Financial Analysis Summary

25 June 2021

Issuer

Eden Finance p.l.c.

Guarantor

Eden Leisure Group Limited

MZ INVESTMENT SERVICES

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

25 June 2021

Dear Sirs

Financial Analysis Summary

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

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

(a) Historical financial data for the three years ended 31 December 2018 to 31 December 2020 has been extracted from the audited financial statements of the Issuer and from the audited consolidated financial statements of the Guarantor for the three years in question.

(b) The forecast data for the year ending 31 December 2021 has been provided by management.

(c) Our commentary on the results of the Eden Group and on its financial position is based on the explanations provided by management.

(d) The ratios quoted in the Analysis have been computed by us applying the definitions set out in Part 5 of the Analysis.

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(e) Relevant financial data in respect of the companies included in Part 4 has been extracted from public sources such as websites of the companies concerned, financial statements filed with the Registrar of Companies or websites providing financial data.

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

Yours faithfully,

Evan Mohnani
Senior Financial Advisor

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Rabat RBT 1523,
Malta
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PART 1 – INFORMATION ABOUT THE EDEN GROUP

1. KEY ACTIVITIES OF THE ISSUER

The principal activity of Eden Finance p.l.c. (the "**Issuer**" or "**Company**") is to carry on the business of a finance and investment company within the Eden Group. The Issuer is not engaged in any trading activities but is involved in raising debt and advancing same to members of the Eden Group as and when the demands of this business or the demands of a particular project so require. Accordingly, the Issuer is economically dependent on the operations, performance and prospects of the Eden Group.

2. DIRECTORS OF THE ISSUER

The Issuer is managed by a Board comprising seven directors who are entrusted with its overall direction and management. The Board members of the Issuer as at the date of this report are included hereunder:

Board of Directors

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

3. KEY ACTIVITIES OF THE GUARANTOR

Eden Leisure Group Limited (the "**Guarantor**" or "**Eden Group**" or "**Group**") is the parent holding company of the Eden Group and is principally engaged, through subsidiary companies and/or associated entities, in the ownership of a varied portfolio of business entities within the hospitality and entertainment industries in Malta (including a cinema complex, bowling alley, health & fitness club, radio station, a conference & events centre and a car park), the ownership of the InterContinental Malta & Holiday Inn Express Malta (which are operated by the InterContinental Hotels Group) and the management of timeshare apartments (which are owned by the Group and leased out to a third party operator on a long-term lease). The Group also operates an Esports division which focuses on Esports activities locally as well as the organisation of international online and offline tournaments.

Furthermore, the Guarantor holds a number of properties directly in its own name which are leased out to third parties. The Guarantor also leases commercial space to a related party for the operation of a casino.

4. DIRECTORS OF THE GUARANTOR AND SENIOR MANAGEMENT

The Guarantor is managed by a Board comprising four directors who are entrusted with its overall direction and management, including the establishment of strategies for future development. The Board members of the Guarantor as at the date of this report are included hereunder:

Board of Directors

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

Senior Management

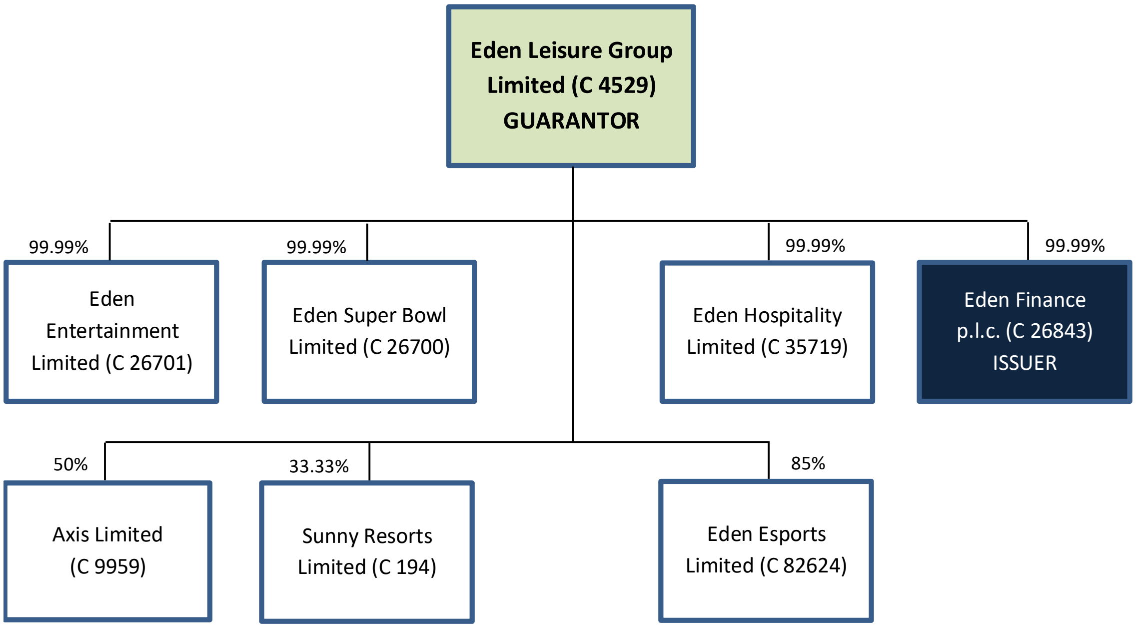
The day-to-day management of the Eden Group is entrusted to Simon De Cesare, the Chief Executive Officer of the Group, and the Senior Management Team. Some of the more important functions carried out by this team include, *inter alia*, the consideration of new business opportunities, the execution of existing and new projects, and the procurement of funding thereof. The members of the Senior Management Team are included hereunder:

Simon De Cesare	Chief Executive Officer
David Vella	Chief Financial Officer
Kate De Cesare	Director of Operations
Kevin Jnr De Cesare	General Manager

The weekly average number of employees engaged by the Eden Group during FY2020 amounted to 335 persons (FY2019: 593 persons).

5. EDEN GROUP ORGANISATIONAL STRUCTURE

The diagram hereunder illustrates the shareholding structure relative to the Eden Group. The Eden Group's businesses are described in more detail in Part 2 below.



Eden Entertainment Limited ("EEL")

EEL was established in Malta on 14 July 2000 as a private limited liability company and is principally engaged in the operation of the Eden Cinemas, Eden Superbowl, Eden Car Park, Bay Radio and Cynergi Health & Fitness Club.

Eden Super Bowl Limited ("ESL")

ESL was established in Malta on 14 July 2000 as a private limited liability company. ESL is a non-trading company and is the property owner of the Eden SuperBowl.

Eden Hospitality Limited ("EHL")

EHL was established in Malta on 22 February 2005 as a private limited liability company and is principally engaged in the operation of the InterContinental Malta, Holiday Inn Express Malta and the InterContinental Arena & Conference Centre. The company also manages 46 self-catering apartments, which are leased to a third party timeshare operator.

Axis Limited

The Eden Group has a 50% shareholding in Axis Limited, a company set up in Malta on 27 September 1988 as a private limited liability company. Axis Limited leases from a third party a property situated in Paceville which comprises 11 commercial outlets all leased to third parties. The company is currently in the process of terminating its lease with the landlord as well as the lease agreements with the tenants of the 11 outlets. Thereafter, Axis Limited will be placed into liquidation.

Sunny Resorts Limited

Sunny Resorts Limited, a 33.33% owned associated company of the Guarantor is a non-trading company and holds one immovable property in St Julians.

Eden Esports Limited

Eden Esports Limited was established on 20 September 2017 and is principally engaged in providing electronic sports, both online and offline, through the organisation and promotion of events, leagues and tournament for local and international players. It is also engaged in the promotion of electronic sports on various media channels and the creation and running of programmes and marketing events to increase the popularity of electronic sports in Malta and abroad. On 17 June 2020, the Guarantor increased its shareholding in Eden Esports Limited from 70% to 85%. Pursuant to an equity injection of €100,000 in April 2021, the Guarantor's shareholding in the company increased to 99%.

6. MAJOR ASSETS OWNED BY THE GROUP

Eden Leisure Group Limited **Major Assets** **as at 31 December**	**2018** **€'000**	**2019** **€'000**	**2020** **€'000**
Property, plant and equipment	154,843	153,464	151,850
Investment property	17,200	17,200	16,750
Amounts receivable emanating from sale of intellectual property	-	6,557	6,656
	172,043	**177,221**	**175,256**

Source: Consolidated audited financial statements of Eden Leisure Group Limited.

