EDEN LEISURE GROUP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2021

Company No. C- 4529

EDEN LEISURE GROUP LIMITED

CONTENTS

EDEN LEISURE GROUP LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2021

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 2021.

Principal Activities

The Group is 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 (Radio), 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.

Review of Business and Financial Position

Eden Leisure Group registered a profit for the year after tax of €976,000, a significant improvement over the loss incurred in financial year 2020 of €4.74m. The Group's turnover for 2021 was €22.6m up from the €12m reported in 2020.

The results reflect the improved economic conditions as the pandemic eases it's strangle over the world, which slowly is returning to normality. The Hospitality sector remains materially impacted from the pandemic whilst the Entertainment sector is getting to pre pandemic levels.

2021 remained a year that was severely impacted by the global COVID pandemic as was the previous year. Despite the quick rollout of the vaccine programme in Malta in the first quarter, the economic situation remained unstable throughout the year with further closures of entertainment and hospitality venues and continued restrictive measures within most venues. Cinemas, Gyms, Bowling and Restaurants were closed in March of 2021 and reopened at various times over the next 6-12 weeks. Management had to redeploy staff in order to retain all employees for the eventual rebound of the business.

The Group correctly anticipated that the business would be particularly slow in the first quarter of 2021 and should start to recover in the second and third quarter after the successful rollout of the vaccine programme. In fact, tourism started to pick up again in the 3rd quarter albeit at a more last-minute pace than previously.

Along with the COVID challenges described above, the hospitality and leisure industries suffered a further blow with significant staff shortages leading to aggressive recruitment drive and pressure on payroll. Fortunately, the Wage Supplement that started in 2020 continued at the same level throughout the year which provided the Group with a cushion on its largest expense, payroll.

Despite a second year of this pandemic, the Group performed well primarily in the entertainment sector and was able to remain profitable in its hospitality sector. Entertainment revenues for the year totalled €6.7m, a 22% increase on 2020, with an operating profit of €1.6m up from €776,000 achieved in 2020. On the other hand, the hospitality sector had a stronger rebound with revenues reaching €15.9m, up from €6.6m in 2020 and an operating profit of €5.4m, an improvement from the €1.8m loss in 2020.

The management handled the subdued economic conditions by maintaining continued close control on its expenses and treasury management. Working processes and procedures were streamlined and improved as new working practices and the implementation of cost efficiencies will continue providing advantage to the Group long after the pandemic has passed.

The Group used the opportunity within the hotel to complete its €2.3m hard refurbishment of its bathrooms and common areas and the reinvestment programme has continued into 2022.

In September, the hotel management employed a new seasoned General Manager, who started to reinvest and rebuild its senior management team in expectation of the revival of the tourism industry particularly on the Group and Corporate business. This strategy paid off in the rest of the year and has placed the hotels on good ground to face the 2022 tourism year.

In the third quarter, the Group revived its mixed development project for which it had applied for planning permission in 2019. The application had been shelved temporarily during the pandemic. Plans and projections were revised and amended to reflect the reality of a post COVID scenario. Planning permission was granted in January 2022 and the works have subsequently commenced and at the time of writing, demolition of the previous building is underway. The €32 million project will be completed in early 2024 and will include a 168 room 4-star Holiday Inn Hotel, Office space, Commercial and retail centre as well as a significantly larger and fully revamped bowling and entertainment area. Financing of the projects has commenced through own cash flow, however additional financing options are being explored.

The Group has embarked on a programme to enhance its ESG credentials given the importance of this field today and more so going forward. This introspective look will identify current carbon footprint and the Company's social and governance standing and seek to set realistic targets of change and investment over the long-term to meet these targets. The Group hopes to be setting its targets in the near future, which will govern much of the future investments.

The statement of comprehensive income is set out on page 13.

Investments

During the year, the Group completed its upgrade of its room product at the InterContinental Malta, which has been ongoing for the past 3 years with the completion of the remaining bathrooms in 2021. In addition to the room's product, the Group started on the embellishment of the common areas, particularly the lobby of the hotel which was substantially upgraded.

The Group has now completed most of the customer facing investments for the time being and is now focusing more on the technical backbone of the facility, with investments aimed at and upgrading of the M & E facilities. This is a process that will take a number of years and will be planned in line with our ESG goals. In late 2021, the replacement of 3 of the 6, 20-year-old passenger lifts was contracted and at the time of writing the installation is ongoing. Management will then take a view on the continued replacement programme of the lifts.

In addition to the Mixed-Use development project, a number of other projects were authorised in 2021 and are in the process of being executed.

Construction has begun on a new restaurant in St. George's Bay, on top of an existing restaurant owned by the Group. Lubelli will be a high end authentic, wood fire, Neapolitan Pizzeria and is expected to open in June 2022.

The demolition of the cinema block to make way for the Mixed-Use development resulted in the loss of 6 screens. Fortunately, the Group had built two shell cinemas some 20 years ago during the InterContinental project, however had never needed to finish them. Now the Group is in the process of furnishing these 2 large screens with around 250 seats in each theatre. These theatres will include the newest in laser projection technology that is both green in efficiency and provides the best visual quality. These will be also be completed in summer 2022.

Outlook

While COVID continues to make it difficult to forecast, the current expectations are very positive in both Entertainment and Hospitality. The Group is not anticipating further forced closures of its businesses and expects that remaining restrictions will be removed in the coming months. Having said that, the first quarter of the year has seen most areas of the Group's entertainment rebounding to pre-COVID levels. The wage supplement, which at the moment is expected to continue only until May 2022, has helped the Group with the lower than normal revenue figures achieved by the hotel due to the lack of group and conference business.

The hotels division is expecting a positive year ahead despite a slow first quarter. Bookings of events that had previously postponed have started rebooking their conferences and the leisure market appears keen to travel to Malta if flights are available and if COVID measures are relaxed.

The Entertainment segment similarly is expected to perform very well as the effects of COVID dissipate.

Bay Radio is expected to see a strong rebound trajectory as local businesses need to promote their products on Malta's number one radio station.

Cynergi is expected to continue to grow its member base and other revenue streams and has already surpassed 2019 levels. Improved cleaning processes will be retained as good practice and efficiencies enacted during the pandemic will continue to yield positive results into the future.

In the second half of 2021, the SuperBowl started to reach the pre-pandemic levels of business, and this has continued into the first months of 2022. In March, the facility closed for 3 weeks while strengthening works were performed in anticipation of the overlying new structure. The business unit was upgraded despite there being less space than was available previously. New bathrooms and other facilities have been created until such time that the facility can be moved to a brand new location on the floor above accessed by escalators.

The Cinema industry was the hardest hit operation of the Entertainment basket due to the delayed releases of blockbuster films by international studios, as well as audiences' general reluctance to return to enclosed spaces during the pandemic. Some studios started their own streaming channels offering their products while cinemas faced covid restrictions and forced closures. The situation is vastly different today with mainstream releases recommencing as previous. Audiences have proven keen to return to watch the biggest films on the big screen and the outlook for 2022 is positive.

Despite the reduced cinema screens from 13 to 9, Eden Cinemas will still remain by far the largest cinema offer on the island.

The first quarter for the entertainment basket has been positive despite the closure of the SuperBowl for 3 weeks and is expected to continue growing back towards the pre-pandemic levels of business. By end of Q1, Entertainment has more than doubled 2021's EBITDA.

The hotel business is expected to rebound to within 75% of 2019 levels. The First Quarter has remained on track with forecasts.

Going Concern

The Directors reviewed the Group's and the Company's operational budgets and cash flow forecasts. In light of its strong financial position, the directors confirm that they have a reasonable expectation that the Group and the Company have adequate resources to continue in operation for the foreseeable future.

Reserves

The movements on reserves are set out in the statement of changes in equity on pages 16 and 17.

