total assets are anticipated to increase by 8.61% (or +€19.24 million) in **FY2024** to €242.55 million, driven by the notable rise in PPE to €205.09 million largely reflecting the considerable investments made by the Group in the redevelopment of the former Cinema 16 Building. Similarly, total liabilities are envisaged to expand by just over €19 million to €105.65 million amid an increase in total debt to €73.37 million compared to €53.45 million as at the end of FY2023. Meanwhile, as total equity is estimated to remain virtually unchanged year-on-year at €136.90 million, the Guarantor's debt ratios are projected to deteriorate year-on-year. In fact, the net gearing ratio and the debt-to-assets ratio are forecasted to trended higher to 34.03% (31 December 2023: 26.73%) and 0.30 times (31 December 2023: 0.24 times) respectively. Likewise, the net debt-to-EBITDA multiple is expected to edge higher to 5.75 times whilst the net debt-to-equity ratio is projected to increase to 0.52 times compared to 0.36 times as at the end of FY2023.



11. VARIANCE ANALYSIS

The following is an analysis of the major variances between the forecast financial information for the year ended 31 December 2023 included in the Analysis dated 26 June 2023 and the audited consolidated annual financial statements for the year ended 31 December 2023.

Eden Leisure Group Limited **Income Statement** **for the financial year 31 December**	**2023** **Actual** **€'000**	**2023** **Forecast** **€'000**	
Hospitality	*33,320*	*35,600*	***(1)***
Entertainment & leisure	*12,069*	*10,920*	***(2)***
Revenue	**45,389**	**46,520**	
Net operating expenses	(33,531)	(32,041)	***(3)***
EBITDA	**11,858**	**14,479**	***(4)***
Depreciation and amortisation	(4,021)	(4,356)	
Operating profit / (loss)	**7,837**	**10,123**	
Other net non-operating costs	(1)	-	
Net finance costs	(2,183)	(2,034)	
Profit / (loss) before tax	**5,653**	**8,089**	***(5)***
Taxation	(1,840)	(2,831)	***(6)***
Profit / (loss) after tax	**3,813**	**5,258**	***(7)***
Other comprehensive income			
Other comprehensive items	8	101	
Total comprehensive income/(expense)	**3,821**	**5,359**	
EBITDA Analysis:			
Hospitality	*9,745*	*12,378*	***(8)***
Entertainment & leisure (post royalty fee)	*1,136*	*957*	***(2)***
*Other**	*977*	*1,144*	
Segment EBITDA margin (%):			
Hospitality	*29.25*	*34.77*	***(9)***
Entertainment & leisure (post royalty fee)	*9.41*	*8.76*	***(2)***

** Namely rental operations.*

The Group reported a profit before tax of €5.65 million compared to the estimated figure of €8.09 million ***(5)*** as the better-than-expected contribution and profitability from the E&L segment ***(2)*** was by far outweighed by the weaker performance of the hospitality segment. In fact, the latter missed its revenue ***(1)*** and EBITDA ***(8)*** targets by over €2 million whilst the recorded EBITDA margin of 29.25% was 552 basis points lower than forecasted ***(9)*** amid a considerable increase in the cost base of the hospitality division. This also led to a higher level of total net operating costs of the Group ***(3)*** which, in aggregate, posted an EBITDA of €11.86 million compared to the estimated figure of €14.48 million ***(4)***. On the other hand, Eden Leisure Group incurred lower tax charges than previously anticipated ***(6)***, thus resulting in a reduction in the negative variance relating to the net profit for the year ***(7)***.