Property, plant and equipment primarily comprises land, buildings, furniture, fittings and equipment used in the Group's hospitality and entertainment operations including the InterContinental Malta, the InterContinental Arena & Conference Centre, the Holiday Inn Express Malta, the Eden Cinemas, the Eden SuperBowl, Cynergi Health & Fitness Club, Bay Radio and Eden Car Park.

Investment property includes the Eden Business Centre located in Elia Zammit Street, St Julians and another property which is currently leased out to a related company. As at 31 December 2020, the fair value of investment property was impaired by €450,000 and therefore the carrying value on investment property at year end amounted to €16.75 million (FY2019: €17.2 million).

With effect from 1 January 2019, the Group divested itself from the intellectual property and rights associated with the brands 'Cynergi' and 'Bay', to a newly formed company EIP Limited, which is a commonly controlled entity, for a value of €8.6 million. The amount receivable as at 31 December 2020 amounted to €6.66 million (FY2019: €6.56 million).

PART 2 – OPERATIONAL DEVELOPMENT

7. HOSPITALITY OPERATIONS

The hospitality segment of the Group comprises the operations of the InterContinental, Holiday Inn Express and Diamond Suites (described in section 10 below).

The InterContinental Malta is a 481-room 5-star hotel located in St Julians, Malta. The hotel is operated by InterContinental Hotels Group under a management contract which expires in 2034. The hotel offers a wide range of facilities to its guests, including accommodation, food and beverage offerings, a spa, health and fitness centre and extensive conference facilities.

The 118-room 3-star Holiday Inn Express commenced operations in September 2017 and is operated by the InterContinental Hotels Group under a 15-year management contract. The Holiday Inn Express, which forms part of the InterContinental Hotels Group hotel portfolio, is a limited amenity high quality hotel with an emphasis on the business traveller. The concept focuses on a standardisation of design and highlights comfort in sleep, shower facilities, WIFI and a hot quality breakfast.

An overview of the financial performance of the InterContinental and Holiday Inn Express is provided below:

Hospitality Operations (InterContinental and Holiday Inn Express)	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Actual**
Turnover (€'000)	30,319	32,498	6,015
Gross operating profit before mgt fees (€'000)	9,382	11,590	-2,339
Gross operating profit margin (%)	31	36	-39
Revenue per available room (RevPAR) (€)	139	149	27
Gross operating profit per available room (GOPAR) (€)	43	53	-11

Note 1: RevPAR is calculated by dividing turnover by available room nights

Note 2: GOPAR is calculated by dividing gross operating profit by available room nights

Source: Management information.

Inbound tourism continued to increase in **2019**, and while Q1 and Q2 were slightly disappointing at the InterContinental, the results for the second half of the year improved significantly, especially with regard to conference and incentive business which was exceptionally strong between September and November 2019.

Overall, revenue for the year increased by €2.2 million (+7%) and amounted to €32.5 million (FY2018: €30.3 million), while gross operating profit was higher by €2.2 million (+23%) to €11.6 million (FY2018: €9.4 million). The gross operating profit margin improved by 5 percentage points (y-o-y) to 36% mainly on account of a cost engineering exercise initiated in FY2018.

The COVID-19 pandemic has adversely impacted the operational performance of the hotels for **FY2020**. January was a positive month, but the hotels started to receive booking cancellations in February until the hotels temporarily ceased operations on 31 March 2020. Although the hotels reopened in June 2020, minimal operational activity was registered for the remainder of the financial year. Overall, revenue for the year amounted to €6.0 million, a decrease of 81% from the prior year (FY2019: €32.5 million). As a consequence, the hotels reported a gross operating loss of €2.4 million compared to a gross operating profit of €11.6 million in FY2019.

8. HOSPITALITY SECTOR ANALYSIS

8.1 ECONOMIC UPDATE[1]

Malta's economy should see a robust recovery in 2021 and 2022, provided that the tourism sector opens up safely. The recovery is expected to be driven by a rebound in tourism-related services exports, household consumption and investment. Given the supportive fiscal policy stance, the general government deficit is set to widen further in 2021 before improving in 2022 on the back of an accelerating recovery and a winding-down of fiscal support measures.

The COVID-19 pandemic has decimated tourism proceeds and made a deep dent in consumption. Malta's GDP[2] fell significantly in 2020 with services exports and household consumption contracting sharply under the pressure of the pandemic and related safety measures. On the contrary, financial services and gaming sector exports continued to perform robustly. Although the pandemic has clearly depressed economic activity in Malta, the government's sizeable stimulus package has managed to partially offset some of the impact. Wage supplement schemes and other business support measures appear to have cushioned the drop in consumption.

Consumption and investment are expected to pick up as the recovery takes hold, helped by high levels of accumulated savings. The faster-than-expected rollout of vaccinations in Malta, the high rate of vaccination in the UK, and a gradual easing of restrictions in the EU, should put the tourism sector back on the path to recovery in the second half of 2021 and re-invigorate domestic demand. In 2021, real

[1] Economic Forecast – Spring 2021 (European Commission Institutional Paper 149 May '21).

[2] Gross Domestic Product (GDP) is an estimate of the value of goods and services produced in the economy over a period of time.

GDP growth is expected to reach 4.6%, mainly driven by domestic consumption and net exports, as inbound tourism and global trade recover. Robust government expenditure is likely to continue supporting the economy, including via public investment. With both exports and imports recovering, the current account deficit is still expected to widen this year before starting to decrease in 2022.

Supported strongly by policy measures, headcount employment actually increased in 2020 especially in the public sector, professional services, and construction, while there was only a limited increase in Malta's unemployment rate, to 4.3% from 3.6% in 2019. As employment is expected to continue growing at a slow pace, the decrease in unemployment is expected to be gradual.

Harmonised Index of Consumer Prices (HICP)[3] inflation averaged 0.8% in 2020, contained mainly by lower energy and services inflation against a backdrop of contracting demand. In 2021, inflation is expected to rise to 1.2% as domestic demand and tourism services recover. In line with a stronger economic recovery in 2022, inflation is set to increase further to 1.5%.

The government deficit increased to over 10% of GDP in 2020. The major increase in expenditure related to pandemic-mitigating measures was the main reason behind the deteriorating fiscal balance. These measures included a wage support scheme, a voucher scheme to support the hospitality and retail sectors, utility and rent subsidies for businesses, and healthcare-related outlays, which overall amounted to somewhat less than 6.5% of GDP in 2020. On the revenue side, the steep fall in household and tourist consumption led to a drop in indirect tax revenue. Corporate tax revenues plunged, reflecting the worsened profitability of companies. Sustained by government measures and the relatively good performance of the labour market, revenue from social contributions actually increased.

In 2021, the government deficit is projected to increase further to 11.8% of GDP reflecting ongoing supportive fiscal policy. Growing private consumption and a gradual revival of tourism are expected to support the government's intake from indirect taxes. Revenue from income taxes is projected to grow in line with modest wage growth and the stabilised operating environment for businesses. Proceeds from the investor citizenship scheme are expected to stabilise at last year's level. The measures to sustain the recovery including the extended wage supplement scheme, a new round of the voucher scheme, and newly introduced measures to restore the tourism sector, are expected to continue in 2021. As the economy accelerates and economic support measures wear off, the deficit is forecast to decline in 2022 to around 5.5% of GDP.

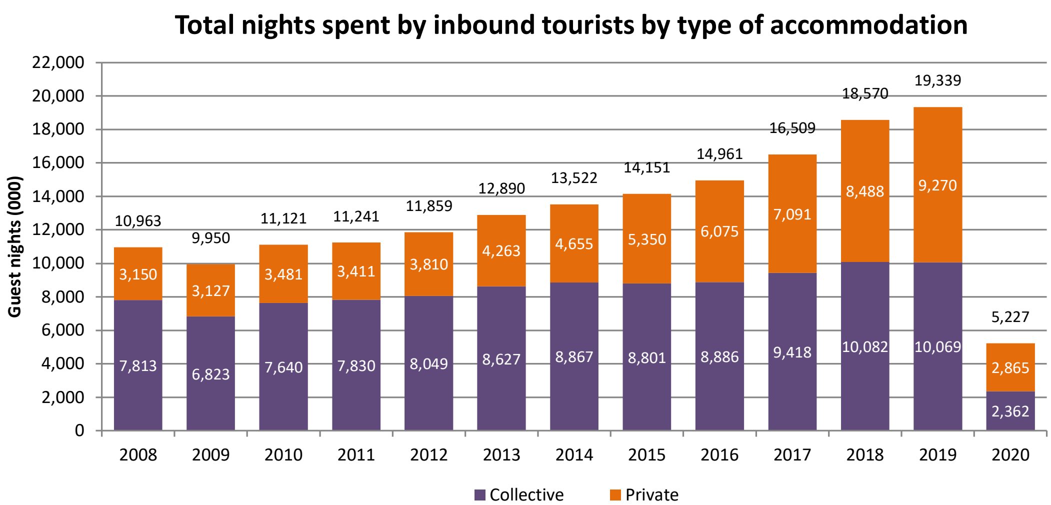
The government debt-to-GDP ratio surged to 54.3% in 2020 following the deterioration of the fiscal position. Reflecting ongoing high primary deficits, the debt ratio is set to increase further and reach 65.5% in 2022.

