

EDEN LEISURE GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Company No. C- 4529

EDEN LEISURE GROUP LIMITED

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EDEN LEISURE GROUP LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Directors: -	Ian De Cesare (Chairman and Non-Executive Director of the Board) Kevin De Cesare (Non-Executive Director) Paul Mercieca (Non-Executive Director) Victor Spiteri (Non-Executive Director)
Company Secretary: -	David Zahra
Bankers: -	HSBC Bank Malta p.l.c., Commercial Branch, Republic Street, Valletta
Registered Office: -	Eden Place, St. Augustine Street, St. George's Bay St. Julians.

The directors of Eden Leisure Group Limited present their report, together with the audited financial statements of the Group and Company for the year ended 31st December 2023.

Principal Activities

The Group considers itself as Malta's leading operator in the Leisure and Hospitality industry. The establishments owned and operated by the Group include Eden Cinemas, Eden SuperBowl, Cynergi Health & Fitness Club, 89.7 Bay InterContinental Arena Conference Centre and the Eden Car Park. The Group owns two hotel properties, the largest five-star property in Malta, the InterContinental Malta, and the Holiday Inn Express, both of which are operated by InterContinental Hotels Group. The Group also operates an Esports division which focuses on Esports activities locally as well as online and offline tournament organisation. The group has also taken on management of the FM frequency 100.2 FM and operates that under its own brand "Bay Easy".

Review of Business and Financial Position

Eden Leisure Group continued its rebound from the pandemic with an increase in its revenues of 37% over 2022, an increase of €12.2M to €45.4M for the year. On the strength of the increased revenues, the Group registered an EBITDA of €11.9M, an increase of 39% from FY 2022 results.

The Group registered a profit for the year before tax of €5.6M an increase of 140% over pretax profits of FY 2022.

The results showed a strong performance in all business units as the Group normalizes after the pandemic years.

The Statement of Comprehensive Income is set out on page 13.

The Groups cash reserves at year end remained healthy with the cash generated from operations in 2023 reaching the €10m mark.

The entertainment sector continued its upward trajectory by improving its revenue by some 29% on the previous year to close at €12.1M. EBITDA levels also improved, registering a 22% increase on the previous year. Most areas increased significantly over 2022. Rising costs due to inflation continued to affect the bottom line, however operational efficiencies have helped to improve profitability.

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REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2023

The Cinemas stabilized itself in operating from one building and with the final number of screens down from 13 to 9. Clearly operational efficiencies abounded with the consolidation of the cinema operations under one roof.

Besides the addition of the latest two screens 8 & 9 in 2022, the Group underwent an investment to replace the older projection technology with new laser projection, a project that was completed in Q1 2024. 2023 was negatively affected by the writers and actors strike in Hollywood due to the delay of key tentpole movies, however the slate has normalized now, and top films are being released regularly.

The SuperBowl was reduced in size in 2022 due to the adjacent development of part of the new project. However, despite its reduced size, SuperBowl outperformed all historical results including 2019. In order to complete the commercial area of the new project, management took the difficult decision to close the Centre on the 8th of January 2024. The new facility, which will be some 3 times the size of the previous Centre will reopen in Summer 2024 as part of a larger entertainment offering over 3 floors and is expected to be a huge draw to customers to the area. The old SuperBowl space at street level will cater for commercial high street rental space including two restaurants as well as crucial back of house storage for the Group.

The Hospitality sector had the biggest rebound with an increase in revenue of 40% to €33.3M for the year as conference business assisted the already strong leisure market. EBITDA for the hospitality division improved by some 39% to €9.7M. The improvement came primarily from a stronger occupancy due to a number of long stay corporate activities either through film production, esports activities and other long-term stays.

Investments

In 2023, the Group invested in the development of a new radio station on the FM frequency of 100.2FM and created a second station called Bay Easy. This station was launched in August and has been positively viewed as a great alternative to some of the other 'oldies' popular music alternatives. As with any new station, it takes some time to build up listenership, however, the feedback has been extremely positive as confirmed by the Broadcasting Authority quarterly survey showing positive audience of 20,000 listeners for this new venture.

Works on the new mixed-use development project 'The Eden' in St Georges Bay started in Jan 2022 with the demolition of one of the old cinema buildings. The project consists of a significantly increased entertainment area, commercial rental spaces for F&B, retail and offices as well as a 168 room VOCO hotel managed by InterContinental Hotels Group.

At the time of writing, the development of civil works has been completed and we are in various levels of finishes with the Entertainment segment expected to open in summer 2024 and the hotel expected to open this Autumn to the public. It is expected that in the coming months, the building and the site will resemble a finished product which will have a positive effect on the Group's surrounding businesses.

In 2023 significant investment was also made to continue upgrading light fittings to energy efficient devices which have had a significantly quick return on investment. The Group invested in a water bottling plant within the hotel to replace the use of some 300,000 plastic bottles to reusable glass ones. In addition, the Group introduced a BCRS return machine within the premises to recycle the remaining glass and PET bottles.

In addition, investments in new kitchen equipment is ongoing to convert the main kitchen to induction cooking from LPG gas. As well as being more efficient, this will be expected to have a good ROI. In 2023, a number of other investments were confirmed to be implemented in 2024 including a solar heat plant to generate all the hotel water for the Holiday Inn Express from renewable sources. This will be completed in Q2 2024. Replacement of indoor pool heating equipment to Heat Pumps instead of heating fuel. In 2024 we are carrying out the replacement of all hotel apertures from single glazed to sound and energy efficient double-glazed apertures.

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REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Outlook

The outlook for FY2024 continues to express strong markers for both existing businesses but more importantly for the new business units set to launch this year. The outlook is positive with projected EBITDA expected to outperform the record FY 2019 year. Continued improvement is expected from both operational hotels however the big increases will be seen in the Entertainment sector which expects to launch close to 4,000m² of new entertainment space in the second half of the year with a number of new profit centers over a span of three floors. Along with our entertainment offer, we are progressing with a number of signed commercial leases for various restaurant concepts and an ATM. A number of other negotiations are ongoing for the remaining commercial spaces as well as for the Offices.

The hotel segment continued to rely on successful legacy airlines as well as overall connectivity. The segment is increasingly facing more competition from the large number of new hotels on the market however the Eden Hospitality segment will focus on leveraging its brands and the operational efficiency of economies of scale. Cost considerations due to inflation remain problematic to the profitability however investments in energy and operational efficiencies should help to mitigate this. The further escalation in the Middle East remains a concern however Malta largely is not directly affected by such conflicts.

However, the Hospitality Sector is expected to improve on its 2023 figures going forward as tourist numbers appear to continue to grow despite a sluggish first quarter in the 5 star market. Our up-scale new Voco hotel is expected to perform well in its first year.

As stated previously the existing Entertainment segment should continue to perform very well.

The Bay Radio Network of 897 Bay and Bay Easy are expected to continue to dominate the overall listeners in Malta and it is expected that the Group will leverage its expertise to continue to grow both brands. This is a significant growth opportunity, and the feedback has already been very positive regarding the new product.

Cynergi continues to do well as it performs at close to capacity. Continual investment in new equipment and the overall product is expected to keep Cynergi at the forefront of the Health and Fitness market in Malta.

Cinema attendance continued to improve in 2023 and while still lower than 2019 levels (with 13 screens) it is seeing a significantly better occupancy per theatre with fewer screens suggesting a greater operational efficiency.

The new Bowling concept will be launched in the coming months and will upgrade significantly the sport and the leisure market in Malta. The ancillary activities will add to the offering and provide customers with the opportunity to diversify their experience at the centre. A new concept is also being rolled out on another floor which will cater to a younger demographic to enjoy themselves in a safe environment. In all it is expected that these two centers, along with the cinemas, will solidify the newly renamed THE EDEN at the 'go to' place for quality entertainment in Malta.

Going Concern

The Directors reviewed the Group's and the Company's operational budgets and cash flow forecasts. In light of its strong financial KPIs, the directors confirm that the Group and the Company have adequate resources to continue in operation going forward.

Reserves

The movement on reserves are set out in the statement of Changes in Equity.

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REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Board of Directors

The directors of the Company who held office during the year were:

Ian De Cesare (Chairman and Non-Executive Director of the Board)

Kevin De Cesare (Non-Executive Director)

Paul Mercieca (Non-Executive Director)

Victor Spiteri (Non-Executive Director)

David Zahra (Company Secretary)

Audit Committee

This Audit Committee is made up of only external directors and has performed this dual role since 2016. The Audit Committee met officially 4 times to discuss matters pertaining to the Company as well as Eden Finance plc.

Remuneration Committee

The committee was set up on 5th January 2018 and its main function is to propose the appointment and the remuneration of senior management of the Group. The members of the committee are Paul Mercieca acting as Chairman and Victor Spiteri as member. The Committee met several times during the year.

Principle Risks and Uncertainties

The Group's corporate and operational performance is subject to a number of external factors which are common to the hotel industry and beyond the Group's control.

The Group is exposed to various risks arising through the use of financial instruments including market risk, credit risk and liquidity risk, which result from both its operating activities and investing activities. The most significant financial risks as well as an explanation of the risk management policies employed by the Group are included in Note 32 of the financial statements. Today the largest risk is more related to the oversupply of hotels in the tourism sector, raising costs due to inflation, wage pressure, energy prices and any spillover both of the Russia/Ukraine and Middle East war.

Our Sustainability Mission: We built our company on our values which guide the way we conduct business: ethically, environmentally and socially responsible. We support universal human rights, respect the law and strive to do business in ways that are good for people and the planet. We don't simply want to green-wash with a few good deeds, but we are making active strides in becoming a more sustainable enterprise, holding ourselves to account to ensure we see continuous progress and improvement.

Environment

In 2023, the Group embarked on a transformative journey towards Environmental, Social, and Governance (ESG) excellence, recognising the imperative to address escalating utility costs, growing demands for transparency, and the global shift towards sustainability. This pivotal year marked a significant step in the Group's commitment to ESG principles, characterised by a comprehensive review of its operations. This review encompassed critical aspects such as energy consumption, water usage, waste management, employee welfare, customer relations, and governance structures. Proactive measures were driven not only by regulatory compliance but also by a desire to lead by example, positioning itself as an exemplary corporate citizen through robust governance practices and sustainable operations.

The ESG journey for 2023 unfolded through structured phases targeting environmental, social, and governance dimensions. Environmentally, the group undertook a thorough analysis to identify material issues such as energy, water, and waste. This analysis was facilitated by undergoing an internal Carbon footprint audit for 2022, providing insights crucial for setting performance benchmarks and establishing improvement targets.

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FOR THE YEAR ENDED 31ST DECEMBER 2023

In 2023 the Group also embarked on an extensive array of initiatives to curtail waste across its operations, resulting in tangible reductions and significant environmental benefits. Notably, the Group has appointed a senior member of our C Suite to be Chief of Sustainability. Management initiated a comprehensive waste reform, which entailed refurbishing the Skips Area, implementing new bin systems, and instituting a rigorous separation and measurement protocol. This overhaul led to marked improvements, with a noticeable decrease in mixed waste. Moreover, the Group's commitment to waste reduction was underscored by its focus on waste reporting and benchmarking, facilitating the tracking of waste generation per guest or per revenue. For instance, the installation of a reverse vending machine (BCRS) in November 2022 yielded impressive results collecting 73,000 bottles from its outlets and diverting 22 tonnes of bottles from hotel premises, thereby contributing significantly to recycling efforts. Hotel-specific data further highlights the impact, with figures such as 97,886 glass bottles, 29,726 cans, and 2,897 PET bottles diverted from landfills. These statistics underscore the Group's dedication to mitigating plastic waste and promoting sustainable practices. InterContinental Malta won the 'Sustainability Impact Award' at the IHG annual conference in 2023. Paper waste was addressed through various strategies, including reducing paper usage in departments and eliminating paper towels in favour of washable cloths, resulting in substantial reductions in paper consumption and associated costs. Initiatives like digitizing processes and investing in reusable placemats also yielded impressive results, saving significant quantities of paper and contributing to substantial annual cost savings. Additionally, management made concerted efforts to tackle plastic waste, such as transitioning to wooden key cards, implementing refillable amenities in guest bathrooms, and investing in a water filtration project to replace disposable water bottles from guest rooms and conferences with reusable ones, thereby averting an estimated 320k plastic and glass bottles annually.

There were comprehensive initiatives to address organic waste within its operations including innovative strategies such as repurposing uneaten bread into bread-and-butter pudding, saving an estimated 1.4 tonnes of bread annually; working closely with suppliers to remove excess materials upon delivery; and several others.