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 – Executive Director up to 31st December 2020)
Paul Mercieca (Non-Executive Director)
Victor Spiteri (Non-Executive Director)

Company Secretary

David Zahra

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 5 times to discuss matters pertaining to the Company as well as Eden Finance plc.

Remuneration Committee

The committee was setup 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 30 of the financial statements.

Today the largest risk is the continued crisis derived from the COVID-19 pandemic, which has grounded most businesses worldwide to a halt, and the length of time it will take to rebound. The Group has made its assumptions, however, it would be imprudent not to review these assumptions periodically.

In addition to the above, concerns remain on the soaring prices of goods and transport as well as the effect of a protracted war in the Ukraine particularly on energy and food prices.

Environment Social and Governance (ESG)

In 2022, the board of directors approved a strategy to develop an ESG programme that would satisfy future requirements and provide the Group with a roadmap of investments and changes that would be needed in the future. Certain future legal requirements are currently being discussed at EU level and the Group would like to ensure that it gets a head start in this respect. A multi departmental committee has been set up supported by external experts to start the measurement process and direction going forward.

Environment

As part of the above process, the committee has embarked on investments designed to measure its carbon footprint through the introduction of smart meters and software designed to analyse data. Once the measurement is in place, a list of specific targets will be drawn up to meet the goals of the Group including the need for substantial capital expenditure.

Despite the limitations that came with COVID, Eden Leisure Group continued with its green activities in 2021. The Group continued to collect disused batteries; electronics; printer cartridges and bottle tops for specialised recycling. The Group organised its regular 'meatless Mondays' to its staff promoting a vegetarian diet, which is beneficial for health and the environment.

Management continued to source environmentally friendly products to replace unsustainable consumables, such as recycled and recyclable popcorn bags which it is now using. It also sourced eco-friendly cleaning products, to replace the strong chemicals used in its offices and staff rooms.

When COVID restrictions relaxed, the Group was able to organise several 'green' activities, including the diving clean-up of the Spinola Bay to a clean-up event organised by the Bowling team, in Wied Ghollieqa, removing invasive plant growth from the valley.

In September, the Group hosted its Go Green Week, with the support from the Ministry of Environment, Sustainable Development and Climate change. It started off with a press conference organised by the Group and the Ministry, where representatives from the Company as well as the Minister for the Environment announced the initiatives and encouraged individuals and other companies to follow suit.

Activities organised in the Go Green Week included:
- A national awareness campaign promoting greener living using various media, such as radio and social media as well as our other communications methods like cinema screen advertising etc.;
- 4 beach clean ups and 1 diving clean up, where many tonnes of rubbish were collected from beaches and the sea bed;
- A used book drive, where employees and patrons were encouraged to bring in old books which were then donated to charity shops;
- An educational online webinar, where several experts in sustainability were able to give tips to the public about living more sustainably;
- A clothing drive, where employees were encouraged to bring in their old or unused clothing to be donated to those in need; and lastly
- A week of screening environmental films at our cinemas, rotating between 5 documentaries, which were exhibited against a donation of €2, proceeds of which went to Eden's 'Green fund'.

At the end of the year, the Green Committee issued an E-Eco Christmas newsletter, distributed by email and other social platforms to all employees, giving tips for a more sustainable Christmas.

Lastly, the Group invested in software for Eden Cinemas to be able to utilise the data gathered from its new AC, 3-way-valves installation, enabling measurement and monitoring of temperature fluctuations in the cinemas which allowing for more control and energy savings.

To note, in 2021, the Group generated 28,756kWh in renewable electricity from its own solar panel installations. In 2022 due to the Mixed-Use project, the Group donated these solar panels to the Institute for Sustainable Energy at University of Malta who have publicly announced that with these recycled panels they will self-sufficient for their electrical needs. Future renewable projects will be evaluated as part of the ESG project.

Social

Corporate Social Responsibility

A number of CSR activities were organised to enable the Company to give back to the community and provide a positive social value for all its employees. At Easter time, a 'figolla' sale was held in aid of Inspire. A 36-hour non-stop marathon was held at Bay Radio during which the presenters collected funds in aid of Animal Welfare NGOs. The Group donated €5,000 to this worthy cause. A visit to the 89.7 Bay studios was organised for children residents at Agenzija Appogg who got to see how a radio station works and meet their favourite radio presenters. September was the month dedicated to 'Giving for Good' during which a number of activities were organised to raise funds which were given to the Ursuline Sisters. In October, the Group organised an activity in order to raise funds for Breast Cancer Awareness, which was then donated to Europa Donna. Every month, employees donate a small sum of money from their salary to Dar tal-Providenza and at the end of 2021, the Group doubled the amount collected and presented a cheque of € 3,500 to Dar tal-Providenza.

Investing in Heritage

In 2019, the group, via the Maurice and Cettina Foundation, allocated €50,000 to a 2-year project of restoring the Guthrie Bridge, under the protection of Fondazzjoni Wirt Artna. Due to COVID this project is not yet completed, however works continued through 2021. It is expected to be completed in the first half of 2022.

Supply Chain

Dialogue has started with the Group's suppliers to ensure that they uphold the values of the Group through a dedicated policy statement relating to anti-bribery, child slavery, among others. In addition, the Group is actively considering where it sources its products from and where they are being imported from to reduce the effect on the environment.

Employees

Human capital is one of the Group's most valuable assets. Every year the Group focuses on the development and well-being of its employees and 2021 was no different. Performance appraisals are done on an annual basis, out of which personal development plans are derived, with particular emphasis on High Performing individuals. Development initiatives vary but mainly focus on aspects of driving results and leadership.

2021 was another tough year due to the COVID-19 pandemic. The closure of business units from March to May meant that we had to temporarily find alternative work for our employees to keep them occupied. Our employees were very understanding and were willing to help out wherever needed. During this period, most of our employees were put to work on the hospitality side in the refurbishment and deep cleaning of rooms.

The Group made the most of training grants offered by Jobsplus to focus on training and upskilling of employees during this period of closure. Employees focused on courses related to their areas of work; Digital Marketing Workshops were organised for the Marketing Team, Selling, Upselling and Cross-Selling Skills for our customer-facing employees and Spinning Instructor Courses and a programme in Sport and Exercise Psychology for our employees at Cynergi. For the employees of Bay Radio, a consultant was flown in from the UK to coach them on selling airtime as well as radio production.

The Group understands the importance of Cyber Security in order to ensure that all its data and network is kept safe from theft and damage. A Cyber Security Awareness Course was organised for all the employees that access the Group's network in order to make them aware of the threats present in their daily work.

On the hospitality front extensive training took place especially with the new recruits. Employees continued their training on the IHG Way of Clean with a special emphasis on extra measures to prevent the spread of COVID-19. There was a focus on safety with First Aid, Fire Marshall, Evacuation and Food Handling Training organised for a number of employees. Employees in Management followed courses in Leading Others to enhance their leadership skills.

Throughout 2021, the Group continued to focus on HR initiatives. The Employee Recognition Programme continued to recognise hard-working employees every quarter for their determination, commitment and loyalty to the Company. Other initiatives throughout the year included team-building activities, employee lunches and employee pool days in summer. In a bid to encourage healthy eating among our employees, we started providing fresh fruit in all departments on a daily basis. The Group also gave out small tokens of appreciation to employees on Valentine's Day, Women's Day and National Chocolate Day, as well as to all those employees who had to work on Christmas and New Year's Day.

The Group has exciting plans for 2022. We have introduced the Eden Employee Social & Wellness Programme. This programme is designed to provide all employees with tools, social support, incentives and strategies to maintain a healthy lifestyle. It also aims to create a sense of community. It will involve providing employees with access to free fitness classes at Cynergi, seminars on nutrition, healthy eating, mental health awareness and other interesting topics. The Group will invest in providing employees with free access to therapy and emotional support sessions with Richmond Foundation. Expectant fathers will be entitled to five days of paternal leave. Team building activities and volunteering initiatives will also form part of this programme and will increase in frequency in 2022.