[3] The Harmonised Indices of Consumer Prices (HICP) measure the changes over time in the prices of consumer goods and services acquired by households.

8.2 TOURISM MARKET[4]

2020 was clearly a very challenging year with COVID-19 heavily impacting demand across the tourism sector. 2021 has begun with many of these challenges still in place, with more meaningful progress towards recovery for the travel industry unlikely until later in the year and dependent on global vaccine rollouts, lifting of restrictions and an acceleration in economic activity.

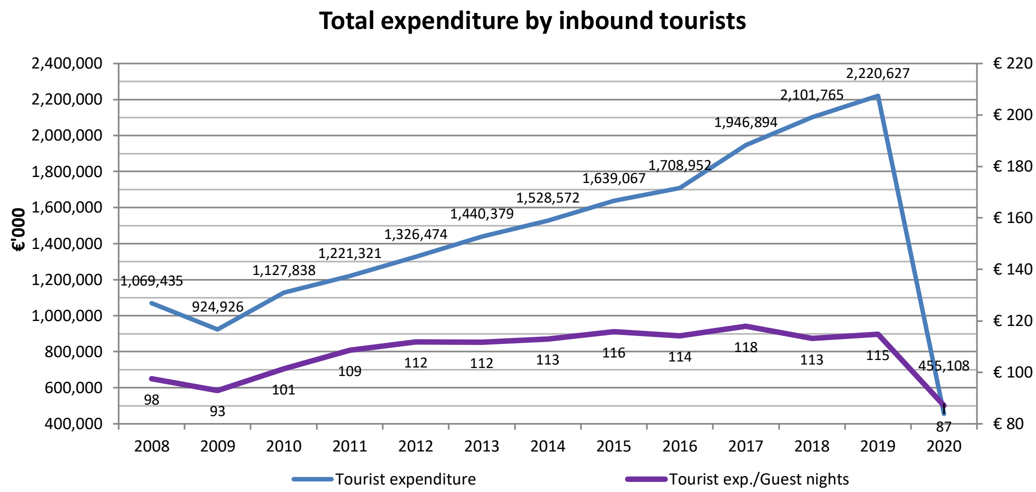
As shown in the chart below, total nights spent by inbound tourists decreased by 73% from 19.3 million nights in 2019 to 5.2 million nights in 2020. Guest nights at collective accommodation made up 55% of the aggregate (2019: 52%), while rented accommodation (other than collective accommodation) held a 45% share (2019: 48%). In 2020, inbound tourist trips totalled 0.7 million compared to 2.8 million in the prior year (-76.1% y-o-y).



Source: National Statistics Office Malta

Total tourism expenditure declined sharply from €2.2 billion in 2019 to €455.1 million (-79.5% y-o-y), while tourist expenditure per guest night decreased from €115 in 2019 to €87 in 2020 (*vide* chart hereunder).

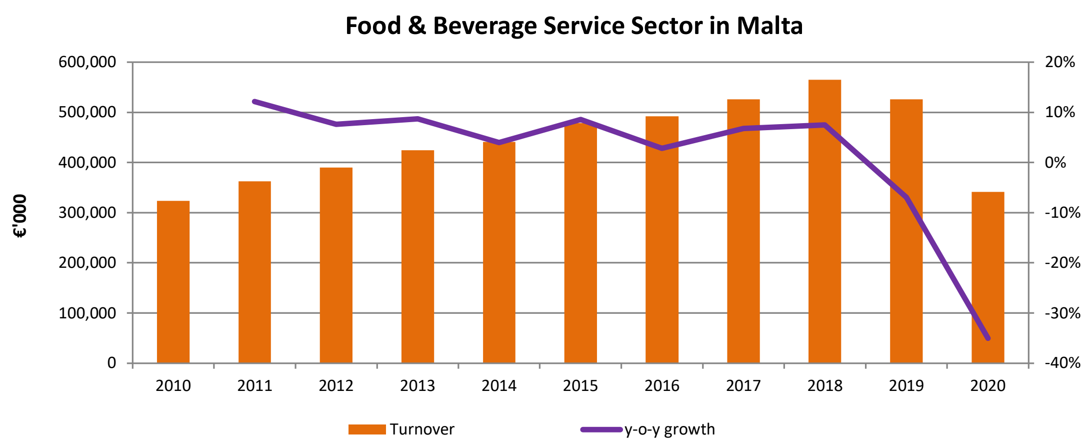
[4] https://nso.gov.mt/en/News_Releases/Documents/2021/News2021_018.pdf



Source: National Statistics Office Malta

8.3 FOOD & BEVERAGE SERVICE SECTOR

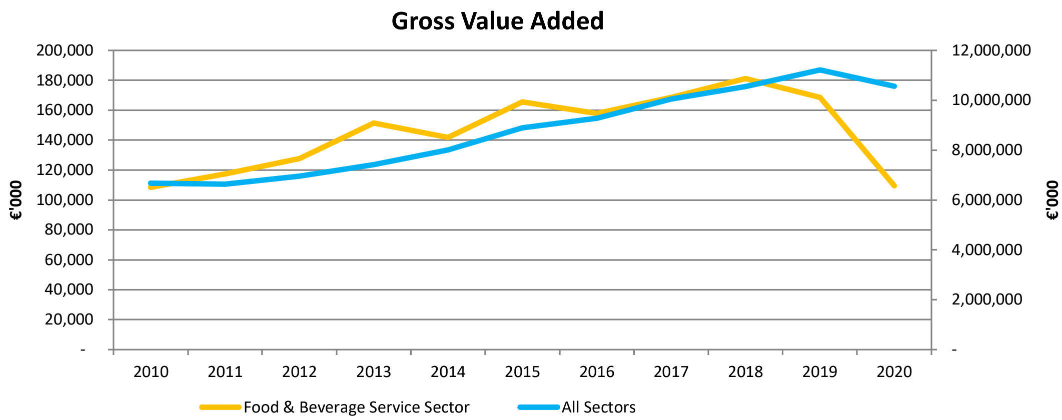
The food & beverage service sector comprises restaurants & mobile food service activities and beverage serving activities. In 2020, total income from this sector in Malta amounted to €341.4 million, a decrease of 35% compared to the prior year (2019: €525.3 million).



Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

As shown in the above chart, market output has progressively increased from 2010 to 2018 at a moderately stable growth rate. In 2019, market output declined by 7% to €525.3 million (2018: €564.6 million) and decreased further by 35% in 2020 to €341.4 million. The said reduction in 2020 output was largely due to the temporary closure of hotels, restaurants, bars and other food & beverage outlets imposed by the authorities to control the COVID-19 pandemic.

The chart hereunder shows the gross value added generated by the food & beverage service sector in Malta compared to the country total. During the years 2010 to 2018, the y-o-y growth registered by this sector was broadly in line with the country growth rate (all sectors). In 2019, gross value added derived from the food & beverage service sector decreased by 7% (y-o-y) compared to an increase of 6% (y-o-y) from all sectors, while the temporary closure of food & beverage outlets in 2020 resulted in a y-o-y decline in gross value added of 35% compared to a reduction of 6% from all sectors.



Source: National Statistics Office Malta (NACE 56.1 & NACE 56.3 data)

9. ENTERTAINMENT & LEISURE

9.1 EDEN CINEMAS

The Group is the largest operator of multiplex cinemas in Malta (based on number of screens) with 13 fully digitised screens, situated in St Julians. Eden Cinemas generate operating revenue principally from theatre operations, including box office receipts, food and beverages, and on-screen and off-screen advertising. Apart from showing the latest blockbusters as well as art-house movies, the Eden Cinemas also screens cultural productions; including operas and ballets broadcast live from the world's most renowned theatres; art exhibitions and Shakespearean productions from the Globe Theatre.