Water reforms and tighter controls also resulted in a reduction in water use per guest by 50%. Investments included installation of aerators in all HIEX guest bathrooms; installation of waterless urinals and several others.

Several energy saving investments were made such as the replacement of all cinema projectors to laser, utilising far less energy; replacement of all lights at the InterContinental hotel with LED; investment in a CO2 monitoring system in our car park; investment in an energy and carbon management solution that helps businesses cut out energy waste and optimise their energy consumption, leading to reduced climate impact and improved green credentials, customer engagement, and operational efficiencies. These initiatives along with tighter controls have allowed us to reduce our kw usage per guest in our hotels as well as our entertainment outlets.

The Group's commitment to ESG initiatives in 2023 reflects its proactive approach towards sustainability and responsible business practices. The efforts in reducing carbon emissions, improving waste management, conserving resources, and engaging employees in environmental initiatives are noteworthy achievements that align with its ESG goals.

Strategically, the commitment to sustainability was evident through investments aimed at enhancing operational efficiency and reducing environmental impact. By conducting meticulous analyses sector by sector and identifying opportunities for infrastructural improvements the Group demonstrated its dedication to not only meeting current ESG standards but also future-proofing its business operations. This journey underscores the adaptability, resilience, and foresight, aligning with its core values and ensuring the creation of lasting value for all stakeholders, while also positioning itself as a responsible corporate entity prepared for the challenges and opportunities of the future.

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FOR THE YEAR ENDED 31ST DECEMBER 2023

Social

Corporate Social Responsibility

This year, as well as financial and in-kind support, the Group focused on embedding CSR and the concept of serving our community, in our organisation's day-to-day operations. Many teambuilding activities, organised through HR, were organised in collaboration with VOs/NGOs, to have a multi-pronged effect – helping the community, team building, encouraging purposefulness, and education. We also made use of the services of various organisations to fulfil company needs, such as our staff mental health programme and procurement. We promoted circularity and eliminated waste by extending the life of our unwanted items and repurposing them for others to use. In all, we assisted over 40 Voluntary organisations this year.

The group adopted an extensive CSR programme for 2023 with a very full programme that focused on 6 principles:

- Financial aid
- Volunteering & Staff activities
- Resource Sharing
- Raising Funds & raising awareness
- Non-financial donations
- Supporting NGOs through our activities

A structure for giving was established for implementation in 2024 and 6 NGOs were selected to partner with throughout the year to establish maximum impact.

Also socially, ELG focused on measuring employee engagement, and customer satisfaction, and tracking its diverse CSR activities. Furthermore, the group began introspective measures to enhance transparency, reporting ESG metrics, formulating corporate policies, and examining human capital for areas of improvement, particularly in terms of equality.

Investing in Heritage

This year the project for the restoration of the Guthrie Bridge at Fort Rinella continued. Unfortunately, the NGO entrusted with the project encountered many setbacks with suppliers and the project is set to be completed in 2nd quarter of 2024. Each year, the Group sets aside €25,000 which it invests in Heritage projects. The Guthrie Bridge is a one-of-a-kind mechanical bridge, built in 1869 and which has since fallen into such disrepair that it was discarded and is now being completely rebuilt using the original methods and materials of the time.

Employees

At Eden Leisure Group, we deeply value our employees as our most precious assets. Each year, we dedicate significant efforts to fostering employee engagement, with the overarching goal of enhancing employee retention and keeping our employees dedicated to our company's core values and objectives. By investing in our employees' well-being and professional growth, we aim to build a workforce that is not only highly skilled but also deeply committed to Eden Leisure Group's continued growth and success.

In 2023, our employee head count continued to grow steadily. There was a strong focus on learning and development, with an average of over 12 hours of training given to each employee within the group. Our Senior Management followed courses on High Performance Negotiations, Business Sustainability Management, Business Development Management and Human Capital Management with renowned international universities. On the Entertainment side of the Group, our outlet General Managers and mid-level management followed courses in Management and Leadership, Breaking the Silos between

EDEN LEISURE GROUP LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Departments, Customer Experience and Design Thinking, as well as The Art of Giving Feedback. All our customer-facing employees underwent Customer Service training. We organized one-to-one sales coaching sessions for our Sales Teams and a detailed Employment Law Course for our HR Teams. Other employees followed courses in Effective Communication, ESG Fundamentals, Waste Management and Occupational Health & Safety.

On the hospitality side, Management followed training on Crisis Management and Luxury Fundamentals. Training was also organized in First Aid, Fire Marshall, Fire Life Safety, Emergency Preparedness and Food Handling. A number of our employees attended hospitality related training organized by Forbes. We also provided language training in English and Italian to some of our foreign employees.

The Eden Social & Wellness Programme continued throughout 2023. All employees were invited to attend sessions on Work-life balance, Financial Wellbeing, Breast Cancer Awareness and Growing Food at Home. We continued to promote the benefits of keeping active and many employees made use of the free access to Fitness classes at Cynergi. We organised Yoga sessions by the pool and in the gardens. The Group has maintained its collaboration with Richmond Foundation to provide an Employee Assistance Programme, ensuring that employees have access to mental health services and emotional support when needed.

Across the Group, a variety of team-building events were coordinated in 2023. These activities encompassed a range of engaging experiences, such as an Mdina treasure hunt, laser tag, disco bowling, Bingo and other enjoyable activities. Additionally, a family picnic was organized in May, providing employees with the chance to invite their loved ones to participate. The annual summer BBQ, Christmas party, employee lunches and summer pool days were successfully hosted once again, fostering team unity.

Throughout the year, Eden Leisure Group implemented various initiatives, including organizing a football tournament, a pool tournament and a darts tournament. The Group commemorated specific occasions by distributing small tokens of appreciation to all employees. These events included Popcorn Day, Pizza Day, Valentine's Day, Employee Appreciation Day, Women's Day, Easter, Celebrate Service Week, Pride Week, and Pink October.

The Group continued to organize Town Halls for both Entertainment and Hospitality employees during which company updates were given fostering a sense of inclusion within the team. During these Town Halls hard-working, dedicated and loyal employees were recognized. The annual awards were also given out to employees who went above and beyond their duties. Deserving individuals were awarded Employee of the Year, Leader of the Year, Innovator of the Year, Green Champion and Community Champion.

The Groups headcount will increase considerably in 2024 due to the opening of the new Family Entertainment Centre and Voco. We look forward to coming up with new strategies for employee engagement as well as enhancing our existing initiatives.

EDEN LEISURE GROUP LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Directors' responsibilities

The directors are required by the Companies Act (Chap. 386) to prepare financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the Group and of the Company at the end of each financial year and of the profit or loss for the year then ended.

In preparing the financial statements, the directors should:-

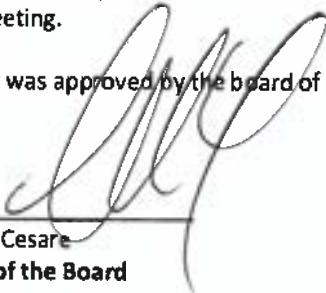
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business as a going concern;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable;

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386), enacted in Malta. This responsibility includes designing, implementing and maintaining 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. The directors are also responsible for safeguarding the assets of the Group and of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Auditors

A resolution to reappoint VCA Certified Public Accountants as auditors of the Company will be proposed at the forthcoming annual general meeting.

This report was approved by the board of directors on the 23 April 2024 and signed on its behalf by:



Mr. Ian De Cesare
Chairman of the Board



Mr. Kevin De Cesare
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EDEN LEISURE GROUP LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eden Leisure Group Limited, set out on pages 12 to 68, which comprise the Group's and the Company's statement of financial position as at 31 December 2023, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been prepared in accordance with the requirements of the Companies Act (Cap. 386), enacted in Malta.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Other Information

The directors are responsible for the other information. The other information comprises the company information and the Report of the Directors but does not include the financial statements or our auditors' report thereon. Except for our opinion on the directors' report in accordance with the Maltese Companies Act (Cap. 386), our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If based on the work performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

With respect to the Report of the Directors, we also considered whether the Report of the Directors includes the disclosures required by Article 177 of the Maltese Companies Act (Cap. 386).



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EDEN LEISURE GROUP LIMITED

Other Information (Continued)

Based on the work undertaken in the course of the audit, in our opinion:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with the Maltese Companies Act (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the directors' report. We have nothing to report in this regard.

Responsibilities of the Directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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 ability to continue as a going concern, disclosing, as applicable, matters related 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 has no realistic alternative but to do so.

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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. Also, we:

- 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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, future events or conditions may cause the company to cease 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 audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EDEN LEISURE GROUP LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors 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 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.

Report on Other Legal and Regulatory Requirements

Under the Maltese Companies Act (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- 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 nothing to report to you in respect of these responsibilities.



This copy of the audit report has been signed by:

MICHAEL CURMI

for and on behalf of

VCA CERTIFIED PUBLIC ACCOUNTANTS

23 April 2024

EDEN LEISURE GROUP LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
Revenue	4	45,388,723	33,227,970	10,660,117	7,770,716
Direct costs	8	(19,965,117)	(13,730,816)	(17,441)	(50,748)
Other operating expenses	8	(8,089,529)	(6,418,344)	(219,049)	(178,263)
Gross profit		17,334,077	13,078,810	10,423,627	7,541,705
Other operating income	5	1,105,580	1,092,116	1,006,017	1,008,788
Loss on sale of fixed assets		(128,902)	(499,861)	(106,929)	(499,861)
Administrative expenses	8	(6,453,123)	(5,122,026)	(1,047,671)	(981,188)
Depreciation and amortisation		(4,021,407)	(4,179,427)	(3,726,321)	(4,015,743)
Operating profit		7,836,225	4,369,612	6,548,723	3,053,701
Investment income	6	–	–	–	303,791
Share of losses in associates	15	(507)	(698)	–	–
Finance costs	7	(2,182,792)	(2,017,352)	(2,165,636)	(2,020,611)
Profit before taxation		5,652,926	2,351,562	4,383,087	1,336,881
Tax charge	10	(1,839,571)	(1,179,598)	(1,455,514)	(820,801)
Profit for the year		3,813,355	1,171,964	2,927,573	516,080

EDEN LEISURE GROUP LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
Profit for the year		3,813,355	1,171,964	2,927,573	516,080
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Changes in fair value of debt instruments at fair value through other comprehensive income net of deferred tax	18,10	7,918	(70,704)	7,918	(70,704)
Revaluation surplus net of deferred tax	25	–	27,535,611	–	21,105,961
Other comprehensive income for the year, net of tax		7,918	27,464,907	7,918	21,035,257
Total comprehensive income for the year		3,821,273	28,636,871	2,935,491	21,551,337
Profit attributable to:					
Equity holders of the company		3,808,744	1,171,980	2,923,309	516,080
Non-controlling interest		347	(16)	–	–
		3,809,091	1,171,964	2,923,309	516,080
Total comprehensive income attributable to:					
Equity holders of the company		3,820,926	28,636,887	2,935,491	21,551,337
Non-controlling interest		347	(16)	–	–
		3,821,273	28,636,871	2,935,491	21,551,337

EDEN LEISURE GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2023

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
ASSETS					
Non-current assets					
Property, plant and equipment	11	174,982,138	176,964,866	160,700,271	162,950,696
PPE under development	12	11,893,055	4,641,204	11,893,053	4,641,204
Right-of-use assets	13	1,700,317	1,423,419	–	–
Investment property	14	16,750,000	16,750,000	16,750,000	16,750,000
Investment in subsidiaries	15	–	–	2,676,130	2,676,130
Investment in associates and joint ventures	15	716,084	716,591	225,642	225,642
Trade and other receivables	16	3,314,241	4,475,701	3,314,149	4,475,701
Deferred tax asset	20	189,378	584,416	–	105,474
		209,545,213	205,556,197	195,559,245	191,824,847
Current assets					
Inventories	17	2,358,223	2,123,087	1,956,914	1,826,947
Trade and other receivables – Current	16	6,873,143	4,948,251	9,162,603	6,708,564
Financial instruments at fair value through other comprehensive income	18	985,861	973,362	985,861	973,362
Deposits	19	750,000	–	750,000	–
Cash at bank and in hand	27	2,803,400	4,347,493	1,448,309	2,169,063
		13,770,627	12,392,193	14,303,687	11,677,936
Total Assets		223,315,840	217,948,390	209,862,932	203,502,783