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 26 April 2022 and signed on its behalf by:

Mr. Ian De Cesare	Mr. Kevin De Cesare
Chairman of the Board	**Director**

CERTIFIED PUBLIC ACCOUNTANTS

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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 70, which comprise the Group's and the Company's statement of financial position as at 31 December 2021, 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 2021, 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).

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.

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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

26 April 2022

EDEN LEISURE GROUP LIMITED

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Notes	Group		Company	
		2021	*2020*	**2021**	*2020*
		€	*€*	**€**	*€*
Revenue	4	**22,559,868**	*12,087,058*	**5,380,985**	*4,014,391*
Costs					
Direct costs	7	**(8,312,429)**	*(6,086,496)*	–	–
Other operating expenses	7	**(4,538,617)**	*(4,472,635)*	**(126,576)**	*(188,162)*
		(12,851,046)	*(10,559,131)*	**(126,576)**	*(188,162)*
Gross profit		**9,708,822**	*1,527,927*	**5,254,409**	*3,826,229*
Other operating income	5	**1,202,141**	*1,189,044*	**1,062,810**	*1,069,541*
Fair value movement on investment property	12	–	*(450,000)*	–	*(450,000)*
Loss on sale of fixed assets		**(21,637)**	*(2,845)*	–	*(2,845)*
Administrative expenses	7	**(3,539,940)**	*(3,296,145)*	**(761,094)**	*(646,780)*
Depreciation and amortisation		**(4,293,787)**	*(4,366,133)*	**(3,979,610)**	*(3,966,575)*
Operating profit/(loss)		**3,055,599**	*(5,398,152)*	**1,576,515**	*(170,430)*
Share of losses in associates and joint ventures	13	**(506)**	*(594)*	–	–
Finance costs	6	**(2,025,623)**	*(2,056,903)*	**(2,027,289)**	*(2,048,197)*
Modification gain of financial liabilities	22	–	*64,783*	–	*64,783*
Gain on termination of lease agreement	11	**59,496**	–	–	–
Provision on investment in related party	13	–	–	–	*(349,406)*
Expected credit loss on related party balance	14	**(113,539)**	*(235,520)*	**(113,539)**	*(235,520)*
		(2,080,172)	*(2,228,234)*	**(2,140,828)**	*(2,568,340)*
Profit/(Loss) before taxation		**975,427**	*(7,626,386)*	**(564,313)**	*(2,738,770)*
Tax credit	9	**744**	*2,884,421*	**472,069**	*1,045,858*
Profit/(Loss) for the year		**976,171**	*(4,741,965)*	**(92,244)**	*(1,692,912)*

EDEN LEISURE GROUP LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Notes	Group		Company	
		2021	*2020*	**2021**	*2020*
		€	*€*	**€**	*€*
Profit/(Loss) for the year		**976,171**	*(4,741,965)*	**(92,244)**	*(1,692,912)*
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	18	**(61,087)**	*(12,700)*	**(61,087)**	*(12,700)*
Other comprehensive income for the year, net of tax		**(61,087)**	*(12,700)*	**(61,087)**	*(12,700)*
Total comprehensive income for the year		**915,084**	*(4,754,665)*	**(153,331)**	*(1,705,612)*
(Loss)/Profit attributable to:					
Equity holders of the company		**976,203**	*(4,738,955)*	**(92,244)**	*(1,692,912)*
Non-controlling interest		**(32)**	*(3,010)*	**–**	*–*
		976,171	*(4,741,965)*	**(92,244)**	*(1,692,912)*
Total comprehensive income attributable to:					
Equity holders of the company		**915,116**	*(4,751,655)*	**(153,331)**	*(1,705,612)*
Non-controlling interest		**(32)**	*(3,010)*	**–**	*–*
		915,084	*(4,754,665)*	**(153,331)**	*(1,705,612)*

EDEN LEISURE GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2021

	Notes	Group		Company	
		2021	*2020*	**2021**	*2020*
ASSETS		**€**	*€*	**€**	*€*
Non-current assets					
Property, plant and equipment	10	**148,971,102**	*151,849,785*	**142,424,798**	*145,201,516*
Right-of-use assets	11	**1,490,917**	*1,744,667*	**–**	*–*
Investment property	12	**16,750,000**	*16,750,000*	**16,750,000**	*16,750,000*
Investment in subsidiaries	13	**–**	*–*	**2,676,130**	*2,576,130*
Investment in associates and joint ventures	13	**717,289**	*717,795*	**225,642**	*225,642*
Trade and other receivables	14	**5,977,952**	*7,032,817*	**5,977,952**	*7,032,817*
Deferred tax asset	19	**1,664,748**	*1,602,854*	**632,130**	*1,536,977*
		175,572,008	*179,697,918*	**168,686,652**	*173,323,082*
Current assets					
Inventories	15	**2,076,621**	*2,198,395*	**1,808,149**	*1,916,996*
Trade and other receivables	14	**4,951,983**	*3,308,552*	**9,004,787**	*6,095,063*
Other financial assets at amortised cost	16	**69,378**	*–*	**69,378**	*255,000*
Deposits	17	**–**	*1,250,000*	**–**	*1,250,000*
Financial instruments at fair value through other comprehensive income	18	**1,081,963**	*843,050*	**1,081,963**	*843,050*
Cash at bank and in hand	26	**9,776,834**	*3,589,575*	**4,686,260**	*1,464,949*
		17,956,779	*11,189,572*	**16,650,537**	*11,825,058*
Total Assets		**193,528,787**	*190,887,490*	**185,337,189**	*185,148,140*

EDEN LEISURE GROUP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2021

	Notes	Group		Company	
		2021	*2020*	**2021**	*2020*
EQUITY AND LIABILITIES		**€**	**€**	**€**	**€**
Equity					
Share capital	23	**60,000,000**	*60,000,000*	**60,000,000**	*60,000,000*
Revaluation reserve	24	**33,490,911**	*33,551,998*	**30,385,506**	*30,446,593*
Fair value gain reserve	25	**4,539,734**	*4,539,734*	**4,539,734**	*4,539,734*
Retained earnings		**11,254,248**	*10,375,229*	**19,638,430**	*19,730,674*
Total Equity attributable to holders of the company		**109,284,893**	*108,466,961*	**114,563,670**	*114,717,001*
Non-controlling interest		**(1,017)**	*(98,169)*	**–**	*–*
Total Equity		**109,283,876**	*108,368,792*	**114,563,670**	*114,717,001*
Non-current liabilities					
Trade and other payables	20	**1,560,975**	*1,117,616*	**769,227**	*557,689*
Borrowings	22	**48,643,396**	*51,323,762*	**48,643,396**	*51,323,762*
Lease liabilities	11	**1,563,137**	*1,626,582*	**–**	*–*
Deferred tax liabilities	19	**15,473,095**	*15,473,096*	**14,803,810**	*14,803,810*
		67,240,603	*69,541,056*	**64,216,433**	*66,685,261*
Current Liabilities					
Trade and other payables	20	**13,702,541**	*11,623,123*	**3,295,500**	*2,645,748*
Current income tax liability	21	**56,050**	*45,886*	**52,984**	*43,110*
Borrowings	22	**3,208,602**	*1,057,020*	**3,208,602**	*1,057,020*
Lease liabilities	11	**37,115**	*251,613*	**–**	*–*
		17,004,308	*12,977,642*	**6,557,086**	*3,745,878*
Total Liabilities		**84,244,911**	*82,518,698*	**70,773,519**	*70,431,139*
Total Equity and Liabilities		**193,528,787**	*190,887,490*	**185,337,189**	*185,148,140*