The Eden Cinemas were temporarily closed between 18 March 2020 and 4 June 2020 following stay-at-home orders and restrictions on large public gatherings instituted by the Maltese Government to control the COVID-19 pandemic. Notwithstanding re-opening in June 2020, ticket sales were significantly lower than normal levels due to the imposition of reduced capacities, physical distancing requirements and other safety measures. Moreover, due to the closure of cinemas worldwide, movie studios delayed the release of most films or releases were made on alternate streaming platforms, which further exacerbated the operational performance of the Eden Cinemas. During the year, the Eden Cinemas diversified it product offering through the releasing of older classic films.

The Eden Cinemas have just re-opened following a second mandatory lockdown albeit with restricted capacity of up to 25%. Management expects capacity restrictions to ease further during the latter part of 2021 as more people get vaccinated. Post pandemic, it is expected that a balance of theatrical and streaming performances will become the new normal.

9.2 BAY RADIO

The Group has been operating 89.7 Bay since 1991. The radio station broadcasts 24 hours a day in Maltese and English, and offers the latest selection of music. Bay Radio derives the substantial majority of its revenue from the sale of advertising, but also generates income from the production of adverts.

Radio popularity is regularly surveyed by the independent Malta Broadcasting Authority. In the most recent survey[5], Bay Radio retained the number one spot as the most popular station with 22% of all radio listeners, followed by the next two radio stations with 15% and 12% respectively. Bay Radio is popular with all those aged 12 – 50 years, whereas the second placed radio station attracts more listeners over the age of 61.

The COVID-19 pandemic has adversely impacted the business operations of local entities that Bay Radio relies upon for advertising revenues. As such, despite the fact that Bay Radio continued operating in FY2020, advertising revenue declined significantly as companies were forced to cease trading activities and curtail costs, including their respective marketing expenditure programmes. This year, Bay Radio is experiencing a gradual increase in advertising revenue as entities look to revive their respective businesses with the re-opening of the economy.

Management's development strategy is to continue to be innovative and to recruit and train quality presenters in order to increase its edge over competition, and in turn grow its listener base and advertising revenue. Furthermore, the station's affiliation with the most popular music events and activities on the island as well as maintaining close ties with local musicians, coupled with professional and relevant content and on-air competitions are the key success factors of 89.7 Bay.

9.3 CYNERGI HEALTH & FITNESS CLUB

The Club is one of the largest health and fitness venues in Malta. Apart from generating revenue from memberships, the Club also derives income from studio and squash court rentals, and from the sale of nutritional and beverage products.

Cynergi Health & Fitness Club offers over 100 cardio vascular machines, a comprehensive weights area, 2 squash courts, an aerobics room, a crèche facility as well as an indoor pool equipped with steam bath and sauna. The Spa facilities are leased to a third party international company and include an authentic Turkish Hamam. The Club is accessed from the InterContinental Malta, the Eden Car Park and directly from the street.

Due to forced closure of gyms in Q2 2020 and again in March 2021 , Cynergi's operations in both years have been disrupted with adverse repercussions of its financial results. It is clear however that, bar any further closures imposed by Authorities, Cynergi's members are more than willing to renew their memberships and again frequent the gym.

[5] Broadcasting Authority – Audience Survey December 2020 – Research Findings Report (page 51).

9.4 EDEN SUPERBOWL

The Eden SuperBowl operates the only tenpin bowling alley in Malta. It comprises 20 lanes and is popular with families, youngsters, language schools and corporate groups.

The Malta Ten Pin Bowling Association (MTBA) operates solely at the Eden SuperBowl and organises three national leagues and *circa* 15 tournaments annually. The Eden SuperBowl also hosts 2 international annual tournaments (the Malta Open and the Seniors Open) which attract over 100 participants (mainly foreign nationals) per tournament.

Similar to the other entertainment & leisure businesses of the Group, the operations of the Eden SuperBowl were adversely impacted by the complete shutdown imposed on non-essential outlets by Government in March 2020. Despite re-opening, the Eden SuperBowl has experienced significant challenges due to the various restrictions and safety measures put in place to curb the spread of the virus, as well as the sharp decline in tourism. The Group expects the Eden SuperBowl to perform well as soon as it is able to recommence bowling leagues and related operations can return to normality, particularly in relation to the easing of capacity restrictions.

9.5 EDEN ESPORTS

The Eden Esports continued to establish itself in the international tournament organiser field particular for the game CS-GO. In 2020 and 2021 it was forced to move all activities online through the creation of two significantly successful European Development League (EDL) and the tournament Malta Vibes. Both these tournaments were geared towards tier two teams which exploited a gap in the market to provide innovative products.

EDL included the Malta National League which provided international experience to local teams and the tournament was broadcast rights were sold and translated into 14 different territories and languages.

The company intends to resume hosting physical event organisation as soon as the pandemic subsides and uninterrupted travel can recommence. A further push on international team boot camps will also be refocused on.

9.6 OPERATIONAL PERFORMANCE

The following table sets out the highlights of operating performance relating to entertainment & other related operations for the years indicated therein:

Entertainment & Other Related Operations	FY2018 (€'000) Actual	FY2019 (€'000) Actual	FY2020 (€'000) Actual
Revenue	10,021	11,611	5,459
Operating expenses	(7,933)	(9,536)	(4,683)
Gross profit	2,088	2,075	776
Royalty fee	-	(1,077)	(718)
Loss on sale of fixed assets	-	(12)	-
EBITDA	**2,088**	**986**	**58**
Gross profit margin (%)	21%	18%	14%
EBITDA margin (%)	21%	8%	1%

Source: Management information.

As can be observed from the above table, performance in FY2020 was significantly impacted by the pandemic. Revenue generated amounted to €5.5 million, a decrease of €6.2 million (-53%) compared to the prior year (FY2019: €11.6 million). The Group's entertainment & other related operations segment performed ahead of management's expectations during January and February 2020, while minimal activity was registered in the subsequent 3 months (March to May 2020) as only Bay Radio and Esports were operational. Despite re-opening in June 2020, the level of business activities was low in view of the ongoing safety measures in place and global travel restrictions. As a consequence, EBITDA relating to the entertainment segment declined from €986,000 in FY2019 to €58,000 in FY2020.

10. OTHER GROUP OPERATIONS

InterContinental Arena & Conference Centre

The InterContinental Arena & Conference Centre (IACC) is a 3,000m^2 facility mainly used by the InterContinental Malta as a venue for meetings, conferences and events including live shows.

Diamond Suites

Diamond Suites is an apartment block of 46 self-catering units, which block is located adjacent to the InterContinental Malta and leased to Diamond Resorts International. In addition, housekeeping, security and maintenance services are provided to Diamond Resorts International for the upkeep of the afore-mentioned apartments. Due to the pandemic outbreak, the residences were closed between March and June 2020 and since have been operating with minimal occupancy.

Property Leases

The Group owns and leases the following properties:

(i) **Property on St Augustine Street** – The Group leases on a long-term basis a property measuring *circa* 66m^2 which is operated as a EPIC outlet.

(ii) **Eden Business Centre** – This property is situated in Elia Zammit Street, St Julians and comprises a total office space of 784m^2 on two levels with access to the Eden Car Park. The Eden Business Centre is leased to a third party.

(iii) **Casino Malta** – A related party of the Group leases 3,000m^2 of space, situated under the InterContinental Malta, for the operation of Casino Malta. The lease contract is for a 10-year period as from December 2015.

(iv) **Office space on Elia Zammit Street** – A related party of the Group leases on a long term basis a property which comprises office space measuring *circa* 67m^2 which is being used as the Casino Malta offices.

Eden Car Park

The Eden Car Park is a multi-storey car park that spans the footprint of the InterContinental Malta and has a maximum capacity of 310 vehicles. Activity in the area, particularly from the commercial and tourism sectors, has been increasing constantly over the years and has in turn ensured a high utilisation rate of the car park. As such, the Eden Car Park is an important contributor to the Group's financial results. Moreover, the Eden Car Park is of significance to the business entities of the Eden Group, as it provides parking facilities to their respective customers. Undoubtedly, the decline in business activities of the Eden Group and in the area since the pandemic outbreak in Q1 2020 has adversely impacted the operating results of the Eden Car Park.

11. BUSINESS DEVELOPMENT STRATEGY

During the first half of 2020, the Group reacted swiftly to the COVID-19 pandemic and implemented a broad range of health and safety measures while ensuring the continued viability of the Group. Accordingly, the Group acted on the following:

- Health and safety measures were adopted as directed by the Authorities.
- Management reviewed all operational costs and applied for payroll assistance through the Government's wage subsidy scheme.
- Obtained a €4 million bank loan through the Malta Development Bank Guarantee Facility.