Eden Leisure Group Limited Statement of Cash Flows for the financial year 31 December	2023 Actual €'000	2023 Forecast €'000	
Net cash from operating activities	10,288	11,796	*(1)*
Net cash used in investing activities	(11,543)	(14,995)	*(2)*
Free cash flow	**(1,255)**	**(3,199)**	
Net cash from / (used in) financing activities	(693)	3,803	*(3)*
Net movement in cash and cash equivalents	**(1,948)**	**604**	
Cash and cash equivalents at beginning of year	4,347	4,347	
Cash and cash equivalents at end of year	**2,399**	**4,951**	*(4)*

In terms of major variances in the movements of its cash flows, the Group ended the 2023 financial year with a much lower cash balance of €2.40 million compared to the forecasted figure of €4.95 million ***(4)***. This was mostly due to the amount of net cash used in financing activities compared to the expected inflow of €3.80 million ***(3)*** as during the year, Eden Leisure Group reduced its indebtedness and paid a dividend of €2.50 million.

The net movements in cash and cash equivalents were also adversely impacted by the relatively lower level of inflows from operating activities ***(1)*** in view of the weaker performance of the Group. On the other hand, the amount of net cash used in investing activities amounted to €11.54 million compared to the forecasted figure of almost €15 million ***(2)***.

Meanwhile, the material variances between the actual and forecast Statement of Financial Position as at 31 December 2023 were as follows:

(i) Total assets amounted to €223.32 million compared to the estimated figure of €227.69 million ***(5)***, principally as the lower levels of PPE ***(1)*** and cash ***(4)*** outweighed the higher levels of trade and other receivables ***(2)*** as well as the balance in fixed deposits ***(3)***.

(ii) The Group's equity position was lower than estimated in view of the lesser amount of reserves held within retained earnings ***(6)***.

(iii) Total liabilities stood at €86.57 million compared to forecasted amount of €89.41 million ***(7)*** mostly due to the lower level of debt ***(8)*** than previously anticipated.

Eden Leisure Group Limited Statement of Financial Position as at 31 December	2023 Actual €'000	2023 Forecast €'000	
ASSETS			
Non-current assets			
Property, plant and equipment	186,876	192,250	(1)
Right-of-use assets	1,700	1,375	
Investment property	16,750	16,750	
Investment in associated undertakings	716	716	
Trade and other receivables	3,314	3,352	
Deferred tax asset	189	-	
	209,545	**214,443**	
Current assets			
Inventory	2,358	2,198	
Trade and other receivables	6,874	5,024	(2)
Financial assets	986	1,074	
Fixed deposits	750	-	(3)
Cash and cash equivalents	2,803	4,951	(4)
	13,771	**13,247**	
Total assets	**223,316**	**227,690**	(5)
EQUITY			
Share capital	60,000	60,000	
Revaluation reserve	60,964	60,956	
Fair value gain reserve	4,540	4,540	
Retained earnings	11,239	12,785	(6)
Non-controlling interest	(1)	(1)	
Equity and reserves	**136,742**	**138,280**	
LIABILITIES			
Non-current liabilities			
Bonds	39,843	51,734	
Bank borrowings	8,882		
Lease liabilities	1,687	1,497	
Other non-current liabilities	19,432	20,296	
	69,844	**73,527**	
Current liabilities			
Bank borrowings	2,847	3,285	
Lease liabilities	188	20	
Other current liabilities	13,695	12,578	
	16,730	**15,883**	
Total liabilities	**86,574**	**89,410**	(7)
Total equity and liabilities	**223,316**	**227,690**	
Total debt	*53,447*	*56,536*	(8)
Net debt	*49,894*	*51,585*	
Invested capital (total equity plus net debt)	*186,636*	*189,865*	

PART 3 – COMPARATIVE ANALYSIS

The Table below provides a comparison between the Group and its bonds with other debt issuers and their respective debt securities listed on the Regulated Main Market (Official List) of the Malta Stock Exchange. Although there are significant variances between the activities of the Group and those of other debt issuers (including different industries, principal markets, competition, capital requirements etc.), and material differences between the risks associated with the Group's business/es and those of other debt issuers, the comparative analysis illustrated in the Table below serves as an indication of the relative financial strength and creditworthiness of the Group.