These financial statements were approved and authorised for issue by the Board of Directors on the 26 April 2022 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 2021

Group

	Share capital	Revaluation Reserve	Fair value gains reserve	Retained earnings	Total	Non-controlling Interest	Total
	€	€	€	€	€	€	€
Balance as at 31st December 2019	**60,000,000**	**33,564,698**	**4,989,734**	**14,759,523**	**113,313,955**	**(190,318)**	**113,123,637**
Loss for the year	–	–	–	*(4,738,955)*	*(4,738,955)*	*(3,010)*	*(4,741,965)*
Changes in FV through OCI	–	*(12,700)*	–	–	*(12,700)*	–	*(12,700)*
Loss on FV of IP shifted to FV reserve	–	–	*(450,000)*	*450,000*	–	–	–
Total comprehensive income	–	*(12,700)*	*(450,000)*	*(4,288,955)*	*(4,751,656)*	*(3,010)*	*(4,754,666)*
Transactions with owners in their capacity as owners:							
Reduction in minority interest holding	–	–	–	*(95,339)*	*(95,339)*	*95,159*	*(180)*
Balance as at 31st December 2020	**60,000,000**	**33,551,998**	**4,539,734**	**10,375,229**	**108,466,961**	**(98,169)**	**108,368,792**
Profit for the year	–	–	–	*976,203*	*976,203*	*(32)*	*976,171*
Changes in FV through OCI	–	*(61,087)*	–	–	*(61,087)*	–	*(61,087)*
Total comprehensive income	–	*(61,087)*	–	*976,203*	*915,116*	*(32)*	*915,084*
Transactions with owners in their capacity as owners:							
Reduction in minority interest holding	–	–	–	*(97,184)*	*(97,184)*	*97,184*	–
Balance as at 31st December 2021	**60,000,000**	**33,490,911**	**4,539,734**	**11,254,248**	**109,284,893**	**(1,017)**	**109,283,876**

EDEN LEISURE GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2021

Company

	Share capital	Revaluation Reserve	Fair value gains reserve	Retained earnings	Total
	€	€	€	€	€
Balance as at 31st December 2019	**60,000,000**	**30,459,293**	**4,989,734**	**20,973,586**	**116,422,613**
Loss for the year	–	–	–	*(1,692,912)*	*(1,692,912)*
Changes in FV through OCI	–	*(12,700)*	–	–	*(12,700)*
Loss on FV of IP shifted to FV reserve	–	–	*(450,000)*	*450,000*	–
Total comprehensive income	–	*(12,700)*	*(450,000)*	*(1,242,912)*	*(1,705,612)*
Transactions with owners in their capacity as owners:	–	–	–	–	–
Balance as at 31st December 2020	**60,000,000**	**30,446,593**	**4,539,734**	**19,730,674**	**114,717,001**
Loss for the year	–	–	–	*(92,244)*	*(92,244)*
Changes in FV through OCI	–	*(61,087)*	–	–	*(61,087)*
Total comprehensive income	–	*(61,087)*	–	*(92,244)*	*(153,331)*
Balance as at 31st December 2021	**60,000,000**	**30,385,506**	**4,539,734**	**19,638,430**	**114,563,670**

EDEN LEISURE GROUP LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Notes	Group		Company	
		2021	*2020*	**2021**	*2020*
Cashflow from operating activities		**€**	*€*	**€**	*€*
Profit/(Loss) before taxation		**975,427**	*(7,626,386)*	**(564,313)**	*(2,738,770)*
Adjustments for:					
Depreciation and amortisation		**4,293,787**	*4,366,133*	**3,979,610**	*3,966,575*
Finance costs		**1,978,497**	*2,009,777*	**1,980,163**	*2,001,071*
Amortisation of finance issue costs		**47,126**	*47,126*	**47,126**	*47,126*
Loss on disposal of fixed assets		**21,637**	*2,845*	**–**	*2,845*
Gain on termination of lease agreement		**(59,496)**	-	-	-
Modification gain on financial liability		-	*(64,783)*	–	*(64,783)*
Impairment of financial assets		**57,356**	*235,026*	**43,446**	*584,926*
Bad debts written off		**74,380**	–	**70,093**	–
Share of results of associates		**506**	*594*	–	–
Rental concession		**(62,500)**	*(62,500)*	–	–
Fair value movement on investment property		–	*450,000*	–	*450,000*
Operating profit/(loss) before working capital changes		**7,326,720**	*(642,168)*	**5,556,125**	*4,248,990*
Movement in inventories		**121,774**	*(25,919)*	**108,847**	*(50,552)*
Movement in receivables/ group company balances		**(606,763)**	*2,705,580*	**(419,859)**	*(1,506,353)*
Movement in payables/ advance deposits		**2,423,818**	*(1,978,147)*	**768,351**	*(2,763,256)*
Cash generated from/(used in) operations		**9,265,549**	*59,346*	**6,013,464**	*(71,171)*
Interest paid		**(2,002,344)**	*(2,004,468)*	**(2,008,588)**	*(2,006,838)*
Income tax paid		**(50,986)**	*(535,647)*	**(48,210)**	*(88,005)*
Net cash flows generated from/(used in) operating activities		**7,212,219**	*(2,480,769)*	**3,956,666**	*(2,166,014)*
Cashflow from investing activities					
Payments to acquire tangible fixed assets		**(1,222,742)**	*(2,459,975)*	**(1,202,892)**	*(2,457,203)*
Payments to acquire investment in subsidiary		–	*(180)*	**(100,000)**	*(180)*
Payments to acquire financial assets at FVOCI		**(300,000)**	–	**(300,000)**	–
Fixed-term deposits		**1,250,000**	*750,000*	**1,250,000**	*750,000*
Receipts from other related parties		**7,825**	*120*	**7,825**	*(630)*
Net cash flows used in investing activities		**(264,917)**	*(1,710,035)*	**(345,067)**	*(1,708,013)*
Cashflow from financing activities					
Repayment of bank borrowings		**(963,398)**	*(1,809,370)*	**(963,398)**	*(1,809,371)*
New bank borrowings		**387,489**	*3,612,511*	**387,489**	*3,612,511*
Repayment of third party borrowings		**(69,378)**	*(1,000,000)*	**185,621**	*(1,000,000)*
Principal element of lease payments		**(114,756)**	*(193,395)*	–	–
Net cash flows (used in)/ generated from financing activities		**(760,043)**	*609,746*	**(390,288)**	*803,140*
Net movement in cash and cash equivalents		**6,187,259**	*(3,581,058)*	**(3,221,311)**	*(3,070,887)*
Cash and cash equivalents at the beginning of the year		**3,589,575**	*7,170,633*	**1,464,949**	*4,535,836*
Cash and cash equivalents at the end of the year	26	**9,776,834**	*3,589,575*	**4,686,260**	*1,464,949*

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).

These financial statements have been prepared under the historical cost convention 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.

Basis of measurement
The financial statements have been prepared on the historical cost basis and on the going concern basis.

Going Concern
Management concluded that as a result of the strong financial position of Group and Company together with the measures adopted by management to address and mitigate the impact of the pandemic, the Group and the Company have adequate resources to continue in operation for the foreseeable future.

Accordingly, based on information available at the time of approving these financial statements the Directors have reasonable expectation that the Group and the Company will meet all its obligations as and when they fall due over the foreseeable future and therefore, that the going concern basis adopted for the preparation of these consolidated and separate financial statements is appropriate.

Standards, interpretations and amendments to published standards effective in 2021
In 2021, the Group adopted new standards, amendments and interpretations to existing standards that are mandatory for the Group's accounting period beginning on 1 January 2021. 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.

Covid-19-related Rent Concessions – Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021, and the Group has early adopted the amendment in the financial statements for the year ended 31 December 2021.