Beyond the COVID-19 crisis, the Group is looking at longer term strategic investments to add to its portfolio of successful businesses while improving its market presence in the local leisure and hospitality sectors where it offers quality entertainment, events and products focusing on the youth market and to pioneer innovative products with a focus on the customer experience. Through significant investment in its hotel room product and the cinemas, the Group is expecting to improve its offering resulting in higher profitability once the market stabilises post-COVID. As such, management will continue to build on the Group's core strengths as follows:

- continue to cross market and cross promote each business unit;
- develop and consolidate the Bay and Eden brands;
- diversifying, identify, invest in and develop new opportunities in the leisure and hospitality sectors;
- maintain high quality standards in its' offerings;
- drive top line growth; and
- maintain and improve operational efficiencies.

In line with the above strategy, the Eden Group intends to re-develop part of its underutilised property in St. Julians into a mixed-use property. As such, subject to obtaining a development permit and necessary funding, the said property will comprise a 169-room hotel, conference and office space as well as retail and other commercial areas.

PART 3 – PERFORMANCE REVIEW

12. FINANCIAL INFORMATION RELATING TO EDEN FINANCE PLC

The financial information provided hereunder is extracted from the audited financial statements of Eden Finance p.l.c. for each of the years ended 31 December 2018 to 31 December 2020. The forecasted financial information for the year ending 31 December 2021 has been provided by management of the Company.

The projected financial information relates to events in the future and is based on assumptions which the Issuer believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

Eden Finance p.l.c. **Statement of Comprehensive Income** **for the year ended 31 December**	**2018** **Audited** **€'000**	**2019** **Audited** **€'000**	**2020** **Audited** **€'000**	**2021** **Forecast** **€'000**
Finance income	1,680	1,680	1,680	1,680
Finance costs	(1,600)	(1,600)	(1,600)	(1,600)
Gross profit	**80**	**80**	**80**	**80**
Other income	-	-	116	-
Administrative expenses	(61)	(68)	(72)	(71)
Profit before tax	**19**	**12**	**124**	**9**
Taxation	(7)	(4)	(43)	(3)
Total comprehensive income	**12**	**8**	**81**	**6**

Eden Finance p.l.c. **Cash flow Statement** **for the year ended 31 December**	**2018** **Audited** **€'000**	**2019** **Audited** **€'000**	**2020** **Audited** **€'000**	**2021** **Forecast** **€'000**
Net cash from operating activities	(99)	(108)	(76)	346
Net cash from investing activities	1,680	2,520	1,680	1,680
Net cash from financing activities	(1,600)	(1,600)	(1,600)	(1,600)
Net movement in cash and cash equivalents	**(19)**	**812**	**4**	**426**
Cash and cash equivalents at beginning of year	34	15	827	831
Cash and cash equivalents at end of year	**15**	**827**	**831**	**1,257**

Eden Finance p.l.c. Statement of Financial Position as at 31 December	2018 Audited €'000	2019 Audited €'000	2020 Audited €'000	2021 Forecast €'000
ASSETS				
Non-current assets				
Loans owed by parent company	40,000	40,000	40,000	40,000
Redeemable preference shares	1,165	1,165	1,165	1,165
	41,165	**41,165**	**41,165**	**41,165**
Current assets				
Financial assets at amortised cost	1,735	913	881	541
Cash and cash equivalents	15	827	831	1,257
	1,750	**1,740**	**1,712**	**1,798**
Total assets	**42,915**	**42,905**	**42,877**	**42,963**
EQUITY				
Equity and reserves	**1,618**	**1,625**	**1,706**	**1,712**
LIABILITIES				
Non-current liabilities				
Debt securities	40,000	40,000	40,000	40,000
Current liabilities				
Trade and other payables	1,297	1,280	1,171	1,251
	41,297	**41,280**	**41,171**	**41,251**
Total equity and liabilities	**42,915**	**42,905**	**42,877**	**42,963**

The Issuer is a fully owned subsidiary of the Guarantor and is principally engaged to act as a finance company for the Eden Group. The Company has outstanding €40 million in 4% unsecured bonds 2027 which funds were on-lent on issue to the Guarantor. Apart from the loan owed by the Guarantor, non-current assets comprise €1.17 million in redeemable preference shares of Eden Entertainment Limited.

In FY2020, interest receivable (finance income) amounted to €1.68 million, while interest payable on the bonds (finance costs) amounted to €1.60 million. Overall, total comprehensive income amounted to €81,000 (FY2019: €8,000).

No material movements in the income statement and, or statement of financial position have been projected for FY2021 compared to FY2020.

13. FINANCIAL INFORMATION RELATING TO EDEN LEISURE GROUP LIMITED

The financial information provided hereunder is extracted from the audited consolidated financial statements of Eden Leisure Group Limited (the "**Guarantor**" or "**Group**") for each of the years ended 31 December 2018 to 31 December 2020. The forecasted financial information for the year ending 31 December 2021 has been provided by management of the Group.

The projected financial information relates to events in the future and is based on assumptions which the Guarantor believes to be reasonable. Consequently, the actual outcome may be adversely affected by unforeseen situations and the variation between forecast and actual results may be material.

The global spread and impact of the COVID-19 pandemic is complex, unpredictable, and continuously evolving and has resulted, since March 2020, in significant disruption and additional risks to the Group's hospitality and entertainment operations, the travel sector, and the global economy. The COVID-19 pandemic has led governments and other authorities around the world to impose measures intended to control its spread, including restrictions on large gatherings of people, travel bans, border closings and restrictions, business closures, quarantines, shelter-in-place orders, and social distancing measures. As a result, the COVID-19 pandemic and its consequences have significantly reduced global travel and demand for hotel rooms and have had a material detrimental impact on global commercial activity across the hospitality and travel industries, all of which has had, and is expected to continue to have, a material adverse impact on the Group's business, operations, and financial results.

The extent, duration, and magnitude of the COVID-19 pandemic's effects will depend on various factors, all of which are highly uncertain and difficult to predict, including, but not limited to, the impact of the pandemic on global and regional economies, travel, and economic activity, as well as actions taken by governments, businesses, and individuals in response to the pandemic, any additional resurgence, or COVID-19 variants. These factors include the impact of the COVID-19 pandemic on unemployment rates and consumer discretionary spending; governmental or regulatory orders that impact the Group's business and its industry; the demand for travel and transient and group business; levels of consumer confidence; and the pace of recovery when the pandemic subsides. Moreover, even after shelter-in-place orders and travel bans are lifted and vaccines are more widely distributed and available, demand for hotels, including corporate travel and group meetings, may remain depressed for a significant length of time, and as such, the Group cannot predict if and when demand will return to pre-COVID-19 levels.

Eden Leisure Group Limited
Consolidated Statement of Comprehensive Income

for the year ended 31 December	**2018**	**2019**	**2020**	**2021**
	Audited	**Audited**	**Audited**	**Forecast**
	€'000	**€'000**	**€'000**	**€'000**
Revenue	41,041	45,003	12,087	21,837
Net operating expenses	(29,101)	(31,498)	(12,669)	(17,126)
EBITDA	**11,940**	**13,505**	**(582)**	**4,711**
Depreciation and amortisation	(4,182)	(4,538)	(4,366)	(4,011)
Fair value movement on investment property	5,000	-	(450)	-
Other net non-operating income (costs)	13	8,600	(171)	(35)
Finance costs	(2,125)	(2,115)	(2,057)	(2,001)
Profit/(loss) before tax	**10,646**	**15,452**	**(7,626)**	**(1,336)**
Taxation	(2,109)	(2,795)	2,884	468
Profit/(loss) after tax	**8,537**	**12,657**	**(4,742)**	**(868)**
Other comprehensive income				
Revaluation surplus, net of deferred tax	7,163	-	-	-
Other comprehensive items	-	6	(13)	-
Total comprehensive income/(expense)	**15,700**	**12,663**	**(4,755)**	**(868)**

Eden Leisure Group Limited
Earnings before interest, taxation, depreciation & amortisation (EBITDA)

for the year ended 31 December	**2018**	**2019**	**2020**	**2021**
	Audited	**Audited**	**Audited**	**Forecast**
	€'000	**€'000**	**€'000**	**€'000**
EBITDA has been calculated as follows:				
Operating profit/(loss)	12,758	17,567	(5,398)	700
Adjustments:				
Depreciation and amortisation	4,182	4,538	4,366	4,011
Fair value movement on investment property	(5,000)		450	
Profit on sale of intellectual property		(8,600)		
EBITDA	**11,940**	**13,505**	**(582)**	**4,711**