EDEN LEISURE GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2023

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
EQUITY AND LIABILITIES					
Equity					
Share capital	24	60,000,000	60,000,000	60,000,000	60,000,000
Revaluation reserve	25	60,963,736	60,955,818	51,428,681	51,420,763
Fair value gain reserve	26	4,539,734	4,539,734	4,539,734	4,539,734
Retained earnings		11,239,239	9,926,231	18,082,083	17,654,510
Total Equity attributable to holders of the company		136,742,709	135,421,783	134,050,498	133,615,007
Non-controlling interest		(683)	(1,030)	-	-
Total Equity		136,742,026	135,420,753	134,050,498	133,615,007
Non-current liabilities					
Trade and other payables	21	692,303	1,763,413	692,303	1,243,650
Borrowings	23	48,724,435	45,474,819	48,724,435	45,474,819
Lease liabilities	13	1,686,735	1,537,372	-	-
Deferred tax liabilities	20	18,739,511	18,532,608	17,354,896	17,148,917
		69,842,984	67,308,212	66,771,634	63,867,386
Current Liabilities					
Trade and other payables	21	12,368,292	11,896,324	5,096,625	2,723,765
Current income tax liability	22	1,236,645	56,192	1,097,344	55,480
Borrowings	23	2,938,328	3,241,145	2,846,831	3,241,145
Lease liabilities	13	187,565	25,764	-	-
		16,730,830	15,219,425	9,040,800	6,020,390
Total Liabilities		86,573,814	82,527,637	75,812,434	69,887,776
Total Equity and Liabilities		223,315,840	217,948,390	209,862,932	203,502,783

These financial statements were approved and authorised for issue by the Board of Directors on the 23 April 2024 and signed on its behalf by:-


Mr. Ian De Cesare – *Chairman*


Mr. Kevin De Cesare – *Director*

EDEN LEISURE GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2023

Group

	Share capital	Revaluation Reserve	Fair value gains reserve	Retained earnings	Total	Non-controlling interest	Total
	€	€	€	€	€	€	€
Balance as at 31st December 2021	60,000,000	33,490,911	4,539,734	11,254,251	109,284,896	(1,014)	109,283,882
Profit for the year	–	–	–	1,171,980	1,171,980	(16)	1,171,964
Changes in FV through OCI net of deferred tax – Note 27	–	(70,704)	–	–	(70,704)	–	(70,704)
Revaluation surplus net of deferred tax	–	27,535,611	–	–	27,535,611	–	27,535,611
Total comprehensive income	–	27,464,907	–	1,171,980	28,636,887	(16)	28,636,871
Transactions with owners in their capacity as owners:							
Dividends – Note 27	–	–	–	(2,500,000)	(2,500,000)	–	(2,500,000)
Balance as at 31st December 2022	60,000,000	60,955,818	4,539,734	9,926,231	135,421,783	(1,030)	135,420,753
Profit for the year	–	–	–	3,813,008	3,813,008	347	3,813,355
Changes in FV through OCI net of deferred tax – Note 18	–	7,918	–	–	7,918	–	7,918
Total comprehensive income	–	7,918	–	3,813,008	3,820,926	347	3,821,273
Transactions with owners in their capacity as owners:							
Dividends – Note 27	–	–	–	(2,500,000)	(2,500,000)	–	(2,500,000)
Balance as at 31st December 2023	60,000,000	60,963,736	4,539,734	11,239,239	136,742,709	(683)	136,742,026

EDEN LEISURE GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2023

Company

	Share capital	Revaluation Reserve	Fair value gains reserve	Retained earnings	Total
	€	€	€	€	€
Balance as at 31st December 2021	60,000,000	30,385,506	4,539,734	19,638,430	114,563,670
Profit for the year	–	–	–	516,080	516,080
Changes in FV through OCI net of deferred tax	–	(70,704)	–	–	(70,704)
Revaluation surplus net of deferred tax	–	21,105,961	–	–	21,105,961
Total comprehensive income	–	21,035,257	–	516,080	21,551,337
Transactions with owners in their capacity as owners:					
Dividends – Note 27	–	–	–	(2,500,000)	(2,500,000)
Balance as at 31st December 2022	60,000,000	51,420,763	4,539,734	17,654,510	133,615,007
Profit for the year	–	–	–	2,927,573	2,927,573
Changes in FV through OCI net of deferred tax	–	7,918	–	–	7,918
Total comprehensive income	–	7,918	–	2,927,573	2,935,491
Transactions with owners in their capacity as owners:					
Dividends – Note 27	–	–	–	(2,500,000)	(2,500,000)
Balance as at 31st December 2023	60,000,000	51,428,681	4,539,734	18,082,083	134,050,498

EDEN LEISURE GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2023

	Notes	Group		Company	
		2023 €	2022 €	2023 €	2022 €
Cashflow from operating activities					
Profit before taxation		5,652,926	2,351,562	4,383,087	1,336,881
Adjustments for:					
Depreciation and amortisation	11,13	4,021,407	4,179,427	3,726,332	4,015,743
Finance costs	7	2,182,792	2,017,352	2,165,636	2,020,611
Amortisation of finance issue costs		47,126	47,126	47,126	47,126
Loss on disposal of fixed assets		142,867	499,861	104,081	499,861
Gain on exchange		(317)	-	(317)	-
Provision for and write off of doubtful debts		(23,314)	97,962	-	-
Share of results of associates		507	698	-	-
Operating profit before working capital changes		12,023,994	9,193,988	10,425,945	7,920,222
Movement in inventories	17	(235,136)	(46,466)	(129,967)	(18,798)
Movement in receivables/ group company balances	16	1,245,831	1,961,084	647,730	3,756,286
Movement in payables/ advance deposits	21	(599,140)	(1,611,393)	1,821,513	(104,943)
Cash generated from operations		12,435,549	9,497,213	12,765,221	11,552,767
Interest paid		(2,085,655)	(2,010,309)	(2,165,636)	(2,013,153)
Income tax paid		(61,441)	(61,053)	(60,729)	(142,012)
Net cash flows generated from operating activities		10,288,453	7,425,851	10,538,856	9,397,602
Cashflow from investing activities					
Payments to acquire tangible fixed assets	11	(9,230,863)	(6,651,651)	(8,831,837)	(6,231,639)
Advance payments on PPE under development	12	(1,562,390)	-	(1,562,390)	-
Fixed-term deposits	19	(750,000)	-	(750,000)	-
Net cash flows used in investing activities		(11,543,253)	(6,651,651)	(11,144,227)	(6,231,639)
Cashflow from financing activities					
Repayment of bank borrowings		(3,201,018)	(3,183,160)	(3,201,018)	(3,183,160)
New bank borrowings		5,605,106	-	5,605,106	-
Principal element of lease payments		(265,405)	(36,701)	-	-
Movement in third party loans		(332,064)	(483,680)	(423,559)	-
Dividends paid		(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Net cash flows used in financing activities		(693,381)	(6,203,541)	(519,471)	(5,683,160)
Net movement in cash and cash equivalents		(1,948,181)	(5,429,341)	(1,124,842)	(2,517,197)
Cash and cash equivalents at the beginning of the year		4,347,493	9,776,834	2,169,063	4,686,260
Cash and cash equivalents at the end of the year	28	2,399,312	4,347,493	1,044,221	2,169,063

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

1. Basis of preparation

The financial statements of the Company and the consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the requirements of the Companies Act (Cap. 386).

Basis of measurement

These financial statements have been prepared on a historical cost basis as modified by the fair valuation of the land and buildings class of property, plant and equipment, investment property and financial assets at fair value through other comprehensive income and at fair value through profit or loss.

Going Concern

The Directors are satisfied that the Group and the Company have sufficient funds in order to meet all its obligations as and when they fall due over the foreseeable future and it is therefore appropriate to continue to adopt the going concern basis in the preparation of these consolidated and separate financial statements.

Standards, interpretations and amendments to published standards effective in 2023

In 2023, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2023. The Group has applied the following standards and amendments for the first time for its annual reporting period commencing from 1 January 2023:

- i. Definition of accounting Estimates – amendments to IAS 8
- ii. Deferred tax relates to Assets and Liabilities arising from a single transaction – amendments to IAS 12.
- iii. Disclosure of accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments listed above did not have any impact to the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Other than changing its accounting policies for certain modifications of leases where the Group is a lessee, the adoption of these revisions to the requirements of IFRSs as adopted by the EU did not result in substantial changes to the Group's and the Company's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published by the date of authorisation for issue of these financial statements but are mandatory for the Group's accounting periods beginning after 1 January 2024. The Group has not early adopted these revisions to the requirements of IFRS's as adopted by the EU and the Company's directors are of the opinion that there are no requirements that will have a possible significant impact on the Group's and the Company's financial statements in the period of initial application.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies

A summary of the more important accounting policies, which have been applied consistently, is set out below:

Basis of consolidation

i. Subsidiaries

A subsidiary is an entity that is controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group financial statements include the financial statements of the parent Company and all its subsidiaries. The results of the subsidiaries acquired or disposed of during the period are included in the Group statement of profit or loss and other comprehensive income from the date of their acquisition or up to date of their disposal.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses, cash flows and any unrealised gains relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including any goodwill), liabilities, non-controlling interest, and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

In the Company's financial statements, investments in subsidiaries are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Dividends from the investment are recognised in profit or loss.

ii. Associates and joint ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under IFRS 11 – 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has investments in joint ventures.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Basis of consolidation (continued)

iii. Equity method

Under the equity method of accounting, an investment in an associate or joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The financial results of associates and joint ventures are taken from the latest audited financial statements.

When a Group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

In the Company's financial statements, investments in associates and joint ventures are accounted for on the basis of the direct equity interest and are stated at cost less any accumulated impairment losses. Dividends from the investment are recognised in profit or loss.

Property, plant & equipment

Property, plant and equipment are initially measured at cost and subsequently, land and buildings are stated at market value, based on valuations by external independent valuers, less depreciation. Revaluations are carried out at regular intervals, but at least every five years, unless the directors consider it appropriate to have an earlier revaluation, such that the carrying amount of property does not differ materially from that which would be determined using fair values at the end of the reporting period. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Plant and equipment are stated at historical cost less depreciation. Assets in the course of construction for production, supply or administrative purposes are classified as property, plant and equipment under development and are carried at cost, less any identified impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy on borrowing costs. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available for use.

Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance of property, plant and equipment is recognised as an expense when incurred.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Property, plant & equipment (continued)

Any revaluation increase arising on the revaluation is recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus unless it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus relating to a previous revaluation of that asset. When the asset is derecognised, the attributable revaluation remaining in the revaluation surplus is transferred to retained earnings.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition. On disposal of a revalued asset, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost or revalued amount, less any estimated residual value, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	2%
Motor vehicles	20%
Furniture, fixtures and fittings	10%
Computer equipment	25%
Equipment	7% – 20%
Other fixed assets	7%

Freehold land is not depreciated as it is deemed to have an indefinite life. The depreciation method applied, the residual value and the useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property comprises freehold and leasehold land and buildings, and land and buildings held under long term operating leases.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they arise. Fair value is based on active market prices, adjusted, if necessary, for difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discontinued cash flow projections. These valuations are reviewed periodically by the Group directors.

The fair value of investment property reflects, among other factors, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit loss account during the financial period in which they are incurred.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (*continued*)

Investment property (*continued*)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and is stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

An item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount and are recognised in profit or loss in the period of derecognition.

Financial instruments

Financial assets

Recognition and derecognition

The Group recognises a financial asset initially at fair value in its statement of financial position when it becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Classification and subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group's and the Company's debt instruments principally comprise loans and advances to other undertakings and investments.

The Group's debt instruments are subsequently measured at either amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets measured at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost when:

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

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance, measured in accordance with the Group's accounting policy 'Impairment of financial assets' further below.

Changes in the carrying amount of financial assets carried at amortised cost, as a result of foreign exchange gains or losses, impairment gains or losses and interest income are recognised in profit or loss. On derecognition, any difference between the carrying amount and the consideration received is recognised in profit or loss and is presented separately in the line item 'Gains and losses arising from the derecognition of financial assets measured at amortised cost'.

Financial assets measured at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss, when material.

Financial assets measured at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within 'fair value gains/(losses) on financial instruments at FVTPL in the period in which it arises.

Impairment of financial assets

In terms of IFRS 9, the Group and the Company applies an expected credit loss ("ECL") model as opposed to an incurred credit loss model under IAS 39. The Group and the Company have to assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and fair value through other comprehensive income.

For trade and other receivables, the Group and Company applies the simplified approach and recognises lifetime ECL. The ECLs on these financial assets are estimated using a provision matrix based on the respective Companies' historical credit loss experience based on the past due status of the debtors, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

For all other financial instruments, the Company uses the general approach, which requires an assessment as to whether the counterparty has experienced a significant increase in credit risk since initial recognition. This assessment forms the basis as to whether lifetime ECL should be recognised and is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring. See note 32 for further details.