The Group has received Covid-19-related rent concessions, and has applied the practical expedient to all qualifying contracts in which concessions where received by the Group. Concessions were received on lease agreements in relation to property. The impact of the concessions received by the Group is a gain in profit or loss for the year ended 31 December 2021 of €67,500.

1. **Basis of preparation (continued)**

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 2022. 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.

2. **Principal 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.

2. Principal accounting policies (*continued*)

Basis of consolidation (continued)

(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.

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. 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.

(iii) Joint venture

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.

2. Principal accounting policies (*continued*)

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.

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.

2. Principal accounting policies *(continued)*

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.

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

<u>Recognition and derecognition</u>

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.

2. Principal accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)
<u>Classification and subsequent measurement</u>

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.

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.

2. Principal accounting policies *(continued)*

Financial instruments (continued)

Financial assets (continued)

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.

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 30 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.

2. Principal accounting policies *(continued)*

Financial instruments (continued)

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 30.

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.

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

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.

2. Principal accounting policies *(continued)*

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).

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.

2. Principal accounting policies *(continued)*

Revenue recognition (continued)

(iii) Cinema tickets and kiosk

The Group owns the Eden Cinemas complex which includes 13 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.

(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.

2. **Principal 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 11.

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

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 substantially 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.

2. Principal 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.

2. **Principal 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. The risk of changes to fair values to non-financial assets is also increased as a result of COVID-19.

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 10.

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 material and therefore an expected credit loss of €113,539 (2020: €235,520) was recognised in the financial statements.

4. 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.

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

4.1 Segment information (continued)

2021	Entertainment & other related Operations	Hospitality Operations	Unallocated	Total
	€	€	€	€
Revenue	7,190,349	15,851,346	–	23,041,695
Less: inter-segment sales	(481,827)	–	–	(481,827)
	6,708,522	**15,851,346**	–	**22,559,868**
Segment profit	**1,557,736**	**5,387,483**	–	**6,945,219**
Royalty fee	(776,337)	–	–	(776,337)
Segment profit after Royalty fee	**781,399**	**5,387,483**	–	**6,168,882**
Other operating income	–	–	1,202,141	1,202,141
Loss on sale of fixed assets	(21,637)	–	–	(21,637)
Group EBITDA	**759,762**	**5,387,483**	**1,202,141**	**7,349,386**
Depreciation and amortisation	–	–	(4,293,787)	(4,293,787)
Share of losses of associates	–	(506)	–	(506)
Gain on termination of lease agreement	–	59,496	–	59,496
Finance costs	–	–	(2,025,623)	(2,025,623)
Provision on investment in related party	–	–	(113,539)	(113,539)
Profit/(Loss) before tax	**759,762**	**5,446,473**	**(5,230,808)**	**975,427**
Tax credit	–	–	744	744
Profit/(Loss) for the year	**759,762**	**5,446,473**	**(5,230,064)**	**976,171**
Other comprehensive income				
Loss on FI through OCI	–	–	**(61,087)**	**(61,087)**
Total other comprehensive income	–	–	**(61,087)**	**(61,087)**
Total comprehensive income	**759,762**	**5,446,473**	**(5,291,151)**	**915,084**
Segment assets non-current	38,524,124	118,298,253	18,749,631	**175,572,008**
Segment assets current	2,863,553	2,649,587	12,443,639	**17,956,779**
	41,387,677	**120,947,840**	**30,923,270**	**193,528,787**
Segment liabilities non-current	501,229	2,622,883	64,116,491	**67,240,603**
Segment liabilities current	6,293,254	7,087,087	3,623,967	**17,004,308**
	6,794,483	**9,709,970**	**67,740,458**	**84,244,911**

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

4.1 Segment information (continued)

2020	Entertainment & other related Operations	Hospitality Operations	Unallocated	Total
	€	€	€	€
Revenue	5,782,099	6,627,663	–	12,409,762
Less: inter-segment sales	(322,704)	–	–	(322,704)
	5,459,395	**6,627,663**	–	**12,087,058**
Segment profit/(loss)	**775,967**	**(1,826,287)**	–	**(1,050,320)**
Royalty fee	(717,898)	–	–	(717,898)
Segment profit/(loss) after Royalty fee	**58,069**	**(1,826,287)**	–	**(1,768,218)**
Other operating income	–	–	1,189,044	1,189,044
Loss on sale of fixed assets	–	(2,845)	–	(2,845)
Group EBITDA	**58,069**	**(1,829,132)**	**1,189,044**	**(582,019)**
Depreciation and amortisation	–	–	(4,366,133)	(4,366,133)
Share of losses of associates	–	(594)	–	(594)
Gain on FI designated at FVTPL	–	–	(450,000)	(450,000)
Modification gain on financial liabilities	–	–	64,783	64,783
Expected credit loss on related party balances	–	–	(235,520)	(235,520)
Finance costs	–	–	(2,056,903)	(2,056,903)
Profit/(Loss) before tax	**58,069**	**(1,829,726)**	**(5,854,729)**	**(7,626,386)**
Tax credit	–	–	2,884,421	2,884,421
Profit/(Loss) for the year	**58,069**	**(1,829,726)**	**(2,970,308)**	**(4,741,965)**
Other comprehensive income				
Loss on FI through OCI	–	–	**(12,700)**	**(12,700)**
Total other comprehensive income	–	–	**(12,700)**	**(12,700)**
Total comprehensive income	**58,069**	**(1,829,726)**	**(2,983,008)**	**(4,754,665)**
Segment assets non-current	40,100,998	120,921,778	18,675,142	**179,697,918**
Segment assets current	2,236,191	2,416,862	6,536,519	**11,189,572**
	42,337,189	**123,338,640**	**25,211,661**	**190,887,490**
Segment liabilities non-current	512,010	2,232,188	66,796,858	**69,541,056**
Segment liabilities current	4,368,636	6,964,713	1,644,293	**12,977,642**
	4,880,646	**9,196,901**	**68,441,151**	**82,518,698**

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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Entertainment and related operations segment				
- Advertising and sponsorship agreements	**2,296,407**	*2,220,867*	–	–
- Entertainment and related services	**4,171,094**	*2,985,080*	–	–
Hospitality segment				
- Accommodation and related services	**14,530,939**	*5,799,866*	–	–
- Other services	**1,320,407**	*827,797*	–	–
Operating fees charged to subsidiaries	–	–	**5,100,000**	*3,708,532*
Other sundry services	**241,021**	*253,448*	**280,985**	*305,859*
	22,559,868	*12,087,058*	**5,380,985**	*4,014,391*

(ii) Liabilities related to contracts with customers

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

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Contract liabilities (note 20):				
Advance deposits – accommodation and related services	**1,480,950**	*1,788,542*	–	–
Deferred income – entertainment and related services	**1,242,520**	*891,664*	**814,799**	*610,608*
Deferred income – accommodation and related services	**340,548**	*166,829*	–	–
Total contract liabilities	**3,064,018**	*2,847,035*	**814,799**	*610,608*

(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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Hotel operations	**1,955,371**	*2,146,299*	–	–
Entertainment and related services	**333,975**	*412,863*	**52,919**	*101,377*
	2,289,346	*2,559,162*	**52,919**	*101,377*

5. Other operating income

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Rental Income	**1,165,862**	*1,145,404*	**1,020,512**	*1,015,701*
Interest income	**36,279**	*43,640*	**42,298**	*53,840*
	1,202,141	*1,189,044*	**1,062,810**	*1,069,541*

6. Finance costs

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Interest on bank overdraft and borrowings	**300,163**	*321,071*	**300,163**	*321,071*
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	**78,334**	*88,706*	**–**	*–*
	2,025,623	*2,056,903*	**2,027,289**	*2,048,197*