Key Accounting Ratios	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Forecast
EBITDA margin *(EBITDA/revenue)*	29%	30%	-5%	22%
Interest cover (times) *(EBITDA/finance cost)*	5.62	6.39	-0.28	2.35
Net profit margin *(Profit after tax/revenue)*	21%	28%	-39%	-4%
Earnings per share (€) *(Profit after tax/number of shares)*	355.71	527.38	-197.58	-36.17
Return on equity *(Profit after tax/shareholders' equity)*	8%	11%	-4%	-1%
Return on capital employed *(EBITDA/total assets less current liabilities)*	7%	7%	0%	3%
Return on assets *(Profit after tax/total assets)*	5%	6%	-2%	0%

Source: MZ Investment Services Ltd

During **FY2018**, revenue amounted to €41.0 million, an increase of €4.7 million (+13%) when compared to the prior year (FY2017: €36.3 million). The hospitality segment of the Group contributed to the major part of this growth, whereby revenue increased by €3.0 million (+11%) from €28.0 million in FY2017 to €31.0 million in FY2018. The InterContinental Malta and Holiday Inn Express continued to perform positively, principally due to a favourable trend in tourism in Malta. The remaining balance of revenue was generated from the entertainment & other related operations and amounted to €10.0 million, an increase of €1.7 million (+21%) over FY2017. The said increase was due to positive growth registered across all business segments included in the entertainment & other related operations.

In FY2018, the Group's EBITDA increased by €1.5 million (+14%) from €10.4 million in FY2017 to €11.9 million, mainly as a result of the Holiday Inn Express hotel being operational for a full year. Overall, profit after tax in FY2018 amounted to €8.5 million, a year-on-year increase of €4.5 million (FY2017: €4.0 million), principally on account of an uplift of €5.0 million in relation to investment property. Property, plant and equipment was revalued in other comprehensive income in FY2018 by €7.2 million (FY2017: nil), and thus total comprehensive income for FY2018 amounted to €15.7 million (FY2017: €4.0 million).

Revenue in **FY2019** increased from €41.0 million in FY2018 to €45.0 million (+10%), on account of an increase of €2.4 million in hospitality (+8%) and €1.6 million in entertainment & other operations (+15%). Tourism continued to increase in FY2019 and September to November were particularly strong month for conference and incentive business. As to the entertainment segment, the 15% y-o-y growth mainly reflected the positive trend of the economy and the increase in disposable income generally.

EBITDA for the year under review amounted to €13.5 million, a y-o-y increase of €1.6 million (+13%) despite a first-time charge of €1.08 million in royalty fees for the use of the intellectual property of *89.7 Bay* and *Cynergi* (as further explained hereunder).

During FY2019, the Group sold the intellectual property and rights associated with the *'89.7 bay'* and the *'Cynergi'* brands to a related company EIP Ltd, for a total consideration of €8.6 million, which is accounted for as other net non-operating income. No material movements were noted when compared to the prior year in depreciation & amortisation, net finance costs and taxation. Overall, total comprehensive income amounted to €12.7 million, a decrease of €3.0 million over the comparative year. In FY2018, comprehensive income was positively impacted by an uplift of €7.2 million in fair value of property, plant and equipment.

Key accounting ratios: The positive results of the Group in FY2019 compared to FY2018 are reflected in various key performance indicators as follows: EBITDA margin improved by 1 percentage point to 30%, while net profit margin increased from 21% in FY2018 to 28%. Interest cover also improved from 5.62 times to 6.39 times. Other accounting ratios such as return on equity and return on assets all showed the same positive trend.

FY2020 was expected to be another year of growth in both hospitality and entertainment sectors. However, the onset of COVID-19 has had a very negative effect on business the world over. January was a positive month for both sectors, however by February, the hotels started to see significant cancellations in confirmed business. March was the negative turning point for all the Group's business operations as Government announced the complete shutdown of restaurants, gyms and other entertainment and leisure outlets, and the closure of the Malta International Airport. Despite re-opening in June, the level of operational activities was minimal for the remainder of the financial year.

As such, revenue in FY2020 amounted to €12.1 million, a decrease of €32.9 million (-73%) from the prior year (FY2019: €45.0 million), of which 54% was generated from the hotels whilst the remaining balance from the entertainment & leisure segment and other operations. The reduction in revenue adversely impacted EBITDA which decreased from €13.5 million in FY2019 to a loss of €0.6 million. Below EBITDA, depreciation & amortisation and finance costs were unchanged from the prior year, but an impairment of €450,000 on investment property was accounted for (FY2019: nil). The loss after tax amounted to €4.8 million compared to a profit of €12.7 million in FY2019.

In view of the anticipated gradual re-opening of the hospitality and leisure sectors as of June 2021, the Group has projected revenue for **FY2021** to recover by 81% (y-o-y) from €12.1 million in FY2020 to €21.8 million, albeit still representing 49% of gross income generated in FY2019. The recovery in business activities should enable the Group to convert a negative EBITDA of €582,000 in FY2020 to a positive EBITDA amounting to €4.7 million. Overall, total comprehensive expense is expected to amount to €0.9 million being a substantial improvement from the €4.8 million comprehensive expense reported in FY2020.

The estimates for the forward year as presented in this document assume that the carrying values of Group properties will remain constant in FY2021, and therefore no adjustment has been made as to possible impairment or uplift of assets that may be booked and which may materially affect the consolidated statement of comprehensive income and statement of financial position.

Eden Leisure Group Limited Consolidated Statement of Cash Flows for the year ended 31 December	**2018 Audited €'000**	**2019 Audited €'000**	**2020 Audited €'000**	**2021 Forecast €'000**
Net cash from operating activities	10,100	12,326	(2,481)	4,039
Net cash from investing activities	(2,997)	(5,257)	(1,710)	(1,200)
Net cash from financing activities	(5,753)	(5,425)	610	593
Net movement in cash and cash equivalents	**1,350**	**1,644**	**(3,581)**	**3,432**
Cash and cash equivalents at beginning of year	4,177	5,527	7,171	3,590
Cash and cash equivalents at end of year	**5,527**	**7,171**	**3,590**	**7,022**

The consolidated cash flow statement shows that in FY2019, the Group generated cash inflows from operating activities of €12.3 million compared to €10.1 million in FY2018. There were no material movements in working capital to impact operating cashflows. In FY2020, net cash used in operating activities amounted to €2.5 million compared to cash inflows of €12.3 million in FY2019, reflecting the decline in the Group's business due to the COVID-19 outbreak. Net cash from operating activities is expected to turn positive in FY2021 and is projected to amount to €4.0 million.

Net cash outflows from investing activities amounted to €5.3 million in FY2019 (FY2018: €3.0 million), and mainly comprised the acquisition of fixed assets of €3.1 million (FY2018: €2.8 million) and the transfer of €2.0 million (FY2018: nil) to a fixed term deposit account held with a local bank. During FY2020, the Group's capital expenditure (comprising refurbishments and other improvements to Group properties) amounted to €2.5 million, while the fixed term deposit was reduced by €750,000. In FY2021, management has assumed that capital expenditure will be maintained at a minimum amount of €1.2 million.

Net cash outflows from financing activities amounted to €5.4 million in FY2019 (FY2018: €5.8 million), reflecting the payment of dividends amounting to €3.1 million (FY2018: €3.5 million) and repayment of bank borrowings of €2.3 million (FY2018: €2.3 million). In FY2020, net cash inflows from financing activities amounted to €610,000, and comprised net drawdowns of €1.8 million from bank borrowings and the repayment of €1.0 million of third party borrowings. As for the forecast year FY2021, the Group expects to have net drawdowns from borrowings amounting to €0.6 million.