Comparative Analysis*	Amount Issued	Yield-to-Maturity / Worst	Interest Cover	Net Debt-to-EBITDA	Net Gearing	Debt-to-Assets
	(€'000)	*(%)*	*(times)*	*(times)*	*(%)*	*(times)*
5.00% Hal Mann Vella Group p.l.c. Secured 2024	30,000	3.81	2.21	9.47	51.49	0.43
4.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	1,267	4.17	57.57	9.38	69.21	0.64
5.75% International Hotel Investments p.l.c. Unsecured 2025	45,000	5.75	1.61	10.49	43.07	0.41
5.10% 6PM Holdings p.l.c. Unsecured 2025**	13,000	6.86	16.04	0.65	17.79	0.20
4.50% Hili Properties p.l.c. Unsecured & Guaranteed 2025	37,000	4.11	1.80	8.70	46.06	0.45
4.35% Hudson Malta p.l.c. Unsecured & Guaranteed 2026	12,000	4.63	5.64	6.37	77.20	0.60
4.25% CPHCL Finance p.l.c. Unsecured & Guaranteed 2026	40,000	4.25	1.45	11.49	43.52	0.41
4.00% International Hotel Investments p.l.c. Secured 2026	55,000	3.99	1.61	10.49	43.07	0.41
5.00% Dizz Finance p.l.c. Unsecured & Guaranteed 2026	8,000	4.99	2.27	8.24	80.39	0.57
3.75% Premier Capital p.l.c. Unsecured 2026	65,000	4.38	10.89	2.16	65.14	0.57
4.00% International Hotel Investments p.l.c. Unsecured 2026	60,000	5.34	1.61	10.49	43.07	0.41
3.25% AX Group p.l.c. Unsecured 2026	15,000	3.33	1.24	21.28	39.42	0.36
3.90% Gap Group p.l.c. Secured & Guaranteed 2024-2026	16,702	3.89	n/a	3.15	52.66	0.56
4.00% Hili Finance Company p.l.c. Unsecured & Guaranteed 2027	50,000	3.62	4.60	4.44	69.59	0.61
4.35% SD Finance p.l.c. Unsecured & Guaranteed 2027	65,000	4.26	4.68	1.74	22.08	0.26
4.00% Eden Finance p.l.c. Unsecured & Guaranteed 2027	40,000	4.04	5.43	4.21	26.73	0.24
5.25% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2027	30,000	5.24	5.42	2.67	20.40	0.19
4.00% Stivala Group Finance p.l.c. Secured & Guaranteed 2027	45,000	3.99	5.67	4.17	22.93	0.21
4.75% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2025-2027	15,000	5.06	57.57	9.38	69.21	0.64
4.75% Gap Group p.l.c. Secured & Guaranteed 2025-2027	23,000	4.74	n/a	3.15	52.66	0.56
3.85% Hili Finance Company p.l.c. Unsecured & Guaranteed 2028	40,000	4.27	4.60	4.44	69.59	0.61
5.85% Mediterranean Investments Holding p.l.c. Unsecured & Guaranteed 2028	20,000	5.19	5.42	2.67	20.40	0.19
5.75% PLAN Group p.l.c. Secured & Guaranteed 2028	12,000	4.62	7.37	9.26	54.58	0.48
3.65% Stivala Group Finance p.l.c. Secured & Guaranteed 2029	15,000	3.78	5.67	4.17	22.93	0.21
3.80% Hili Finance Company p.l.c. Unsecured & Guaranteed 2029	80,000	4.87	4.60	4.44	69.59	0.61
3.75% AX Group p.l.c. Unsecured 2029	10,000	3.75	1.24	21.28	39.42	0.36
5.25% Best Deal Properties Holding p.l.c. Secured & Guaranteed 2024	15,000	4.98	57.57	9.38	69.21	0.64
6.25% GPH Malta Finance p.l.c. Unsecured & Guaranteed 2030	18,144	6.24	1.73	7.63	94.01	0.75
3.65% International Hotel Investments p.l.c. Unsecured 2031	80,000	4.69	1.61	10.49	43.07	0.41
3.50% AX Real Estate p.l.c. Unsecured 2032	40,000	5.10	2.04	12.44	49.30	0.45
5.00% Mariner Finance p.l.c. Unsecured 2032	36,930	4.85	4.89	6.08	50.77	0.50
5.85% AX Group p.l.c. Unsecured 2033	40,000	5.19	1.24	21.28	39.42	0.36
6.00% International Hotel Investments p.l.c. Unsecured 2033	60,000	5.34	1.61	10.49	43.07	0.41
4.50% The Ona p.l.c. Secured & Guaranteed 2028-2034	16,000	4.63	3.09	16.34	74.89	0.65
5.50% Juel Group p.l.c. Secured & Guaranteed 2035	32,000	5.20	3.35	11.26	55.24	0.51