7. Expenses by nature

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Entertainment and operations direct costs	**1,131,375**	*717,010*	**–**	*–*
Hospitality operations direct costs	**3,282,525**	*2,170,731*	**–**	*–*
Wages and salaries (note 8)	**5,711,294**	*5,083,003*	**–**	*–*
Directors' remuneration (note 8)	**534,123**	*618,220*	**266,543**	*282,928*
Directors' fees (note 8)	**89,000**	*90,000*	**56,000**	*56,000*
Utility expenses	**1,072,226**	*1,053,464*	**116,745**	*175,336*
Advertising and promotion	**704,836**	*520,044*	**–**	*–*
Repairs & maintenance	**681,377**	*990,075*	**26,339**	*560*
Royalty fee	**776,337**	*717,898*	**–**	*–*
Operating lease costs	**2,966**	*5,241*	**–**	*–*
Other expenses	**2,404,927**	*1,889,590*	**422,043**	*320,118*
	16,390,986	*13,855,276*	**887,670**	*834,942*

7. 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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Total remuneration payable to the company's auditors for:				
- Audit services	**36,711**	*36,711*	**8,153**	*8,153*
- Other services	**8,427**	*8,500*	**5,027**	*5,100*
	45,138	*45,211*	**13,180**	*13,253*

8. Staff costs and employee information

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Gross wages, salaries and directors' fees	**9,288,280**	*8,088,420*	**2,651,637**	*2,427,213*
Social security costs	**546,603**	*553,027*	**129,294**	*135,343*
	9,834,883	*8,641,447*	**2,780,931**	*2,562,556*
Recharged to subsidiaries	**–**	*–*	**(1,616,131)**	*(1,608,312)*
Government grant	**(3,500,466)**	*(2,850,224)*	**(842,257)**	*(615,316)*
	6,334,417	*5,791,223*	**322,543**	*338,928*

In both years, the Group has been awarded government grants related to a wage subsidy programme 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 net off with wages and salaries, presented within 'direct costs'.

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

	Group		Company	
	2021	*2020*	**2021**	*2020*
	Number	*Number*	**Number**	*Number*
Administrative	**47**	*47*	**20**	*19*
Operational	**337**	*277*	**70**	*61*
Directors	**7**	*7*	**4**	*4*
	391	*331*	**94**	*84*

9. Tax (credit)/expense

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Deferred tax credit	**(61,894)**	*(2,936,045)*	**(530,153)**	*(1,094,706)*
Current tax charge	**61,150**	*51,624*	**58,084**	*48,848*
	(744)	*(2,884,421)*	**(472,069)*	*(1,045,858)*

The tax expense and the tax charge using the statutory income tax rate of 35% are reconciled as follows	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Profit/(Loss) before taxation	**975,427**	*(7,626,386)*	**(564,313)**	*(2,738,770)*
Tax charge at 35%	**341,399**	*(2,669,235)*	**(197,510)**	*(958,570)*
Depreciation charges not deductible for tax purposes by way of capital allowances	**56,021**	*130,645*	**28,692**	–
Expenditure disallowed for tax purposes	**1,258**	*32,806*	–	*702*
Tax effect of non-taxable income	**(60,919)**	*(342,749)*	**(60,919)**	*(100,153)*
Deferred tax movement not recognised in prior year	**(152,342)**	*208*	**(105,841)**	–
Income taxed at a reduced tax rate	**(81,220)**	*(68,831)*	**(77,445)**	*(65,130)*
Additional allowable deductions	**(83,561)**	*(79,765)*	**(37,666)**	*(35,207)*
Other movements	**(21,380)**	–	**(21,380)**	–
Deferred tax liability at reduced rate	–	*112,500*	–	*112,500*
Tax credit	**(744)**	*(2,884,421)*	**(472,069)**	*(1,045,858)*

10. Property, plant and equipment
Group

	Land and Buildings €	Furniture, Fixtures & Fittings €	Equipment €	Computer Equipment €	Motor Vehicles €	Other Fixed Assets €	Total €
Cost/Valuation							
As at 1st January 2020	139,745,645	20,333,906	17,845,279	2,214,550	335,435	13,332,461	193,807,276
Additions	347,010	1,621,848	82,678	256,773	19,850	131,816	2,459,975
Disposals	–	(13,383)	(11,380)	(1,946)	–	(72,288)	(98,997)
As at 1st January 2021	140,092,655	21,942,371	17,916,577	2,469,377	355,285	13,391,989	196,168,254
Additions	150,830	748,890	142,584	11,892	–	168,548	1,222,744
Disposals	–	–	(31,000)	(48,561)	–	–	(79,561)
As at 31st December 2021	**140,243,485**	**22,691,261**	**18,028,161**	**2,432,708**	**355,285**	**13,560,537**	**197,311,437**
Depreciation							
As at 1st January 2020	2,374,565	12,382,807	13,213,411	1,877,533	318,585	10,176,777	40,343,678
Depreciation charge	796,001	1,375,705	1,063,631	183,507	10,981	641,118	4,070,943
Eliminated on disposals	–	(13,383)	(8,535)	(1,946)	–	(72,288)	(96,152)
As at 1st January 2021	3,170,566	13,745,129	14,268,507	2,059,094	329,566	10,745,607	44,318,469
Depreciation charge	799,018	1,428,334	1,046,005	147,572	10,988	647,873	4,079,790
Eliminated on disposals	–	–	(31,000)	(26,924)	–	–	(57,924)
As at 31st December 2021	**3,969,584**	**15,173,463**	**15,283,512**	**2,179,742**	**340,554**	**11,393,480**	**48,340,335**
Net Book Value							
As at 31st December 2021	**136,273,901**	**7,517,798**	**2,744,649**	**252,966**	**14,731**	**2,167,057**	**148,971,102**
As at 1st January 2021	136,922,089	8,197,242	3,648,070	410,283	25,719	2,646,382	151,849,785

10. Property, plant and equipment (continued)

Company

	Land and Buildings	Furniture, Fixtures & Fittings	Equipment	Computer Equipment	Motor Vehicles	Other Fixed Assets	Total
	€	€	€	€	€	€	€
Cost/Valuation							
As at 1st January 2020	*132,829,700*	*19,882,303*	*17,550,926*	*2,081,601*	*314,462*	*13,327,987*	*185,986,979*
Additions	*347,010*	*1,619,075*	*82,678*	*256,773*	*19,850*	*131,817*	*2,457,203*
Disposal	–	*(13,383)*	*(11,380)*	*(1,946)*	–	*(72,288)*	*(98,997)*
As at 1st January 2021	*133,176,710*	*21,487,995*	*17,622,224*	*2,336,428*	*334,312*	*13,387,516*	*188,345,185*
Additions	*150,830*	*748,890*	*142,583*	*11,891*	–	*168,548*	*1,222,742*
Disposals	–	–	*(31,000)*	–	*(19,850)*	–	*(50,850)*
As at 31st December 2021	***133,327,540***	***22,236,885***	***17,733,807***	***2,348,319***	***314,462***	***13,556,064***	***189,517,077***
Depreciation							
As at 1st January 2020	*2,076,547*	*11,969,867*	*12,948,817*	*1,798,599*	*306,108*	*10,173,306*	*39,273,244*
Depreciation charge	*712,802*	*1,375,428*	*1,063,631*	*165,449*	*8,149*	*641,116*	*3,966,575*
Eliminated on disposals	–	*(13,383)*	*(8,535)*	*(1,946)*	–	*(72,286)*	*(96,150)*
As at 1st January 2021	*2,789,349*	*13,331,912*	*14,003,913*	*1,962,102*	*314,257*	*10,742,136*	*43,143,669*
Depreciation charge	*715,818*	*1,428,056*	*1,046,003*	*141,653*	*205*	*647,875*	*3,979,610*
Eliminated on disposals	–	–	*(31,000)*	–	–	–	*(31,000)*
As at 31st December 2020	***3,505,167***	***14,759,968***	***15,018,916***	***2,103,755***	***314,462***	***11,390,011***	***47,092,279***
Net Book Value							
As at 31st December 2021	**129,822,373**	**7,476,917**	**2,714,891**	**244,564**	**–**	**2,166,053**	**142,424,798**
As at 1st January 2021	*130,387,361*	*8,156,083*	*3,618,311*	*374,326*	*20,055*	*2,645,380*	*145,201,516*

Land and buildings held by the Group and the Company, with a carrying amount of €103,137,626 (2020: €103,601,887) are pledged as security for current and non-current borrowings.