Eden Leisure Group Limited Consolidated Statement of Financial Position as at 31 December	2018 Audited €'000	2019 Audited €'000	2020 Audited €'000	2021 Forecast €'000
ASSETS				
Non-current assets				
Intangible assets	2	-	-	-
Property, plant and equipment	154,843	153,464	151,850	149,039
Right-of-use assets	-	1,747	1,745	1,464
Investment property	17,200	17,200	16,750	16,750
Investment in associated undertakings	719	718	718	717
Trade and other receivables	721	7,213	7,033	6,056
Deferred tax asset	-	-	1,602	1,603
	173,485	**180,342**	**179,698**	**175,629**
Current assets				
Inventory	2,196	2,235	2,261	2,236
Trade and other receivables	3,846	5,584	2,824	4,582
Loans and receivables	150	-	-	-
Financial assets	513	856	843	843
Fixed deposits	-	2,000	1,250	-
Cash and cash equivalents	5,527	8,248	3,590	7,022
	12,232	**18,923**	**10,768**	**14,683**
Total assets	**185,717**	**199,265**	**190,466**	**190,312**
EQUITY				
Share capital	60,000	60,000	60,000	60,000
Revaluation reserve	33,559	33,565	33,552	33,552
Fair value gain reserve	4,990	4,990	4,540	4,441
Retained earnings	5,011	14,759	10,375	9,507
Non-controlling interest	(49)	(190)	(98)	-
Equity and reserves	**103,511**	**113,124**	**108,369**	**107,500**
LIABILITIES				
Non-current liabilities				
Borrowings and bonds	51,567	48,784	51,324	48,195
Lease liabilities	-	1,730	1,627	1,375
Other non-current liabilities	15,359	17,653	16,591	16,464
	66,926	**68,167**	**69,542**	**66,034**
Current liabilities				
Bank overdrafts	-	1,077	-	-
Borrowings	2,275	2,811	1,057	3,176
Lease liabilities	-	111	252	252
Other current liabilities	13,005	13,975	11,246	13,350
	15,280	**17,974**	**12,555**	**16,778**
	82,206	**86,141**	**82,097**	**82,812**
Total equity and liabilities	**185,717**	**199,265**	**190,466**	**190,312**

Key Accounting Ratios	**FY2018 Actual**	**FY2019 Actual**	**FY2020 Actual**	**FY2021 Forecast**
Gearing ratio *(Net debt/net debt and shareholders' equity)*	32%	28%	31%	30%
Gearing ratio 2 (times) *(Net debt/shareholders' equity)*	0.47	0.39	0.46	0.43
Net debt to EBITDA (years) *(Net debt/EBITDA)*	4.05	3.28	-84.91	9.76
Net assets per share (€) *(Net asset value/number of shares)*	4.31	4.71	4.52	4.48
Liquidity ratio (times) *(Current assets/current liabilities)*	0.80	1.05	0.86	0.88

Source: MZ Investment Services Ltd

Total assets of the Eden Group as at 31 December 2020 amounted to €190.5 million (FY2019: €199.3 million), and principally comprise the assets described in section 6 of this report. Cash balances as at year end amounted to €4.8 million compared to €10.2 million in the previous year.

Total liabilities amounted to €82.1 million in FY2020 compared to €86.1 million in the prior year. The stated amount includes bank and other borrowings of €12.7 million and outstanding bonds amounting to €39.7 million (in aggregate €52.4 million; FY2019: €52.7 million).

In FY2021, the principal movements comprise an increase in cash and cash equivalents of €2.2 million, from €4.8 million in FY2020 to €7.0 million, while the balance of borrowings & bonds is expected to decrease from €52.4 million in FY2020 to €51.4 million.

The gearing ratio of the Group increased on a y-o-y basis, from 28% in FY2019 to 31% in FY2020, on account of the impact of the COVID-19 pandemic on the Group's business. For the forecast year, the Group's leverage is expected to improve by 1 percentage point to 30%.

VARIANCE ANALYSIS

The following financial information relates to the variance analysis between the forecasted financial information of the Group for the year ended 31 December 2020 included in the prior year's Financial Analysis Summary dated 31 August 2020 and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

Eden Leisure Group Limited **Consolidated Statement of Comprehensive Income** **for the year ended 31 December 2020**	**Actual** **€'000**	**Forecast** **€'000**	**Variance** **€'000**
Revenue	12,087	14,343	(2,256)
Net operating expenses	(12,666)	(15,233)	2,567
EBITDA	**(579)**	**(890)**	**311**
Depreciation and amortisation	(4,366)	(3,991)	(375)
Fair value movement on investment property	(450)	-	(450)
Other net non-operating income (costs)	(174)	-	(174)
Finance costs	(2,057)	(1,882)	(175)
Profit/(loss) before tax	**(7,626)**	**(6,763)**	**(863)**
Taxation	2,884	2,367	517
Profit/(loss) after tax	**(4,742)**	**(4,396)**	**(346)**
Other comprehensive income			
Other comprehensive items	(13)	-	(13)
Total comprehensive income/(expense)	**(4,755)**	**(4,396)**	**(359)**

As presented in the above table, the loss after tax was higher than expected by €346,000. The impairment on investment property of €450,000 was not anticipated in the projected figures. Also, depreciation & amortisation and finance costs were higher than expected by €550,000. In contrast, the loss at EBITDA level was lower than projected by €311,000 while the tax credit was higher by €517,000.

Eden Leisure Group Limited
Consolidated Statement of Financial Position
as at 31 December 2020

	Actual €'000	Forecast €'000	Variance €'000
ASSETS			
Non-current assets			
Property, plant and equipment	151,850	150,973	877
Right-of-use assets	1,745	1,598	147
Investment property	16,750	17,200	(450)
Investment in associated undertakings	718	717	1
Trade and other receivables	7,033	6,150	883
Deferred tax asset	1,602	-	1,602
	179,698	**176,638**	**3,060**
Current assets			
Inventory	2,261	1,986	275
Trade and other receivables	2,824	3,573	(749)
Financial assets	843	856	(13)
Fixed deposits	1,250	2,000	(750)
Cash and cash equivalents	3,590	1,649	1,941
	10,768	**10,064**	**704**
Total assets	**190,466**	**186,702**	**3,764**
EQUITY			
Share capital	60,000	60,000	-
Revaluation reserve	33,552	33,565	(13)
Fair value gain reserve	4,540	4,990	(450)
Retained earnings	10,375	10,173	202
Non-controlling interest	(98)	-	(98)
Equity and reserves	**108,369**	**108,728**	**(359)**
LIABILITIES			
Non-current liabilities			
Borrowings and bonds	51,324	51,004	320
Lease liabilities	1,627	1,675	(48)
Other non-current liabilities	16,591	15,686	905
	69,542	**68,365**	**1,177**
Current liabilities			
Borrowings	1,057	1,827	(770)
Lease liabilities	252	55	197
Other current liabilities	11,246	7,727	3,519
	12,555	**9,609**	**2,946**
	82,097	**77,974**	**4,123**
Total equity and liabilities	**190,466**	**186,702**	**3,764**

Total assets were higher than forecast by €3.8 million – cash balances were higher than expected by €1.2 million and deferred tax asset amounting to €1.6 million was not anticipated in the projections.

The variance of €4.1 million in total liabilities mainly emanates from higher than projected current liabilities of €3.5 million (comprising trade payables and accruals).

Eden Leisure Group Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2020

	Actual	Forecast	Variance
	€'000	**€'000**	**€'000**
Net cash from operating activities	(2,481)	(5,211)	2,730
Net cash from investing activities	(1,710)	(1,500)	(210)
Net cash from financing activities	610	1,189	(579)
Net movement in cash and cash equivalents	**(3,581)**	**(5,522)**	**1,941**
Cash and cash equivalents at beginning of year	7,171	7,171	-
Cash and cash equivalents at end of year	**3,590**	**1,649**	**1,941**

Net movement in cash balances was better than expected by €1.9 million. The positive movement emanates from favourable working capital changes within net cash from operating activities.

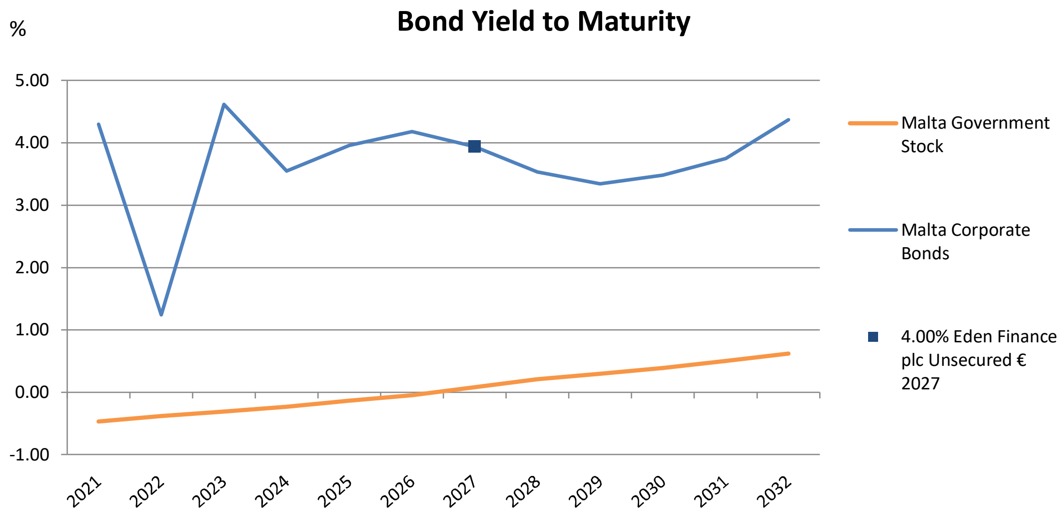
PART 4 - COMPARABLES

The table below compares the Eden Group and the proposed bond issue to other debt issuers listed on the Malta Stock Exchange and their respective debt securities. Although there are significant variances between the activities of the Eden Group and other issuers (including different industries, principal markets, competition, capital requirements etc), and material differences between the risks associated with the Group's business and that of other issuers, the comparative analysis provides an indication of the financial performance and strength of the Group.