Financial liabilities

The Group recognises a financial liability on its statement of financial position when it becomes a party to the contractual provision of the instrument. The Group's financial liabilities are classified as financial liabilities which are not at fair value through profit or loss. These financial liabilities are recognised initially at fair value, being the fair value of consideration received, net of transactions costs that are directly attributable to the acquisition or the issue of the financial liability. These liabilities are subsequently measured at amortised cost. The Group derecognises a financial liability from its statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expired.

Modifications to existing financial liabilities are accounted for as an extinguishment of the original liability and the recognition of a new financial liability if the modification represents a substantial modification. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid, is at least 10% different from the discounted present value of the remaining cash flow of the original financial liability.

Where modifications to financial liabilities are not substantial, the Group discounts the present value of the revised cash flows using the original effective interest rate. The difference between the revised present value and the carrying amount of the original financial liability is recognised in profit or loss at the date of the modification.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in policy 'Impairment of financial assets' and note 32.

Trade and other payables

Trade payables are classified within current liabilities unless payment is not due within 12 months from the reporting period. They are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method unless the effect of discounting is immaterial.

Borrowings are classified as current liabilities unless the companies within the Group have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Subsequent to initial recognition, interest-bearing bank overdrafts are carried at face value in view of their short-term maturities.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Ordinary shares issued by the Company

Ordinary shares issued by the Company are classified as equity instruments.

Dividends

Ordinary shares issued by the Company are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method and comprises expenditure incurred in acquiring the inventories and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated price at which stocks can be sold in the course of business less anticipated costs of selling. Provision is made where necessary for obsolete, slow moving and defective stocks.

Cash and cash equivalents and bank deposits

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and are presented in current liabilities on the statement of financial position. Bank deposits that the directors do not consider a component of cash equivalents, are presented separately in the statement of financial position.

Provisions

Provisions are recognised when the Group's Companies have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions are not recognised for future operating losses.

Impairment of non-financial assets

All non-financial assets are tested for impairment except for investment property measured at fair value through profit or loss. At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value (which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) less costs of disposal and value in use (which is the present value of the future cash flows expected to be derived, discounted using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset). Where the recoverable amount is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount, as calculated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment losses are recognised immediately in the income statement, unless the asset is carried at a revalued amount, in which case, the impairment loss is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that asset.

An impairment loss recognised in a prior year is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Revenue recognition

(i) Hospitality

Revenue from hospitality includes revenue from accommodation, food and beverage services, and other ancillary services. The substantial majority of services are provided to customers during their stays in one of the Group's hotels, and, depending on the type of booking, some services, would generally be amalgamated into one 'contract' (for example, bed and breakfast).

Each of the services rendered is assessed to be a distinct performance obligation, and if applicable, the Group allocates the transaction price to each of the services rendered to the customer on a relative basis, based on their stand-alone selling price. Revenue from such operations is recognised over time since the customer benefits as the Group is performing; the majority of revenue relates to accommodation (i.e. the amount allocated to such performance obligation is recognised over the customer's stay at the respective hotel).

(ii) Advertising

The Group, primarily through its Bay Radio station, provides advertising and production services. Advertising services include allowing customers to air adverts on the station, and contracts are typically agreed for a fixed price per spot. Revenue from such services is recognised over time, as the spot is aired. Any deposits received upfront in order to secure spots are deferred within accrued income until aired.

(iii) Cinema tickets and kiosk

The Group owns the Eden Cinemas complex which includes 9 cinema theatres and various kiosks. Revenue from the screening is recognised over the period of time of the screening. Customers have the ability to prepay for screening through online facilities, in which case, revenue is deferred until the service is provided. Goods sold from the kiosks are recognised as they are delivered to the customer.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Revenue recognition (continued)

(iv) Entertainment complex and other services

Revenue for these services include revenue generated from the Group's Eden Superbowl complex, esports activities, and other ancillary services. Services provided from the Eden Superbowl complex, including use of bowling alleys and bar, are recognised over the period of use, or upon consumption, as applicable.

Revenue from esports services include revenue from sponsorship agreements and tickets providing admission to events organised by the Group. The transaction price for such services is fixed and revenue is recognised over time, as the event takes place.

(v) Car parking facilities

The Group charges car parking entrance fees, which are either a fixed amount or calculated by the hour. Revenue is recognised over time in the amount in which the Group has a right to charge.

(vi) Health and fitness centre

The Group is the owner of the Cynergi health and fitness club in St Julian's. Fees range from one-year membership fees to day entry fees. In all cases, revenue is recognised over the period of time that the customer can use the services provided. Any membership fees received in advance are recognised within deferred income upon receipt.

(vii) Servicing of timeshare apartments

The Group provides provision of management services of timeshare apartments owned by third parties. Contracts for such services are subject to a fixed fee and have a term of one year, although they may be renewed for further periods subject to renegotiation. The Group provides various distinct services when carrying out its obligations under such arrangements, however, views its obligation as one performance obligation satisfied over the term, in accordance with IFRS 15's series guidance. Revenue in relation to such arrangements is therefore recognised over time. Any amounts paid in advance are recognised within deferred income and released to profit or loss over time.

(viii) Management services

The Company provides management services to its subsidiaries. Such services have been assessed to fall within scope of the IFRS 15 series guidance, such that they are recognised as one performance obligation over time during the contract term.

(ix) Dividend income

Dividend income is recognised when the shareholders' right to receive the payment is established.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Borrowing costs

Borrowing costs include the costs incurred in obtaining external financing. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised from the time that expenditure for these assets and borrowing costs are being incurred and activities that are necessary to prepare these assets for their intended use or sale are in progress. Borrowing costs are capitalised until such time as the assets are substantially ready for their intended use or sale. Borrowing costs are suspended during extended periods in which active development is interrupted. All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Leases

Where the Group is a lessee, with the exception of short-term leases and leases of low value assets, the Group recognises a right-of-use asset and a corresponding liability at the date at which a leased asset is available for use by the Group. Further details on the Group's accounting policy, and a summary of its leasing arrangements as a lessee is described in note 13.

Lease income from operating leases where the Group or the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective assets leased out under operating leases are included in investment property in the balance sheet.

Modifications to operating leases where the Group is the lessor are accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued payments relating to the original lease as part of the lease payments for the new lease.

Taxation

Current and deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (continued)

Taxation (continued)

Deferred tax in relation to the revaluation of land and buildings is charged or credited to other comprehensive income (to the extent that the revaluation is recognised in other comprehensive income). For buildings, deferred tax is recognised on the basis that the tax will be recovered through use (i.e. the corporate rate of tax in Malta), whilst land is expected to be recovered through sale. Deferred income tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of the property is realised through the income statement.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets, including deferred tax assets for unused tax losses and unused tax credits carried forward, are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences (or the unused tax losses and unused tax credits) can be utilised to the period when the asset is realised or the liability is settled based on the tax rates that have been enacted by the balance sheet date. Deferred tax assets and liabilities are offset when the Group's Companies have a legally enforceable right to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency. Transactions denominated in currencies other than the functional currency are translated at the exchange rates ruling on the date of transaction.

Monetary assets and liabilities denominated in currencies other than the functional currency are re-translated to the functional currency at the exchange rate ruling at year-end. Exchange differences arising on the settlement and on the re-translation of monetary items are recognised in profit or loss. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary assets and liabilities denominated in currencies other than the functional currency that are measured in terms of historical cost are not re-translated. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM").

The board of Eden Leisure Group plc, with the guidance of the Chief Executive Officer and Chief Financial Officer, (collectively, "the Board"), assesses the financial performance and position of the Group and make strategic decisions. The Board has been identified as being the CODM.

Related parties

Related parties are those persons or bodies of persons having relationships with the Company as defined in International Accounting Standard No. 24.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

2. Material accounting policies (*continued*)

Government grants

Grants from government are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants related to income are recognised in profit or loss over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Such grants are presented as part of profit or loss.

Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognised as income over the life of the depreciable asset by way of a reduced depreciation charge.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Group's directors, except as follows, 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 IAS1 (revised).

Fair value of property, plant and equipment and investment property

The Group uses valuation techniques when estimating the fair values of property, plant and equipment and investment property. The directors consider the key inputs into such valuations to represent critical accounting estimates.

Information about assumptions and estimation uncertainties with respect to the fair values of the Group's property, plant and equipment, and investment property, is included in note 11.

Expected credit loss allowances on loans and advances.

Credit loss allowance represent management's best estimate of expected credit losses in the financial assets subject to IFRS 9 impairment requirements at the balance sheet date. In this respect the directors are required to exercise judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The Group and Company use the PD, LGD and EAD models in assessing loans and receivable and the provision matrix model for trade receivables to support the measurement of ECL. Following these assessments, the ECL was deemed to be immaterial and therefore no expected credit loss was recognised in the financial statements.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

3. Segment information and revenue from contracts with customers

4.1 Segment information

This note discloses information regarding the Group's reportable segments. The Company is not required to and does not present segment information. However, it presents the information on its revenue from contracts with customers in note 4.2.

The standard requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. The Group's CODM, consisting of the board of directors and the chief executive officers and chief financial officer examine the Group's performance namely from an industry/product perspective and has identified two reportable segments – hospitality and entertainment and other related operations.

The CODM assesses performance based on the measure of EBITDA (earnings before interest, tax, depreciation and amortisation) and revenue of the operating segments.

The Group is not required to report a measure of total assets and liabilities for each reportable segment since such amounts are not regularly provided to the CODM. Additionally, since all of the Group's non-current assets are located in Malta, the geographical information that would have otherwise been required by IFRS 8, is not presented in these consolidated financial statements.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

4. Segment information and revenue from contracts with customers (continued)

4.1 Segment information (continued)

2023	Entertainment & other related Operations	Hospitality Operations	Unallocated	Total
	€	€	€	€
Revenue	12,621,071	33,319,656	–	45,940,727
Less: inter-segment sales	(552,004)	–	–	(552,004)
	12,069,067	33,319,656	–	45,388,723
Segment profit	2,248,989	9,745,381	–	11,994,370
Royalty fee	(1,113,416)	–	–	(1,113,416)
Segment profit after Royalty fee	1,135,573	9,745,381	–	10,880,954
Other operating income	–	–	1,105,580	1,105,580
Loss on sale of fixed assets	–	–	(128,902)	(128,902)
Group EBITDA	1,135,573	9,745,381	976,678	11,857,632
Depreciation and amortisation	–	–	(4,021,407)	(4,021,407)
Share of losses of associates	–	(507)	–	(507)
Finance costs	–	–	(2,182,792)	(2,182,792)
Profit/(Loss) before tax	1,135,573	9,744,874	(5,227,521)	5,652,926
Tax charge	–	–	(1,839,571)	(1,839,571)
Profit/(Loss) for the year	1,135,573	9,744,874	(7,067,092)	3,813,355
Other comprehensive income				
Gain on FI through OCI net of deferred tax	–	–	7,918	7,918
Total other comprehensive income	–	–	7,918	7,918
Total comprehensive income	1,135,573	9,744,874	(7,059,174)	3,821,273
Segment assets non-current	51,572,116	103,145,288	54,827,809	209,545,213
Segment assets current	5,933,791	3,282,986	4,553,850	13,770,627
	57,505,907	106,428,274	59,381,659	223,315,840
Segment liabilities non-current	–	2,379,038	67,463,946	69,842,984
Segment liabilities current	5,025,309	6,724,854	4,980,667	16,730,830
	5,025,309	9,103,892	72,444,613	86,573,814

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

4. Segment information and revenue from contracts with customers (continued)

4.1 Segment information (continued)

2022	Entertainment & other related Operations	Hospitality Operations	Unallocated	Total
	€	€	€	€
Revenue	9,809,450	23,788,938	–	33,598,388
Less: inter-segment sales	(370,418)	–	–	(370,418)
	9,439,032	23,788,938	–	33,227,970
Segment profit	1,948,466	7,026,462	–	8,974,928
Royalty fee	(1,018,144)	–	–	(1,018,144)
Segment profit after Royalty fee	930,322	7,026,462	–	7,956,784
Other operating income	–	–	1,092,116	1,092,116
Loss on sale of fixed assets	–	–	(499,861)	(499,861)
Group EBITDA	930,322	7,026,462	592,255	8,549,039
Depreciation and amortisation	–	–	(4,179,427)	(4,179,427)
Share of losses of associates	–	(698)	–	(698)
Finance costs	–	–	(2,017,352)	(2,017,352)
Profit/(Loss) before tax	930,322	7,025,764	(5,604,524)	2,351,562
Tax charge	–	–	(1,179,598)	(1,179,598)
Profit/(Loss) for the year	930,322	7,025,764	(6,784,122)	1,171,964
Other comprehensive income				
Loss on FI through OCI net of deferred tax	–	–	(70,704)	(70,704)
Revaluation surplus net of deferred tax	–	–	27,535,611	27,535,611
Total other comprehensive income	–	–	27,464,907	27,464,907
Total comprehensive income	930,322	7,025,764	20,680,785	28,636,871
Segment assets non-current	45,039,075	104,938,022	55,579,100	205,556,197
Segment assets current	3,587,672	3,175,721	5,628,800	12,392,193
	48,626,747	108,113,743	61,207,900	217,948,390
Segment liabilities non-current	407,057	2,380,842	64,520,313	67,308,212
Segment liabilities current	5,466,018	5,823,809	3,929,598	15,219,425
	5,873,075	8,204,651	68,449,911	82,527,637