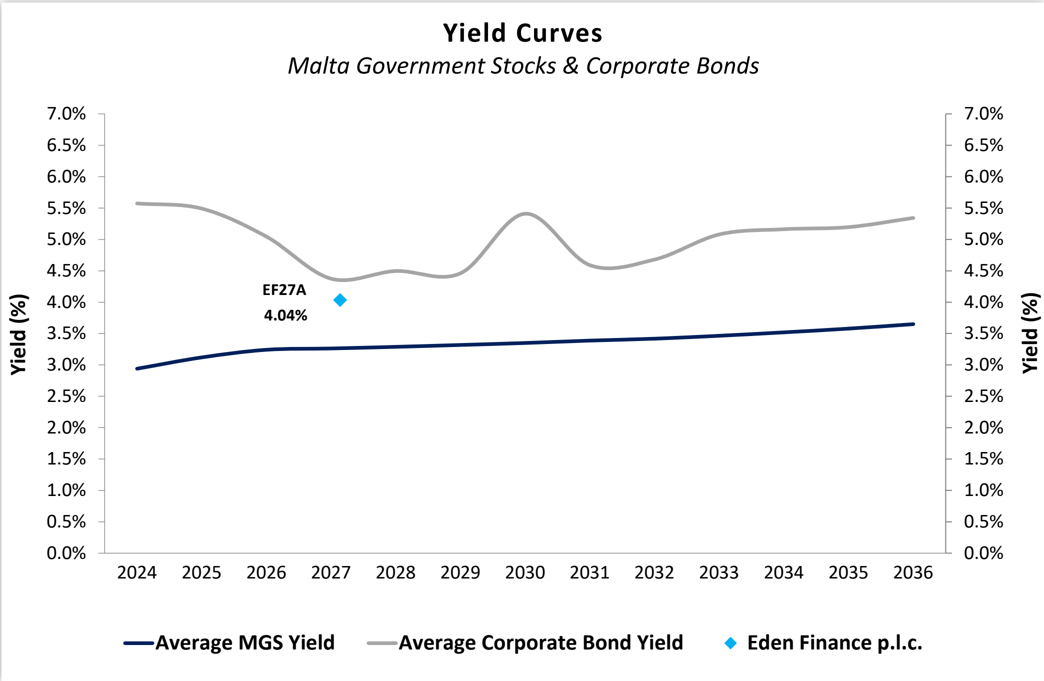
As at 15 May 2024

***** The financial ratios pertain to Idox p.l.c..***

Sources: Malta Stock Exchange

M.Z. Investment Services Limited

Most recent audited annual financial statements except for Juel Group p.l.c. (FY2024 forecast, as included in the Financial Analysis Summary dated 6 June 2023).



The closing market price as at 15 May 2024 for the **4.00% Eden Finance p.l.c. unsecured and guaranteed bonds 2027** (EF27A) was 99.90%. This translated into a yield-to-maturity ("**YTM**") of 4.04% which was 34 basis points below the average YTM of 4.38% of other local corporate bonds maturing in the same year. The premium over the corresponding average Malta Government Stock yield of equivalent maturity stood at 77 basis points.