Comparative Analysis	Nominal Value (€)	Yield to Maturity (%)	Interest Cover (times)	Total Assets (€'000)	Net Asset Value (€'000)	Gearing Ratio (%)
5.80% International Hotel Investments plc 2021	20,000,000	4.30	-0.61	1,544,099	773,176	41.87
3.65% GAP Group plc Secured € 2022	30,049,800	1.24	2.24	103,895	15,134	73.44
6.00% Pendergardens Developments plc Secured € 2022 Series	21,845,300	3.53	1.79	60,578	29,491	36.39
4.25% GAP Group plc Secured € 2023	19,247,300	2.66	2.24	103,895	15,134	73.44
5.30% United Finance Plc Unsecured € Bonds 2023	8,500,000	4.62	1.44	36,921	8,038	70.88
5.80% International Hotel Investments plc 2023	10,000,000	4.47	-0.61	1,544,099	773,176	41.87
6.00% AX Investments Plc € 2024	40,000,000	4.76	0.76	348,657	217,449	25.57
6.00% International Hotel Investments plc € 2024	35,000,000	4.16	-0.61	1,544,099	773,176	41.87
5.30% Mariner Finance plc Unsecured € 2024	35,000,000	3.55	3.66	100,350	50,297	48.12
5.00% Hal Mann Vella Group plc Secured € 2024	30,000,000	4.04	2.04	122,396	47,319	52.86
5.10% 1923 Investments plc Unsecured € 2024	36,000,000	4.31	3.09	135,492	45,574	27.66
4.25% Best Deal Properties Holding plc Secured € 2024	14,776,400	3.03	-	27,453	4,128	81.72
3.7% GAP Group plc Secured € 2023-2025 Series 1	21,000,000	3.45	2.24	103,895	15,134	73.44
5.75% International Hotel Investments plc Unsecured € 2025	45,000,000	4.34	-0.61	1,544,099	773,176	41.87
5.10% 6PM Holdings plc Unsecured € 2025	13,000,000	4.56	7.33	160,836	54,602	29.84
4.50% Hili Properties plc Unsecured € 2025	37,000,000	3.96	1.46	149,639	62,675	54.94
4.35% Hudson Malta plc Unsecured € 2026	12,000,000	4.18	3.16	43,383	5,522	81.61
4.25% Corinthia Finance plc Unsecured € 2026	40,000,000	3.79	-0.51	1,717,057	828,470	42.64
4.00% International Hotel Investments plc Secured € 2026	55,000,000	3.46	-0.61	1,544,099	773,176	41.87
3.75% Premier Capital plc Unsecured € 2026	65,000,000	3.32	7.39	278,759	53,003	75.22
4.00% International Hotel Investments plc Unsecured € 2026	60,000,000	3.64	-0.61	1,544,099	773,176	41.87
3.25% AX Group plc Unsec Bds 2026 Series I	15,000,000	2.28	0.76	348,657	217,449	25.57
4.35% SD Finance plc Unsecured € 2027	65,000,000	3.96	6.86	324,427	137,612	28.31
4.00% Eden Finance plc Unsecured € 2027	**40,000,000**	**3.94**	**-0.50**	**190,466**	**108,369**	**31.32**
4.00% Stivala Group Finance plc Secured € 2027	45,000,000	3.21	2.30	354,069	231,437	26.54
3.85% Hili Finance Company plc Unsecured € 2028	40,000,000	3.53	3.44	624,222	106,811	78.42
3.65% Stivala Group Finance plc Secured € 2029	15,000,000	3.34	2.30	354,069	231,437	26.54
3.80% Hili Finance Company plc Unsecured € 2029	80,000,000	3.80	3.44	624,222	106,811	78.42
3.75% AX Group plc Unsec Bds 2029 Series II	10,000,000	2.69	0.76	348,657	217,449	25.57

31-May-21

Source: Malta Stock Exchange, Audited Accounts of Listed Companies, MZ Investment Services Ltd



Source: Malta Stock Exchange, Central Bank of Malta, MZ Investment Services Ltd 31 May 2021

To date, there are no corporate bonds which have a redemption date beyond 2032. The Malta Government Stock yield curve has also been included since it is the benchmark risk-free rate for Malta.

The Eden bonds are trading at a yield of 3.94%, which is in line with other corporate bonds maturing in the same year. The premium over FY2027 Malta Government Stock is 386 basis points.

PART 5 - EXPLANATORY DEFINITIONS AND REFERENCES

Income Statement	
Revenue	Total revenue generated by the Group from its business activities during the financial year, including hospitality and entertainment, rental income and other revenue streams.
Operating expenses	Operating expenses include all direct (food, beverages, consumables, labour expenses, etc) and indirect (including general and administration expenses) operating costs.
EBITDA	EBITDA is an abbreviation for earnings before interest, tax, depreciation and amortisation. EBITDA can be used to analyse and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
Profit after tax	Profit after tax is the profit made by the Group during the financial year both from its operating as well as non-operating activities.
Key Performance Indicators	
Occupancy level	Occupancy level is the percentage of available rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Average room rate	Average room rate is calculated by dividing hotel rooms that were sold during a given period of time. It is calculated by dividing the number of rooms sold by total number of rooms available.
Revenue per available room (RevPAR)	RevPAR is calculated by multiplying a hotel's total revenue by total room nights available. A hotel uses this indicator as a performance measure with other hotels in the same category or market.
Revenue generating index (RGI)	A revenue generating index measures a hotel's fair market share of its segment's (competitive set, market, etc) revenue per occupied room. If a hotel is capturing its fair market share, the index will be 1; if capturing less than its fair market share, a hotel's index will be less than 1; and if capturing more than its fair market share, a hotel's index will be greater than 1.
Profitability Ratios	
EBITDA margin	EBITDA margin is operating income or EBITDA as a percentage of total revenue.

Net profit margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Efficiency Ratios	
Return on equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on capital employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on assets	Return on assets (ROA) is computed by dividing profit after tax by total assets.
Equity Ratios	
Earnings per share	Earnings per share (EPS) is the amount of earnings per outstanding share of a company's share capital. It is computed by dividing net income available to equity shareholders by total shares outstanding as at balance sheet date.
Cash Flow Statement	
Cash flow from operating activities	Cash generated from the principal revenue-producing activities (room revenue, food & beverage, hotel services, etc) of the Group.
Cash flow from investing activities	Cash generated from activities dealing with the acquisition and disposal of long-term assets and other investments of the Group.
Cash flow from financing activities	Cash generated from the activities that result in change in share capital and borrowings of the Group.
Balance Sheet	
Non-current assets	Non-current asset are the Group's long-term investments, which full value will not be realised within the accounting year. Non-current assets are capitalised rather than expensed, meaning that the Group amortises the cost of the asset over the number of years for which the asset will be in use, instead of allocating the entire cost to the accounting year in which the asset was acquired.
Current assets	Current assets are all assets of the Group, which are realisable within one year from the balance sheet date. Such amounts include accounts receivable, inventory (food, beverages, consumables, etc), cash and bank balances.

Current liabilities	All liabilities payable by the Group within a period of one year from the balance sheet date, and include accounts payable and short-term debt, including current portion of bank loans.
Non-current liabilities	The Group's long-term financial obligations that are not due within the present accounting year. The Group's non-current liabilities include long-term borrowings and bonds.
Total equity	Total equity includes share capital, reserves & other equity components, retained earnings and minority interest.
Financial Strength Ratios	
Liquidity ratio	The liquidity ratio (also known as current ratio) is a financial ratio that measures whether or not a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Interest cover	The interest coverage ratio is calculated by dividing a company's operating profit of one period by the company's interest expense of the same period.
Net debt to EBITDA	The net debt to EBITDA is a measurement of leverage, calculated as a company's interest bearing liabilities minus cash or cash equivalents, divided by its EBITDA. This ratio shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.
Gearing ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity. Alternatively, the gearing ratio can be calculated by dividing a company's net debt by shareholders' equity.