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

4. Segment information and revenue from contracts with customers (continued)

4.2 Revenue from contracts with customers

(i) Disaggregation of revenue from contracts with customers

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
<i>Entertainment and related operations segment</i>				
- Advertising and sponsorship agreements	3,669,754	2,674,051	-	-
- Entertainment and related services	8,076,621	6,443,483	-	-
<i>Hospitality segment</i>				
- Accommodation and related services	31,862,526	22,426,720	-	-
- Other services	1,457,130	1,362,218	-	-
Operating fees charged to subsidiaries	-	-	10,300,000	7,400,000
Other sundry services	322,692	321,498	360,117	370,716
	45,388,723	33,227,970	10,660,117	7,770,716

(ii) Liabilities related to contracts with customers

The Group has recognised the following liabilities relating to contracts with customers:

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
<i>Contract liabilities (note 20):</i>				
Advance deposits – accommodation and related services	542,748	1,403,806	-	-
Deferred income – entertainment and related services	1,172,043	1,681,012	731,252	759,988
Deferred income – accommodation and related services	-	10,764	-	-
Total contract liabilities	1,714,791	3,095,582	731,252	759,988

(iii) Revenue recognised that was included in the deferred income balance at the beginning of the period

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

	Group		Company	
	2023 €	2022 €	2023 €	2022 €
Hotel operations	1,414,570	1,821,498	-	-
Entertainment and related services	1,651,573	1,336,200	29,223	45,572
	3,066,143	3,157,698	29,223	45,572

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

5. Other operating income

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Rental Income – Note 14	1,067,611	1,057,205	968,048	973,877
Interest income	37,969	34,911	37,969	34,911
	1,105,580	1,092,116	1,006,017	1,008,788

6. Investment income

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Dividend income	-	-	-	303,791

7. Finance costs

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Interest on bank overdraft and borrowings	438,529	293,485	438,510	293,485
Interest on other loans	1,600,000	1,600,000	1,680,000	1,680,000
Borrowing transaction costs	47,126	47,126	47,126	47,126
Interest on lease liability – note 13	97,137	76,741	-	-
	2,182,792	2,017,352	2,165,636	2,020,611

8. Expenses by nature

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Entertainment and operations direct costs	2,232,982	1,431,596	-	-
Hospitality operations direct costs	7,593,040	5,062,429	17,441	50,748
Wages and salaries (note 9)	13,944,976	9,978,041	-	-
Directors' remuneration (note 9)	917,125	856,591	285,930	276,623
Directors' fees (note 9)	89,000	89,000	56,000	56,000
Utility expenses	1,851,029	1,678,638	198,736	163,160
Advertising and promotion	1,188,514	1,038,771	3,437	3,650
Repairs & maintenance	1,269,890	867,754	40,266	160,933
Royalty fee	1,113,416	1,018,144	-	-
Operating lease costs	15,782	16,161	3,600	-
Other expenses	4,292,015	3,234,061	678,751	499,085
	34,507,769	25,271,186	1,284,161	1,210,199

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

8. Expenses by nature (continued)

Profit/(Loss) before tax for the Group is stated after charging the following fees in relation to services provided by the external auditors of the Group.

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Total remuneration payable to the company's auditors for:				
- Audit services	36,711	36,711	8,153	8,153
- Other services	10,000	10,000	5,100	5,100
	46,711	46,711	13,253	13,253

9. Staff costs and employee information

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Gross wages, salaries and directors' fees	14,124,567	11,851,903	3,951,999	3,436,722
Social security costs	826,534	710,341	180,441	152,735
	14,951,101	12,562,244	4,132,440	3,589,457
Recharged to subsidiaries	-	-	(3,790,510)	(2,838,926)
Government grant	-	(1,638,612)	-	(417,908)
	14,951,101	10,923,632	341,930	332,623

In 2022, the Group was awarded government grants related to a wage subsidy program introduced in Malta in response to the COVID-19 coronavirus pandemic. The Group was entitled to the wage subsidy because it had to shut down or curtail its operations. The grant was recognised in the income statement and netted off against wages and salaries, presented within 'direct costs'. The grant was last received in May 2022.

The average number of persons employed during the year, including non-executive directors, was made up as follows:

	Group		Company	
	2023	2022	2023	2022
	Number	Number	Number	Number
Administrative	76	59	33	24
Operational	509	426	96	85
Directors	9	9	4	4
	594	494	133	113

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

10. Tax charge

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
<u>Tax charge recorded on Profit and Loss</u>				
Deferred tax charge	597,677	1,118,403	352,921	676,293
Current tax charge	1,241,894	61,195	1,102,593	144,508
	<u>1,839,571</u>	<u>1,179,598</u>	<u>1,455,514</u>	<u>820,801</u>
<u>Tax charge recorded on statement of comprehensive income</u>				
Deferred tax charge	4,264	3,021,441	4,264	3,021,441

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
The tax expense and the tax charge using the statutory income tax rate of 35% are reconciled as follows				
Profit before taxation	5,652,926	2,351,562	4,383,087	1,336,881
Tax charge at 35%	<u>1,978,524</u>	<u>823,047</u>	<u>1,534,080</u>	<u>467,908</u>
Depreciation charges not deductible for tax purposes by way of capital allowances	23,315	246,791	36,556	219,465
Expenditure disallowed for tax purposes	2,235	5,169	869	3,710
Tax effect of non-taxable income	7,149	5,788	7,149	5,788
Deferred tax movement not recognised in prior year	177	272,318	–	272,074
Income taxed at a reduced tax rate	(77,161)	(81,591)	(77,161)	(103,491)
Additional allowable deductions	<u>(94,668)</u>	<u>(91,924)</u>	<u>(45,979)</u>	<u>(44,653)</u>
Tax charge	<u>1,839,571</u>	<u>1,179,598</u>	<u>1,455,514</u>	<u>820,801</u>

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

11. Property, plant and equipment

Group

	Land and Buildings	Furniture, Fixtures & Fittings	Equipment	Computer Equipment	Motor Vehicles	Other Fixed Assets	Total
	€	€	€	€	€	€	€
Revaluation							
As at 1 st January 2022	142,363,145	22,691,261	18,030,313	2,432,708	355,285	13,569,039	199,441,751
Additions	633,529	812,679	472,825	25,710	–	385,831	2,330,574
Disposals	–	–	(904,100)	–	–	–	(904,100)
Revaluation	30,595,123	–	–	–	–	–	30,595,123
As at 1 st January 2023	173,591,797	23,503,940	17,599,038	2,458,418	355,285	13,954,870	231,463,348
Additions	190,795	568,817	745,963	91,093	4,873	377,471	1,979,012
Disposals	(64,030)	(108,677)	(385,338)	(3,221)	(26,663)	(4,475)	(592,404)
As at 31 st December 2023	173,718,562	23,964,080	17,959,663	2,546,290	333,495	14,327,866	232,849,956
Depreciation							
As at 1 st January 2022	6,418,703	15,173,462	15,285,663	2,179,741	340,554	11,393,485	50,791,608
Depreciation charge	803,837	1,458,650	1,012,503	155,071	6,802	675,078	4,111,941
Eliminated on disposals	–	–	(405,067)	–	–	–	(405,067)
As at 1 st January 2023	7,222,540	16,632,112	15,893,099	2,334,812	347,356	12,068,563	54,498,482
Depreciation charge	721,351	1,413,901	886,471	111,098	975	685,077	3,818,873
Eliminated on disposals	(4,146)	(78,895)	(340,824)	(3,221)	(18,723)	(3,728)	(449,537)
As at 31 st December 2023	7,939,745	17,967,118	16,438,746	2,442,689	329,608	12,749,912	57,867,818
Net Book Value							
As at 31 st December 2023	165,778,817	5,996,962	1,520,917	103,601	3,887	1,577,954	174,982,138
As at 1 st January 2023	166,369,257	6,871,828	1,705,939	123,606	7,929	1,886,307	176,964,866

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

11. Property, plant and equipment (continued)

Company

	Land and Buildings	Furniture, Fixtures & Fittings	Equipment	Computer Equipment	Motor Vehicles	Other Fixed Assets	Total
	€	€	€	€	€	€	€
Valuation							
As at 1 st January 2022	135,447,200	22,236,885	17,735,958	2,348,318	314,462	13,564,566	191,647,389
Additions	213,529	812,669	472,825	25,710	–	385,834	1,910,567
Disposals	–	–	(904,100)	–	–	–	(904,100)
Revaluation	23,451,068	–	–	–	–	–	23,451,068
As at 1 st January 2023	159,111,797	23,049,554	17,304,683	2,374,028	314,462	13,950,400	216,104,924
Additions	190,795	567,853	745,963	75,247	–	119	1,579,977
Disposals	(64,030)	(62,723)	(135,017)	(3,221)	–	–	(264,991)
Revaluation	–	–	–	–	–	–	–
As at 31 st December 2023	159,238,562	23,554,684	17,915,629	2,446,054	314,462	13,950,519	217,419,910
Depreciation							
As at 1 st January 2022	5,954,287	14,759,968	15,021,067	2,103,755	314,462	11,390,011	49,543,550
Depreciation charge	720,638	1,458,373	1,012,503	149,153	–	675,078	4,015,745
Eliminated on disposals	–	–	(405,067)	–	–	–	(405,067)
As at 1 st January 2023	6,674,925	16,218,341	15,628,503	2,252,908	314,462	12,065,089	53,154,228
Depreciation charge	642,067	1,413,624	886,471	105,180	–	678,980	3,726,322
Eliminated on disposals	(4,146)	(36,867)	(116,677)	(3,221)	–	–	(160,911)
As at 31 st December 2023	7,312,846	17,595,098	16,398,297	2,354,867	314,462	12,744,069	56,719,639
Net Book Value							
As at 31 st December 2023	151,925,716	5,959,586	1,517,332	91,187	–	1,206,450	160,700,271
As at 1 st January 2023	152,436,872	6,831,213	1,676,180	121,120	–	1,885,311	162,950,696

Land and buildings held by the Group and the Company, with a carrying amount of €91,968,274 (2022: €92,359,338) are pledged as security for current and non-current borrowings.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

11. Property, plant and equipment (continued)

Fair value of property

The Group is required to analyse non-financial assets carried at fair value by level of the fair value hierarchy within which, the recurring fair value measurements are categorised in their entirety (Level 1, 2 or 3). The different levels of the fair value hierarchy have been defined as fair value measurements using:

- Quoted prices (unadjusted) in active markets for identical assets (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (Level 3).

All the recurring property fair value measurements at 31 December 2023 and 2022, as applicable, use significant unobservable inputs and are accordingly categorised within Level 3 of the fair valuation hierarchy.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between different levels of the fair value hierarchy during the current and preceding financial years.

Valuation techniques

The Group's land and buildings, within property, plant and equipment, consist of two hotel properties, one cinema complex, one bowling alley, health and fitness club and a car park that are owned and managed by the Group companies. The Group obtains independent valuations for its freehold land and buildings at least every five years. In addition to the revaluations carried out on Group's properties, the Group's investment properties, which comprise two properties that are held for long-term rental yields or for capital appreciation or both, are measured at fair value on an annual basis as required by IAS 40.

At the end of each reporting period, the directors update their assessment of the fair value of each property, considering the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the directors consider information from a variety of sources.

The Group's properties were valued using the discounted cash flow approach. When using this technique, the significant unobservable inputs include:

Earnings before interest, tax, depreciation, and amortisation (EBITDA)	Based on projected income streams taking into consideration historical results and market expectations;
Growth rate	Based on management's estimated average growth of the company's EBITDA, mainly determined by projected growth in income streams;
Discount rate	Reflecting the current market assessment of the uncertainty in the amount and timing of projected cash flows. The discount rate reflects the estimated weighted average cost of capital that would be available to a Reasonably Efficient Operator (REO) for financing such an operation. The discount rate is based on an assumed debt to equity ratio; estimation of cost of equity is based on risk free interest rates adjusted for country risk and equity risk premium; estimation of cost of debt is based on risk free interest rates adjusted for country risk and assumed credit spread.