PART 4 – EXPLANATORY DEFINITIONS

Income Statement	
Revenue	Total income generated from business activities.
EBITDA	Earnings before interest, tax, depreciation, and amortisation. It is a metric used for gauging operating performance excluding the impact of capital structure. EBITDA is usually interpreted as a loose proxy for operating cash flows.
Adjusted operating profit / (loss)	Profit (or loss) from core operations, excluding movements in the fair value of investment property, share of results of associates and joint ventures, net finance costs, and taxation.
Operating profit / (loss)	Profit (or loss) from operating activities, including movements in the fair value of investment property but excluding the share of results of associates and joint ventures, net finance costs, and taxation.
Share of results of associates and joint ventures	Share of profit (or loss) from entities in which the company does not have a majority shareholding.
Profit / (loss) after tax	Net profit (or loss) registered from all business activities.

Profitability Ratios	
EBITDA margin	EBITDA as a percentage of revenue.
Operating profit margin	Operating profit (or loss) as a percentage of total revenue.
Net profit margin	Profit (or loss) after tax as a percentage of total revenue.
Return on equity	Measures the rate of return on net assets and is computed by dividing the net profit (or loss) for the year by average equity.
Return on assets	Measures the rate of return on assets and is computed by dividing the net profit (or loss) for the year by average assets.
Return on invested capital	Measures the rate of return from operations and is computed by dividing operating profit (or loss) for the year by the average amount of equity and net debt.

Statement of Cash Flows	
Net cash from / (used in) operating activities	The amount of cash generated (or consumed) from the normal conduct of business.
Net cash from / (used in) investing activities	The amount of cash generated (or consumed) from activities related to the acquisition, disposal, and/or development of long-term assets and other investments.
Net cash from / (used in) financing activities	The amount of cash generated (or consumed) that have an impact on the capital structure, and thus result in changes to share capital and borrowings.
Free cash flow	Represents the amount of cash generated (or consumed) from operating activities after considering any amounts of capital expenditure.

Statement of Financial Position	
Non-current assets	These represent long-term investments which full value will not be realised within the next twelve months. Such assets, which typically include property, plant, equipment, and investment property, are capitalised rather than expensed, meaning that the amortisation of the cost of the asset takes place over the number of years for which the asset will be in use. This is done instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	All assets which could be realisable within a twelve-month period from the date of the Statement of Financial Position. Such amounts may include development stock, accounts receivable, cash and bank balances.
Non-current liabilities	These represent long-term financial obligations which are not due within the next twelve months, and typically include long-term borrowings and debt securities.
Current liabilities	Liabilities which fall due within the next twelve months from the date of the Statement of Financial Position, and typically include accounts payable and short-term debt.
Total equity	Represents the residual value of the business (assets minus liabilities) and typically includes the share capital, reserves, as well as retained earnings.

Financial Strength / Credit Ratios	
Interest cover	Measures the extent of how many times a company can sustain its net finance costs from EBITDA.
Net debt-to-EBITDA	Measures how many years it will take a company to pay off its net interest-bearing liabilities (including lease liabilities) from EBITDA, assuming that net debt and EBITDA are held constant.
Net debt-to-equity	Shows the proportion of net debt (including lease liabilities) to the amount of equity.
Net gearing	Shows the proportion of equity and net debt used to finance a company’s business and is calculated by dividing net debt by the level of invested capital.
Debt-to-assets	Shows the degree to which a company’s assets are funded by debt and is calculated by dividing all interest-bearing liabilities (including lease liabilities) by total assets.
Leverage	Shows how many times a company is using its equity to finance its assets.
Current ratio	Measures the extent of how much a company can sustain its short-term liabilities from its short-term assets.