10. 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 2021 and 2020, 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, taking into account 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.

10. Property, plant and equipment (continued)

Valuation processes

In 2021, management carried an assessment for those properties measured in accordance with the revaluation model under IAS 16, to determine whether a material shift in fair value had occurred.

Where management, through its assessment, concludes that the fair value of its properties differ 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 in order to revalue the Company's property.

The Group's property (land and buildings together with all other integral assets) was last revalued by independent professional qualified valuers on 31 December 2018. The land and buildings together with all other integral assets were valued by Perit Ivan Muscat (architect and structural engineer). This valuation was based on future discounted cashflows prepared by management of the Company.

As at 31 December 2021, the directors updated the discounted cashflows to assess whether a material shift in fair value has occurred. The directors assessed the fair value of the Group's property, plant and equipment in 2021 by using a discounted cash flow (DCF) analysis applying the expected cash flow approach. This approach uses multiple cash flow projections taking into consideration assumed probabilities of different future events and/or scenarios instead of a single cash flow scenario.

While many scenarios and probabilities may exist, management ultimately believes that the three scenarios detailed below (base case, optimistic, and pessimistic) reflect a representative sample of possible outcomes.

The calculations used in the cash flow projections are based on financial budgets and business plans prepared by management and approved by the board of directors. The budgets and business plans are updated to reflect the most recent developments as at the reporting date. Management's expectations reflect performance to date and are based on its experience in times of recession and consistent with the assumptions that a market participant would make. The scenarios reflect different recovery paths specific to Malta. For each scenario, management assigned probability weights.

- The optimistic scenario reflects a return to the pre-crisis levels of turnover by end-2022. The budgeted EBITDA margins in 2022 are 32% (2019: 30%) as a result of improved operational costs..
- The base case scenario reflects a return to the pre-crisis levels of turnover and profitability towards the end of 2023. The budgeted EBITDA margins in 2022 are 28% as a result of lower turnover.
- The pessimistic scenario reflects a very slow recovery in the hospitality sector and a return to the pre-crisis levels of turnover and profitability towards the end of 2025. The budgeted EBITDA margins in 2022 are 20% due to the decrease in turnover.

The cash flow projections for the optimistic, base case and pessimistic scenarios included specific estimates for 10 years and a terminal growth rate thereafter.

10. Property, plant and equipment (continued)

Valuation processes (continued)

The resultant fair value did not differ materially from the book values of the property; accordingly, management has relied on the valuations obtained in the previous years, and therefore, the fair value disclosures that were presented (illustrated below) remain relevant.

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 four years. Due to the economic disruption caused by the COVID-19 coronavirus pandemic, the Group has, in some instances, for both 2021 and 2020, granted concessions to tenants that have been significantly hit by the pandemic. The highly uncertain economic outlook for the period may have a material adverse effect on the tenants' operations, the viability of their business and their ability to meet their rental obligations. This uncertainty is factored into the valuation of investment property, specifically in estimating rent payments from existing tenants, the void periods, occupancy rates, and an increase in the capitalisation rate used, all of which are significant inputs into the fair value determination.

10. 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	**Fair value at**			**Range of inputs**		**Relationship of unobservable inputs to fair value**
Description	**31 Dec 2021 €**	*31 Dec 2020 €*	**Unobservable Inputs**	**31 Dec 2021**	*31 Dec 2020*	
Property, plant and equipment						
Hotel and other entertainment properties	**129,822,373**	130,387,361	Discount rate	7.54%*	7.54%*	The higher the discount rate, the lower the fair value
			Growth rate	2% - 4%*	2% - 4%*	The higher the growth rate, the higher the fair value
			EBIDTA	€14.9m-€19.4m*	€14.9m-€19.4m*	The higher the EBIDTA, the higher the fair value
Investment properties						
Leased buildings	**16,750,000**	16,750,000	Rental price per square Metre	€300 - €369	€258 - €358	The higher the rental price per square metre, the the higher the fair value
			Capitalisation rate	7.5%	7.25% - 7.5%	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 2018.

10. Property, plant and equipment (continued)

Sensitivity analysis

Significant judgement is required when evaluating the inputs into the fair value determination of properties. Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the fair value of the properties by the amounts shown below.

Valuation inputs and relationships to fair value

Group and Company

	Movement	**31 December 2021 Increase / (decrease) in fair value (€)**
Property, plant and equipment		
Discount rate	0.5%/-0.5%	-€14.1m/€17m
Perpetual Growth rate	0.5%/-0.5%	€10.7m/-€8.9m
EBITDA	5%/-5%	€18.9m/-€17.7m
Investment properties		
Rental price per square meter	10%/-10%	€1.48m/-€1.48m
Capitalisation rate	1%/-1%	-€2.1m/€2.8m

A reconciliation from the opening balance to the closing balance of property for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, for the current and preceding financial years, is reflected in the table above and in note 12 for investment property.

If the cost model had been used, the carrying amounts of the Group's revalued properties classified as property, plant and equipment would be €60,425,414 (2020: €63,304,097). The revalued amounts include a revaluation surplus of €88,545,688 before tax (2020: €88,545,688), which is not available for distribution to the shareholders of Eden Leisure Group.

11. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 12.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	Group	
	2021	*2020*
	€	*€*
Right-of-use assets		
Land and buildings	**1,435,282**	*1,697,701*
Motor vehicles	**55,635**	*46,966*
	1,490,917	*1,744,667*
Lease liabilities		
Current	**37,115**	*251,613*
Non-current	**1,563,137**	*1,626,582*
	1,600,252	*1,878,195*

Additions to the right-of-use assets during the financial year were €32,673 (2020: € 293,003).

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

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

	Group	
	2021	*2020*
	€	*€*
Depreciation charge of right-of-use assets		
Land and buildings	**189,995**	*262,418*
Motor vehicles	**24,005**	*32,773*
	214,000	*295,191*
Interest expense (included in finance cost)	**78,334**	*88,706*
Gain on termination of lease agreement	**(59,496)**	-

The total cash outflow for leases in 2021 was €194,531 (2020: €281,225).

(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.

11. Leases (continued)

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.

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.

11. Leases (continued)

Covid-19-related rent concessions

The Group negotiated rent concessions with its landlord for property used as staff accommodation as a result of the severe impact of the COVID-19 pandemic during the current and prior year. The Group applied the practical expedient for COVID-19-related rent concessions consistently to eligible rent concessions. The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions is €62,500 (2020: €62,500).

(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.

During the year, the Group terminated one of the lease agreements and thus, a gain on early termination amounting to €59,496, (2020: €Nil) was recognised in profit or loss for the reporting period.

12. Investment property

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
As at 1st January	**16,750,000**	*17,200,000*	**16,750,000**	*17,200,000*
Impairment	–	*(450,000)*	–	*(450,000)*
As at 31st December	**16,750,000**	*16,750,000*	**16,750,000**	*16,750,000*

Investment property held by the Group and the Company, with a carrying amount of €14,000,000 (2020: €14,000,000) are pledged as security for current and non-current borrowings.

Investment property is 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. Fair value disclosures are included in note 10.

(i) Amounts recognised in profit or loss for investment properties

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Rental income from operating leases	**706,363**	*673,099*	**706,363**	*673,099*

12. Investment property (continued)

(ii) 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.