Investment properties were valued using a capitalisation rate approach, whereby the rental price per square meter is used as the measure to calculate the properties' net operating income.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

11. Property, plant and equipment (continued)

Valuation processes

The Group and the Company's property (land and buildings together with all other integral assets) were revalued on 31 December 2022 by an independent professional qualified valuer. This valuation was based on potential development and discounted cashflow. As at 31 December 2023, the Directors carried an assessment measured in accordance with the revaluation model under IAS 16 and updated the discounted cashflows. The resultant fair value did not defer materially from the book values of the property.

Where management, through its assessment, concludes that the fair value of its properties differs materially from its carrying amount, and at least every 5 years, an independent valuation report prepared by third party qualified valuers, is performed. The report is based on information provided by the Group. The information provided to the valuers, together with the assumptions and the valuation models used by the valuers, are reviewed by the directors. This includes a review of the fair value movement over the period. The directors consider whether the valuation report is appropriate to revalue the Company's property.

For investment properties, the Group engages external, independent and qualified valuers to determine the fair value of the property at the end of every financial year. The Group's investment property comprises a commercial property and Casino Malta, leased out on non-cancellable leases that have remaining lease terms ranging between one to two years.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

11. Property, plant and equipment (continued)

Valuation processes (continued)

Valuation inputs and relationships to fair value

The determination of the fair value of land and buildings and investment properties use future discounted cash flows ("DCF") projections based on significant unobservable inputs (categorised within Level 3 of the fair value hierarchy). These inputs include:

Group and Company Description	Fair value at		Unobservable Inputs	Range of inputs		Relationship of unobservable inputs to fair value
	31 Dec 2023 €	31 Dec 2022 €		31 Dec 2023	31 Dec 2022	
<i>Property, plant and Equipment</i>						
Hotel and other entertainment properties	128,174,007	128,764,447	Discount rate Growth rate EBIDTA	7.52%* 2% - 5%* €17m-€22m*	7.52% 2% - 5% €17m-€22m	The higher the discount rate, the lower the fair value The higher the growth rate, the higher the fair value The higher the EBIDTA, the higher the fair value
Developable land for mixed use	37,604,810	37,604,810	Comparative method Investment method	€5k - €22k per sqm 7%	€5k - €22k per sqm 7%	
<i>Investment properties</i>						
Leased buildings	16,750,000	16,750,000	Rental price per square Metre Capitalisation rate	€320 - €380 7.5%	€300 - €369 7.5%	The higher the rental price per square metre, the the higher the fair value The higher the capitalisation rate, the lower the fair value

*These inputs represent the range of inputs used in the external valuation carried out as at 31 December 2022.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

12. Property, plant and equipment under development

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
As at 1 st January	4,641,204	320,958	4,641,204	320,958
Additions	7,251,851	4,320,246	7,251,849	4,320,246
As at 31 st December	<u>11,893,055</u>	<u>4,641,204</u>	<u>11,893,053</u>	<u>4,641,204</u>

13. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 14.

(i) *Amounts recognised in the balance sheet*

The balance sheet shows the following amounts relating to leases:

	Group	
	2023	2022
	€	€
Right-of-use assets		
Land and buildings	1,681,235	1,391,790
Motor vehicles	<u>19,082</u>	<u>31,629</u>
	<u>1,700,317</u>	<u>1,423,419</u>
Lease liabilities		
Current	187,565	25,764
Non-current	<u>1,686,735</u>	<u>1,537,372</u>
	<u>1,874,300</u>	<u>1,563,136</u>

There were additions to the right-of-use assets during the financial year of €479,432 (2022: Nil).

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

13. Leases (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2023	Group 2022
	€	€
Depreciation charge of right-of-use assets		
Land and buildings	189,987	43,493
Motor vehicles	12,547	24,005
	<u>202,534</u>	<u>67,498</u>
Interest expense (included in finance cost)	97,137	76,741

The total cash outflow for leases in 2023 was €265,405 (2022: €113,857).

(iii) The Group's leasing activities and how these are accounted for

The Group leases land, buildings and vehicles. The Group's rental contracts are for fixed periods of 3 to 50 years but may have extension options as described in (v) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is the case for leases in the Group except for motor vehicle leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

13. Leases (continued)

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- Makes adjustments specific to the lease, e.g. term and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate, take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to 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.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use land and buildings held by the Group.

Payments associated with short-term leases of vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise photo copying and printing equipment.

(iv) Variable lease payments

The Group's leases do not contain variable payment terms.

(v) Extension and termination options

Extension and termination options are included in the Group's property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the respective lessor.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

14. Investment property

	Group		Company	
	2023	2022	2023	2022
At fair value	€	€	€	€
As at 1 st January	16,750,000	16,750,000	16,750,000	16,750,000
	-	-	-	-
As at 31 st December	16,750,000	16,750,000	16,750,000	16,750,000

Investment property pledged as security.

Investment property held by the Group and the Company, with a carrying amount of €14,000,000 (2022: €14,000,000) are pledged as security for current and non-current borrowings.

Measuring investment property at fair value

Investment properties principally land and buildings, are held for long-term rental yields and are not occupied by the Group. These are valued annually on 31 December at fair value comprising open market value approved by the directors on the basis of a professional valuation prepared by an independent architect. Changes in fair values are presented in profit and loss.

Significant estimate – Fair value of investment property

Information about the valuation of investment properties is provided in note 11.

Presenting cash flows

The Group and the Company classifies cash outflows to acquire or construct investment property as investing cashflows and rental inflows as operating cashflows.

Amounts recognised in profit or loss for investment properties.

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Rental income from operating leases	744,065	761,115	744,065	761,115

Leasing arrangements

The Group and the Company's investment properties are leased to tenants under operating leases with rentals payable on a monthly or quarterly basis. Lease payments for some contracts include fixed annual increases, but there are no variable lease payments that depend on an index.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

14. Investment property (continued)

Leasing arrangement (continued)

The future minimum operating lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Within 1 year	898,026	829,339	898,026	829,339
Between 1 and 2 years	879,090	843,495	879,090	843,495
Between 2 and 3 years	173,743	799,127	173,743	799,127
Between 3 and 4 years	130,487	67,296	130,487	67,296
Between 4 and 5 years	78,501	30,090	78,501	30,090
Later than 5 years	-	-	-	-
	2,159,847	2,569,347	2,159,847	2,569,347

15. Interests in subsidiaries and other entities

Company

	Shares in subsidiaries	Shares in associates and joint venture	Total
	€	€	€
At 1 st January 2022	2,676,130	225,642	2,901,772
At 31 st December 2022	2,676,130	225,642	2,901,772

The net book value as at 31st December 2022 comprises:

	€	€	€
Cost	2,676,130	575,048	3,251,178
Impairment	-	(349,406)	(349,406)
At 31 st December 2022	2,676,130	225,642	2,901,772

Company

	Shares in subsidiaries	Shares in associates and joint venture	Total
	€	€	€
At 1 st January 2023	2,676,130	225,642	2,901,772
At 31 st December 2023	2,676,130	225,642	2,901,772

The net book value as at 31st December 2023 comprises:

	€	€	€
Cost	2,676,130	575,048	3,251,178
Impairment	-	(349,406)	(349,406)
At 31 st December 2023	2,676,130	225,642	2,901,772

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

15. Interests in subsidiaries and other entities (continued)

All subsidiary undertakings are included in the consolidation, whilst investments in associates and joint ventures are accounted for using the equity method in the consolidated financial statements, as disclosed in the Group's accounting policies.

Shares in Group and associated undertakings represent the following investments:

	Registered address	Principal activity	2023 % holding	2022 % holding
Group				
Eden Finance p.l.c.	Eden Place St. Augustine Street St. George's Bay	Finance Company	99.99	99.99
Eden Entertainment Limited	Eden Place St. Augustine Street St. George's Bay	Entertainment operating company	99.99	99.99
Eden Super Bowl Limited	Eden Place St. Augustine Street St. George's Bay	Entertainment operating company	99.99	99.99
Eden Hospitality Limited	Eden Place St. Augustine Street St. George's Bay	Hotel management company	99.99	99.99
Eden Esports Limited	Eden Place St. Augustine Street St. George's Bay	Entertainment operating company	99.82	99.82
Associates				
Axis Limited	St. George's Road, St. Julian's Eden Place	Management property company	50.00	50.00
Sunny Resorts Limited	St. Augustine Street St. George's Bay	Management property company	33.33	33.33

Summarised financial information in respect of the Group's associates is set out below:

	Group	
	2023 €	2022 €
Opening net book value	716,591	717,289
Additions	-	-
Impairment	-	-
Share of losses of associated and undertakings (after tax)	(507)	(698)
	716,084	716,591
Net assets	2,148,276	2,149,996
Group share of net assets	716,084	716,591

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

16. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Non-current				
Amounts owed by associates and joint venture (ii)	59,737	58,312	59,737	58,312
Amounts owed by commonly controlled entities (ii)	361,639	354,616	361,639	354,616
Other receivables due from commonly controlled entity (iii)	2,892,865	4,062,773	2,892,773	4,062,773
	3,314,241	4,475,701	3,314,149	4,475,701

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Current				
Trade receivables	1,845,032	2,245,972	103,949	105,260
Amounts owed by subsidiaries (i)	-	-	2,734,780	4,382,614
Amounts owed by associates and joint venture (ii)	16,932	16,992	8,456	7,966
Amounts owed by commonly controlled entities (ii)	19,109	132,266	15,773	21,673
Other receivables due from commonly controlled entity (iii)	1,091,940	1,091,940	1,091,940	1,091,940
Other receivables	764,589	307,945	164,711	145,107
Advance deposits on capital expenditure (iv)	1,562,390	-	1,562,390	-
Prepayments and accrued income	665,907	669,451	2,573,360	470,319
Amounts due from third parties	907,244	483,685	907,244	483,685
	6,873,143	4,948,251	9,162,603	6,708,564

- (i) Amounts owed by subsidiaries relate to operating fees charged by the Company. These are unsecured, interest free and repayable based on the credit terms agreed between the parties.
- (ii) Amounts owed by associates, joint venture and commonly controlled entities are unsecured, interest free and are repayable on demand. These amounts are net of a provision of €349,059 (2022: €349,059).
- (iii) These amounts are unsecured, interest free and repayable in accordance with terms agreed by the parties.
- (iv) €1,262,390 of this amount represents deposits paid on works carried out on the mixed use project held as PPE under development within these financial statements – note 12. The remaining €300,000 represent deposit on promise of sale of a property.

The Group and Company assess whether any loss allowance is required on its financial assets as set out in the accounting policies and note 32.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

17. Inventories

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Food, beverage and consumables	389,431	284,262	-	-
Crockery and linen	1,790,423	1,660,457	1,778,545	1,648,579
Other inventories	178,369	178,368	178,369	178,368
	2,358,223	2,123,087	1,956,914	1,826,947

Inventories recognised as an expense during the year ended 31st December 2023 amounted to €1,462,401 (2022: €1,189,587). These were included in direct costs.

18. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Debt securities where the contractual cash flows are solely principal, and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.
- Equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise the category. These are strategic investments and the Group considers the classification to be more relevant.

(i) Debt investments at fair value through other comprehensive income

These comprise investments in listed bonds in the local market. On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss within 'Gains/(losses) reclassified to profit or loss' upon derecognition of financial.

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Non-current assets				
At 1 st January	973,362	1,081,963	973,362	1,081,963
Fair value movements recognised in other comprehensive income	12,499	(108,601)	12,499	(108,601)
At 31st December	985,861	973,362	985,861	973,362

(ii) Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise an investment in Roundhill Bitkraft Esports & Digital Enter Etf and Roundhill Sports Betting & IGaming Etf and has a carrying amount of €149,415 (2022: €135,112).

On disposal of these equity investments, any related balance within FVOCI reserve is reclassified to retained earnings.

The Group's and Company's exposure to financial risks on this instrument is provided in note 32.

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FOR THE YEAR ENDED 31ST DECEMBER 2023

19. Deposits

The amounts included within deposits represent fixed-term deposits having a maturity of three to six months from the acquisition date. They have been classified with current assets in the balance sheet.

20. Deferred Taxation

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% / 10% (2022: 35% / 10%). The movement in the deferred tax account is as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
At the beginning of the year	(17,948,192)	(13,808,348)	(17,043,443)	(14,171,680)
<i>Recognised in profit or loss:</i>				
Movement in absorbed tax losses and capital allowances	(796,451)	(1,090,529)	(491,498)	(515,981)
Movement in effect of provisions	(8,160)	10,409	-	-
Movement in the excess of capital allowances over depreciation	194,941	(48,917)	184,309	(48,746)
Movement in fair value of debt instrument recognised at FVTOCI	(4,264)	38,071	(4,264)	38,071
Movement in right-of-use asset	11,993	10,634	-	-
Effect due to revaluation of assets	-	(3,059,512)	-	(2,345,107)
At the end of the year	(18,550,133)	(17,948,192)	(17,354,896)	(17,043,443)

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Effect recognised in:				
Deferred tax movement recognised in profit or loss (note 10)	597,677	1,118,403	307,189	564,727
Deferred tax movement recognised in other comprehensive income (note 24)	4,264	3,021,441	4,264	2,307,036
Transfer of loss in statement of financial position	-	-	45,732	111,566
	601,941	4,139,844	357,185	2,983,329

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20. Deferred Taxation (continued)

The following amounts are shown in the balance sheet:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
<i>Deferred tax assets</i>				
Unabsorbed tax losses and capital allowances	121,556	918,006	–	491,498
Effect of provisions	329,338	341,763	–	308,359
Right-of-use asset	60,894	48,901	–	–
Effect of excess of capital allowances over depreciation	–	(724,254)	–	(694,383)
	<u>511,788</u>	<u>584,416</u>	<u>–</u>	<u>105,474</u>
<i>Deferred tax liabilities</i>				
Effect of provisions	–	–	304,095	–
Effect of excess of capital allowances over depreciation	(529,313)	–	(510,074)	–
Effect due to fair value movement of investment property	(1,675,000)	(1,675,000)	(1,675,000)	(1,675,000)
Effect due to revaluation of property, plant and equipment	(16,857,608)	(16,857,608)	(15,473,917)	(15,473,917)
	<u>(19,061,921)</u>	<u>(18,532,608)</u>	<u>(17,354,896)</u>	<u>(17,148,917)</u>
	<u>(18,550,133)</u>	<u>(17,948,192)</u>	<u>(17,354,896)</u>	<u>(17,043,443)</u>

Reflected in the balance sheet as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Deferred tax asset	189,378	584,416	–	105,474
Deferred tax liability	(18,739,511)	(18,532,608)	(17,354,896)	(17,148,917)
	<u>(18,550,133)</u>	<u>(17,948,192)</u>	<u>(17,354,896)</u>	<u>(17,043,443)</u>

EDEN LEISURE GROUP LIMITED

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21. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Falling due within one year				
Trade payables	5,181,331	3,857,674	242,397	195,108
Capital payables	897,194	632,266	897,194	632,266
Amounts owed to subsidiaries and other related entities (i)	146,601	25,437	1,701,671	168,820
Accruals	3,042,030	3,089,303	1,236,346	900,181
Advanced deposits and deferred income (note 4)	1,022,488	2,364,817	38,949	29,223
Other payables	2,078,648	1,926,827	980,068	798,167
	12,368,292	11,896,324	5,096,625	2,723,765
Falling due after more than one year				
Advanced deposits and deferred income (note 4)	692,303	730,765	692,303	730,765
Other payables	–	1,032,648	–	512,885
	692,303	1,763,413	692,303	1,243,650

(i) Amounts owed to subsidiaries and other related entities are unsecured, interest free and are repayable on demand.

22. Current income tax liability

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Opening balance	56,192	56,050	55,480	52,984
Tax charge for the year	1,241,894	61,195	1,102,593	144,508
Tax at source	–	–	–	(83,790)
Tax payment	(61,441)	(61,053)	(60,729)	(58,222)
Closing balance	1,236,645	56,192	1,097,344	55,480

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23. Borrowings

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Falling due within one year				
Bank overdraft (i)	404,088	–	404,088	–
Bank loans (i)	2,442,743	3,241,145	2,442,743	3,241,145
Third party loans	91,497	–	–	–
	<u>2,938,328</u>	<u>3,241,145</u>	<u>2,846,831</u>	<u>3,241,145</u>
Falling due after more than one year				
Bank loans (i)	8,881,520	5,679,030	8,881,520	5,679,030
Related company loans (ii)	–	–	39,842,915	39,795,789
Bonds (iii)	39,842,915	39,795,789	–	–
	<u>48,724,435</u>	<u>45,474,819</u>	<u>48,724,435</u>	<u>45,474,819</u>
Total borrowings	<u>51,662,763</u>	<u>48,715,964</u>	<u>51,571,266</u>	<u>48,715,964</u>

The bank loans and the debts securities/related company loans are disclosed at the value of the proceeds less the net book amount of the transaction costs as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Face value of bonds/related company loans				
Bonds/Related company loans	40,000,000	40,000,000	40,000,000	40,000,000
Issue costs	(471,258)	(471,258)	(471,258)	(471,258)
Accumulated amortisation	314,173	267,047	314,173	267,047
Net book amount	<u>(157,085)</u>	<u>(204,211)</u>	<u>(157,085)</u>	<u>(204,211)</u>
Amortised cost	<u>39,842,915</u>	<u>39,795,789</u>	<u>39,842,915</u>	<u>39,795,789</u>

- (i) The bank overdraft and bank loans are secured by general hypothecs and a special privilege over the Group's assets. The Group's and Company's overdraft banking facilities as at 31st December 2023 amounted to €5,678,790 (2022: €5,678,790) for the Group, and €2,000,000 (2022: €2,000,000) for the Company.
- (ii) These represent funds raised by the Company's subsidiary through a bond issue, which have been advanced to Eden Leisure Group Limited at an annual interest rate of 4.2% (2022: 4.2%) per annum. The loan is due for repayment in full on the 28th April 2027. This loan is unsecured.

EDEN LEISURE GROUP LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 2023

23. Borrowings (continued)

- (iii) By virtue of the Prospectus dated 27 March 2017, Eden Finance p.l.c. issued for subscription by the general public 400,000 unsecured bonds having a nominal value of €100 each for an aggregate principal amount of €40,000,000. These bonds have been issued at par.

The bonds are subject to a fixed interest rate of 4% per annum payable on the 28 April of each year up to redemption date. All bonds, unless previously purchased and cancelled, will be redeemed on 28 April 2027.

The bonds are subject to the terms and conditions in the prospectus and are listed on the Malta Stock Exchange. The quoted market price as at 31st December 2023 for the 4% unsecured Bonds was €96.50 (2022: €99.45). The directors are of the opinion that this price represents the fair value of these liabilities; as at balance sheet date, the fair value of the bonds therefore amounts to €38,600,000 (2022: €39,780,000). The fair value calculation is classified within Level 1 of IFRS 13's fair value hierarchy.

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Interest rate exposure				
At floating rates	11,728,351	8,920,175	11,728,351	8,920,175
At fixed rates	39,934,412	39,795,789	39,842,915	39,795,789
Total borrowings	51,662,763	48,715,964	51,571,266	48,715,964

	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Weighted average effective interest rates at the balance date:				
Bank overdrafts	5.98	4.95	5.98	4.95
Bank loans – variable rate	5.70	2.84	5.70	2.84
Bonds/related party loan	4.00	4.00	4.20	4.20

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Maturity of long-term borrowings:				
Between 1 and 5 years	44,821,636	45,474,819	44,821,636	45,474,819
Over 5 years	3,902,799	–	3,902,799	–
	48,724,435	45,474,819	48,724,435	45,474,819

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24. Share capital

	Company	
	2023	2022
	€	€
Authorised share capital		
12,057,600 "A" Ordinary shares of €2.50 each	30,144,000	30,144,000
11,942,400 "B" Ordinary shares of €2.50 each	29,856,000	29,856,000
	60,000,000	60,000,000

	Company	
	2023	2022
	€	€
Issued share capital		
12,057,600 "A" Ordinary shares of €2.50 each	30,144,000	30,144,000
11,942,400 "B" Ordinary shares of €2.50 each	29,856,000	29,856,000
	60,000,000	60,000,000

The ordinary A shares and ordinary B shares issued by the Company rank *pari passu* in all respects.

25. Revaluation Reserve

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
As at 1 st January	60,955,818	33,490,911	51,420,763	30,385,506
<u>On fair value through OCI</u>				
Change in FV of debt and equity instrument at FVTOCI	12,182	(108,775)	12,182	(108,775)
Deferred tax liability arising on change in FV of debt and equity instrument at FVTOCI	–	38,071	–	38,071
Gain on revaluation of property	–	30,595,123	–	23,451,068
Deferred tax liability arising on revaluation of property	–	(3,059,512)	–	(2,345,107)
As at 31st December	60,968,000	60,955,818	51,432,945	51,420,763

The revaluation reserve was created on the revaluation of the Group's and Company's property plant and equipment. The revaluation reserve is a non-distributable reserve.

EDEN LEISURE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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26. Fair value gain reserve

This reserve represents changes in fair value, net of deferred tax, on the investment properties held by the Group for long-term rental yields. Movement in fair values are presented in profit or loss as part of 'fair value gains on investment property'. Information about the valuation process of the investment property is disclosed in note 11 to these financial statements.

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
As at 1 st January	4,539,734	4,539,734	4,539,734	4,539,734
As at 31 st December	4,539,734	4,539,734	4,539,734	4,539,734

The reserve is considered to be a non-distributable reserve.

27. Dividend distribution

	Company	
	2023	2022
	€	€
Final dividend	-	-
Interim dividend	2,500,000	2,500,000
Total net dividend	2,500,000	2,500,000
Euro per share (net)	€0.104	€0.104

A net interim dividend of €1,000,000 (2022: €1,000,000) was approved on 15th June 2023 (2022: 15th June 2022) and a second net interim dividend of €1,500,000 (2022: €1,500,000) was approved on 28th November 2023 (2022: 14th November 2022).

28. Cash and cash equivalents

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Cash in hand and bank	2,803,400	4,347,493	1,448,309	2,169,063
Bank overdraft	(404,088)	-	(404,088)	-
	2,399,312	4,347,493	1,044,221	2,169,063

The balances of cash and cash equivalents are available for use by the Group and Company in their entirety.

EDEN LEISURE GROUP LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 2023

29. Related party transactions

During the course of the year the Group and the Company entered into transactions with related parties. These transactions have been carried at arm's length. The related party transactions in question were:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Revenue				
<i>Subsidiaries</i>				
Operating fees	-	-	10,300,000	7,400,000
Other sundry services	-	-	69,881	69,881
<i>Commonly controlled entity</i>				
Entertainment and related services	150,457	98,756	-	-
Other operating income				
<i>Commonly controlled entities</i>				
Rental income	650,591	631,644	650,591	631,644
	<u>801,048</u>	<u>730,400</u>	<u>11,020,472</u>	<u>8,101,525</u>
Other operating expenses				
<i>Commonly controlled entities</i>				
Royalty fee	1,113,416	1,018,144	-	-
<i>Related parties outside the group</i>				
Consultancy fee	150,000	145,833	150,000	145,833
Finance costs				
<i>Subsidiaries</i>				
Interest on other loans	-	-	1,680,000	1,680,000

Key management personnel include the Group CEO and CFO and directors on subsidiary entities. Key management compensation, consisting of directors' remuneration, has been disclosed in note 9 to the financial statements.

Amounts due from/to Group and related parties, in connection with advances, sales and purchases transactions, are disclosed in notes 16 and 21. In the Company's books, amounts due to a subsidiary in connection with Group financing activities are disclosed in note 23 to these financial statements.

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30. Commitments

Capital expenditure

Commitments for capital expenditure not provided for in these financial statements are as follows:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Authorised but not contracted	<u>7,157,846</u>	<u>13,956,849</u>	<u>7,157,846</u>	<u>13,956,849</u>
Contracted but not provided for	<u>16,692,779</u>	<u>13,257,343</u>	<u>16,692,779</u>	<u>13,257,343</u>

The Company was granted €25 million in bank borrowings to finance the above capital commitments. As 31 December 2023 the amount of €4.85m has been utilised.

Operating lease commitments where the Group company is a lessee

The Group leases land and vehicles under non-cancellable operating leases expiring within 3 years to 50 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 13.

31. Contingent liabilities

At 31st December 2023, the Group and Company had contingent liabilities in respect of guarantees and performance bonds amounting to €23,336 (2022: €23,336) given to third parties.

At 31st December 2023 guarantees amounting to €3,778,779 (2022: €3,778,779) were given by the Company with regards to bank facilities of subsidiaries and other related parties.

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32. Financial risk management

The Group's activities potentially expose it to a variety of financial risks on its financial assets and financial liabilities. The key components of financial risks to the Group are: market risk (namely, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, and quoted prices, will affect the Group's income or financial position. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Cash flow and fair value interest rate risk

The Group's interest rate risk arises on its interest-bearing borrowings, deposits held with banks, and debt investments. Borrowings issued at variable rates, comprising bank borrowings, expose the Group to cash flow interest rate risk. The Group's bank borrowings are subject to an interest rate that varies according to revisions made to the Bank's Base Rate and three-month Euribor. The directors monitor the level of floating rate borrowings as a measure of cash flow risk taken on.

The Group has adopted a cautious risk policy with regards to interest rate fluctuation through the issue of a €40,000,000 ten-year bond incurring interest of 4%. Debt securities issued at fixed rates, bank deposits and investments in FVOCI instruments (comprising debt investments) expose the Group to fair value interest rate risk.

Bank deposits and borrowings are carried at amortised cost. Accordingly, a shift in interest rates would not have an impact on profit or loss or other comprehensive income.

A shift in interest rates on borrowings at variable rates and FVOCI debt investments will however have an impact on profit or loss or other comprehensive income. The directors consider the potential impact on the Group's profit or loss of a defined interest rate shift of 1.5%, that is reasonably possible, at the end of the reporting period keeping all other variables constant, to amount to +/- €175,925 (2022: +/- €133,802). The impact of a reasonably possible shift in interest rates is not expected to impact the fair value of FVOCI financial assets materially and therefore the directors believe that the potential impact of such a shift on other comprehensive income is immaterial.

Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified at fair value through other comprehensive income in the balance sheet. The Group diversifies its portfolio to manage its price risk. The Group's investments are traded on the NYSEArca Stock Exchange.

A reasonable shift in the index in which the Group's investments are traded is not expected to result in material impact on the Group's equity.

EDEN LEISURE GROUP LIMITED

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32. Financial risk management (continued)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks, investments at FVOCI and FVPL, as well as credit risk exposures to customers, including outstanding receivables and committed transactions. The carrying amount of the financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Carrying amounts				
Financial assets at amortised cost	5,349,466	6,200,584	8,072,342	10,463,579
Trade and other receivables	2,609,621	2,553,917	268,660	250,367
Deposits	750,000	–	750,000	–
Cash at hand and in bank	2,803,400	4,347,493	1,448,309	2,169,063
Debt investments at FVOCI	985,861	973,362	985,861	973,362
Deposits on capital expenditure	1,562,390	-	1,562,390	-
	<u>14,060,738</u>	<u>14,075,356</u>	<u>13,087,562</u>	<u>13,856,371</u>

Financial assets at amortised cost comprise of amounts owed by other related undertakings that do not form part of the Group as described in note 16. These loans are unsecured; therefore, the failure of the related undertakings could have an impact on the Group's results.

The Group's companies bank only with local financial institutions with high quality standing or rating. The Group has no concentration of credit risk that could materially impact on the sustainability of its operations. However, in common with similar business concerns, the failure of specific large customers could have a material impact on the Group's results.

The Group assesses the credit quality of its customers taking into account financial position, past experience and other factors. Standard credit terms are in place for individual clients, however, wherever possible, new corporate customers are analysed individually for creditworthiness before the Group's standard payment and service delivery terms and conditions are offered. The Group's review includes external credit worthiness databases when available.

Impairment of financial assets

The Group's and the Company's financial assets that are subject to the expected credit loss model include:

- Trade receivables and accrued income relating to the provision of services;
- Other financial assets at amortised cost, comprising loans receivable and amounts due from related parties and, in the case of the Company, subsidiary undertakings;
- Deposits on capital expenditure
- Debt investment carried at FVOCI;
- Deposits; and
- Cash and cash equivalents.

EDEN LEISURE GROUP LIMITED

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32. Financial risk management (continued)

Trade receivables and accrued income

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued income.

To measure the expected credit losses, trade receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. The Group has concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the accrued income since they have substantially the same characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2023 and 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Based on the assessment carried out in accordance with the above methodology, the identified expected credit loss allowance on trade receivables and accrued income was deemed immaterial. The movement in loss allowances as at 31 December 2023 and 2022 is also deemed immaterial by management. On this basis, the information pertaining to loss rates and loss allowances in the Group's provisions matrix, which would have otherwise been required by IFRS 7, is not presented as at 31 December 2023 and 2022.

Separately from the above methodology, the Group has also identified that a provision of €72,125 was required as at 31 December 2023 (2022: €95,439) with respect to counterparties which have been placed into liquidation or are in a difficult economic situation. The assessment on these individual counterparties did not have an impact on the identified loss rates and expected credit losses identified on the rest of the Group's trade receivables and accrued income.

Trade receivables and accrued income are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 1 year past due.

Other financial assets at amortised cost

The Group's and the Company's other financial assets at amortised cost which are subject to IFRS 9's general impairment model include the following balances:

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Amounts due from subsidiaries	-	-	2,734,780	4,382,614
Amounts due from associates and joint venture	76,669	75,304	68,193	66,278
Amounts due from commonly-controlled entities	380,748	486,882	377,412	376,289
Other receivables from commonly-controlled entities	3,984,805	5,154,713	3,984,713	5,154,713
Amounts due from third parties	907,244	483,685	907,244	483,685
	<u>5,349,466</u>	<u>6,200,584</u>	<u>8,072,342</u>	<u>10,463,579</u>

EDEN LEISURE GROUP LIMITED

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32. Financial risk management (continued)

The Group and the Company monitor intra-group credit exposures at individual entity level on a regular basis and ensure timely performance of these assets in the context of its overall liquidity management. The loss allowances for these financial assets are based on assumptions about risk of default and expected loss rates. The Company's management uses judgement in making these assumptions, based on the counterparty's past history, existing market conditions, as well as forward-looking estimates at the end of each reporting period.

As at 31 December 2023 and 2022, the majority of loans with related parties were on terms that allowed the Group to request repayment of the balance as at reporting date (i.e. repayable on demand). In such cases, when assessing the ECL, the directors base their assessment on the assumption that the loan is demanded at the reporting date.

Where the counterparties' financial position suggests that it does not have sufficient liquid assets at balance sheet date to repay the loan if this is demanded, the probability of default is deemed to be 100%. Given that most of the related party relationships of such balances are between entities under common control, the directors assess the loss given default of the balance by analysing recovery strategies that the Group would allow, taking cognisance of such related party relationship. These recovery strategies typically include a projection of the net cash flows emanating from allowing the counterparty to operate, incorporating multiple forward-looking scenarios that take into account all reasonable and supportable information available to the Group. In the prior year, in response to the COVID-19 pandemic, the directors adjusted the expected net cash flows emanating from recovery strategies by stressing the cash flows to take into account the impact of loss of business due to COVID-19 related closures or declines in business.

After making this analysis, the directors concluded that the resulting loss-given-default rates are low, such that when applied to the PD x LGD x EAD methodology to calculate the IFRS 9 ECL allowance, the resulting impairment charge to be recognised in the statement of profit and loss for the year was deemed to be immaterial.

Financial assets at FVOCI

The Company invests in listed debt and equity securities in the local and foreign market. The Company assesses the credit risk of each debt security individually on a regular basis and recognises any impairment required using IFRS 9's general approach. As at 31 December 2023, the Company's management have not identified any significant increases in credit risk pertaining to the bond issuers with which the Company has invested. Accordingly, the Company uses a 12-month probability of default to calculate the required provision. The default rates are based on information issued by known credit rating agencies.

The Company's management have concluded, based on their assessment, that the required provision on such debt investments is immaterial as at reporting date.

Cash at bank and deposits

The Group's cash, including both that classified as cash and cash equivalents, and as deposits, is placed with reputable financial institutions, such that management does not expect any institution to fail to meet repayments of amounts held in the name of the companies within the Group. While cash and cash equivalents and deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was insignificant.

Liquidity risk

The Group is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally trade and other payables and interest-bearing borrowings disclosed in notes 20 and 22. Prudent liquidity risk management includes maintaining sufficient cash and committed credit lines to ensure the availability of an adequate amount of funding to meeting the Group's obligations.

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32. Financial risk management (continued)

The directors monitor liquidity risk by means of cash flow forecasts on the basis of expected cash flows over a twelve-month period, in order to ensure that adequate funding is in place in order for the Group to be in a position to meet its commitments as and when they will fall due.

As at 31 December 2023, the Group is in a net current liability position of €2.96m (2022: €2.82m). However, in light of the facilities in place, management believe that the Group has adequate resources to meet its obligations as and when they fall due for the foreseeable future. Accordingly, these financial statements are prepared on a going concern basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Group		Company	
	2023	2022	2023	2022
	€	€	€	€
Within one year				
Trade and other payables	11,345,807	9,531,512	5,057,675	2,694,542
Current income tax liability	1,236,645	56,192	1,097,344	55,480
Bank and other borrowings	2,984,558	3,480,440	2,984,558	3,480,440
Bonds	1,600,000	1,600,000	-	-
Lease liabilities	274,405	100,405	-	-
	17,441,415	14,768,549	9,139,577	6,230,462
Between 2 and 5 years				
Trade and other payables	-	1,032,648	-	512,885
Bank and other borrowings	6,519,109	5,943,082	46,362,024	45,738,871
Bonds	44,800,000	46,400,000	-	-
Lease liabilities	544,361	377,172	-	-
	51,863,470	53,752,902	46,362,024	46,251,756
Over 5 years				
Bank and other borrowings	6,391,219	-	6,391,219	-
Bonds	-	-	-	-
Lease liabilities	2,524,182	2,611,776	-	-
	8,915,401	2,611,776	6,391,219	-
	78,220,286	71,133,227	61,892,820	52,482,218

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32. Financial risk management (continued)

The amount of trade and other payables, for both the Group and Company, classified as repayable within one year in the table above, are contractually repayable on demand.

Financial instruments measured at fair value

The following table presents financial assets and liabilities measured at fair value in the balance sheet in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- **Level 1:** Based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** Based on information other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- **Level 3:** Information for the asset or liability that is not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The key financial assets and liabilities measured at fair value in the balance sheet are grouped into the fair value hierarchy as follows:

	Group and Company	
	2023	2022
	€	€
Level 1		
<i>Financial assets at fair value through other comprehensive income</i>		
- Listed Bonds	835,750	838,250
- Equity	150,111	135,112
	<u>985,861</u>	<u>973,362</u>

Financial instruments not measured at fair value

At 31st December 2023 and 31st December 2022 the carrying amounts of payables, receivables and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities. The fair values of long-term borrowings, together with the related fair value disclosures, are presented in note 23.

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33. Capital management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The capital structure of the Group consists of net debt (borrowings as presented in note 23 after deducting cash and bank balances, presented in note 28) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests, as presented in the Statement of Changes in Equity). The Group is subject to externally imposed capital requirements by bankers of the Group. These requirements have been met.

The Group monitors the capital structure on a monthly basis by monitoring the balances of assets and liabilities.

34. Cash flow information

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

Group	As at 1 January 2023	Cashflows	Other liability related changes	As at 31 st December 2023
	€	€	€	€
Bank borrowings	8,920,175	2,404,088	–	11,324,263
Bonds	39,795,789	–	47,126	39,842,915
Lease liability	1,563,136	(172,726)	483,890	1,874,300
	<u>50,279,100</u>	<u>2,231,362</u>	<u>531,016</u>	<u>53,041,478</u>

Group	As at 1 January 2022	Cashflows	Other liability related changes	As at 31 st December 2022
	€	€	€	€
Bank borrowings	12,103,335	(3,183,160)	–	8,920,175
Bonds	39,748,663	–	47,126	39,795,789
Lease liability	1,600,252	(36,702)	(414)	1,563,136
	<u>53,452,250</u>	<u>(3,219,862)</u>	<u>46,712</u>	<u>50,279,100</u>

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FOR THE YEAR ENDED 31ST DECEMBER 2023

34. Cash flow information (continued)

Company	As at 1 January 2023	Cashflows	Other liability related changes	As at 31 st December 2023
	€	€	€	€
Bank borrowings	8,920,175	2,404,088	-	11,324,263
Related party loans	39,795,789	-	47,126	39,842,915
	<u>48,715,964</u>	<u>2,404,088</u>	<u>47,126</u>	<u>51,167,178</u>

Company	As at 1 January 2022	Cashflows	Other liability related changes	As at 31 st December 2022
	€	€	€	€
Bank borrowings	12,103,335	(3,183,160)	-	8,920,175
Related party loans	39,748,663	-	47,126	39,795,789
	<u>51,851,998</u>	<u>(3,183,160)</u>	<u>47,126</u>	<u>48,715,964</u>

35. Comparative figures

Certain comparative figures have been changed to comply with this year's presentations.

36. Statutory information

Eden Leisure Group Limited is a limited liability Company and is incorporated in Malta.