During 2021 and 2020, the Group waived a number of contracted lease payments receivable due to tenants' forced closures or loss of business emanating from COVID-19. On the date of agreeing to such waivers, amounting to €182,912 (2020: €223,159), the Group recognised their impact as a modification to the original lease arrangements. This has the effect of recognising the waiver as a reduction in lease income throughout the remaining lease term.

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

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Within 1 year	**936,563**	*1,056,504*	**936,563**	*1,056,504*
Between 1 and 2 years	**829,339**	*921,105*	**829,339**	*921,105*
Between 2 and 3 years	**843,495**	*820,346*	**843,495**	*820,346*
Between 3 and 4 years	**799,127**	*834,502*	**799,127**	*834,502*
Between 4 and 5 years	**67,296**	*790,134*	**67,296**	*790,134*
Later than 5 years	**30,090**	*92,140*	**30,090**	*92,140*
	3,505,910	*4,514,731*	**3,505,910**	*4,514,731*

13. Interests in subsidiaries and other entities

Company	**Shares in subsidiaries**	**Shares in associates and joint venture**	**Total**
	€	**€**	**€**
At 1st January 2020	*2,575,950*	*575,048*	*3,150,998*
Additions	*180*	*–*	*180*
Impairment	*–*	*(349,406)*	*(349,406)*
At 31st December 2020	*2,576,130*	*225,642*	*2,801,772*

The net book value as at 31st December 2020 comprises:

	€	**€**	**€**
Cost	*2,576,130*	*575,048*	*2,801,772*
Impairment	*–*	*(349,406)*	*–*
At 31st December 2020	*2,576,130*	*225,642*	*2,801,772*

13. Interests in subsidiaries and other entities (continued)

Company	**Shares in subsidiaries**	**Shares in associates and joint venture**	**Total**
	€	€	€
At 1st January 2021	2,576,130	225,642	2,801,772
Additions	100,000	–	100,000
At 31st December 2021	**2,676,130**	**225,642**	**2,901,772**

The net book value as at 31st December 2021 comprises:

	€	€	€
Cost	2,676,130	575,048	2,901,772
Impairment	–	(349,406)	–
At 31st December 2021	**2,676,130**	**225,642**	**2,901,772**

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.

During the year, the group acquired an additional 14.82% of the issued share capital of Eden Esports Limited, following a share issuance by the investee that was fully subscribed to by the Group's parent. The group derecognised €97,184 of non-controlling interest and recognised the corresponding amount within equity.

Shares in Group and associated undertakings represent the following investments:

Group	**Registered address**	**Principal activity**	**2021 % holding**	**2020 % holding**
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**	*85.00*

13. Interests in subsidiaries and other entities (continued)

	Registered address	Principal activity	2021 % holding	2020 % holding
Associates				
Axis Limited	St. George's Road, St. Julian's	Management property company	**50.00**	*50.00*
Sunny Resorts Limited	Eden Place 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 2021 €	Group 2020 €
Opening net book value	**717,795**	*718,389*
Additions	–	–
Impairment	–	–
Share of losses of associated and undertakings (after tax)	**(506)**	*(594)*
	717,289	*717,795*
Net assets	**2,151,892**	*2,153,408*
Group share of net assets	**717,289**	*717,795*

14. Trade and other receivables

	Group 2021 €	Group 2020 €	Company 2021 €	Company 2020 €
Non-current				
Amounts owed by associates and joint venture (ii)	**56,887**	*54,337*	**56,887**	*54,337*
Amounts owed by commonly controlled entities (ii)	**334,882**	*322,288*	**334,882**	*322,288*
Other receivables due from commonly controlled entity (iii)	**5,586,183**	*6,656,192*	**5,586,183**	*6,656,192*
	5,977,952	*7,032,817*	**5,977,952**	*7,032,817*

14. Trade and other receivables (continued)

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Current				
Trade receivables	**1,406,092**	*991,912*	**24,806**	*120,263*
Amounts owed by subsidiaries (i)	**–**	*–*	**6,731,398**	*4,133,841*
Amounts owed by associates and joint venture (ii)	**–**	*65,727*	**–**	*47,550*
Amounts owed by commonly controlled entities (ii)	**359,119**	*294,342*	**340,819**	*276,455*
Other receivables due from commonly controlled entity (ii)	**998,531**	*482,854*	**998,531**	*938,522*
Other receivables	**1,544,842**	*813,894*	**444,826**	*264,810*
Prepayments and accrued income	**643,399**	*659,823*	**464,407**	*313,622*
	4,951,983	*3,308,552*	**9,004,787**	*6,095,063*

(i) Amounts owed by subsidiaries relate to operating fees charged by the Company. They 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 (2020: €235,520).

(iii) These amounts are unsecured, interest free and repayable in accordance with terms agreed by the parties.

The Group and Company assess whether any loss allowance is required on its financial assets as set out in the accounting policies and note 30.

15. Inventories

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Food, beverage and consumables	**255,946**	*269,521*	**–**	*–*
Crockery and linen	**1,641,659**	*1,750,506*	**1,629,781**	*1,738,628*
Other inventories	**179,016**	*178,368*	**178,368**	*178,368*
	2,076,621	*2,198,395*	**1,808,149**	*1,916,996*

Inventories recognised as an expense during the year ended 31st December 2021 amounted to €789,847 (2020: €501,177). These were included in direct costs.

16. Other financial assets at amortised cost

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Current				
Amounts owed by subsidiaries (i)	**–**	–	**–**	*255,000*
Other financial assets at amortised costs	**69,378**	–	**69,378**	–
	69,378	–	**69,378**	*255,000*

(i) This balance represents a loan granted to a subsidiary which bore an interest at 4%. This loan was fully settled during the year.

17. Deposits

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

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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Non-current assets				
At 1st January	**843,050**	*855,750*	**843,050**	*855,750*
Additions	**-**	–	**–**	–
Fair value movements recognised in other comprehensive income	**16,900**	*(12,700)*	**16,900**	*(12,700)*
At 31st December	**859,950**	*843,050*	**859,950**	*843,050*

(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 €222,013.

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 30.

19. Deferred Taxation

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% / 10% (2020: 35% / 10%). The movement in the deferred tax account is as follows:

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
At the beginning of the year	**(13,870,242)**	*(16,806,287)*	**(13,266,833)**	*(16,134,932)*
Recognised in profit or loss:				
Movement in absorbed tax losses and capital allowances	**(331,333)**	*2,359,316*	**(1,258,124)**	*2,291,426*
Movement in effect of provisions	**17,974**	*204,944*	**15,206**	*204,724*
Movement in the excess of capital allowances over depreciation	**336,987**	*326,785*	**338,071**	*326,949*
Movement in fair value of investment property	**–**	*45,000*	**–**	*45,000*
Movement in right-of-use asset	**38,267**	*–*	**–**	*–*
At the end of the year	**(13,808,347)**	*(13,870,242)*	**(14,171,680)**	*(13,266,833)*

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Effect recognised in:				
Deferred tax movement recognised in profit or loss (note 9)	**61,894**	*2,936,045*	**530,153**	*1,094,706*
	61,894	*2,936,045*	**530,153**	*1,094,706*

19. Deferred Taxation (continued)

The following amounts are shown in the balance sheet:

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Deferred tax assets				
Unabsorbed tax losses and capital allowances	**2,008,535**	*2,365,694*	**1,007,477**	*2,291,426*
Effect of provisions	**293,283**	*249,484*	**270,288**	*229,257*
Right-of-use asset	**38,267**	–	–	–
	2,340,085	*2,615,178*	**1,277,765**	*2,520,683*
Deferred tax liabilities				
Effect of excess of capital allowances over depreciation	**(662,837)**	*(999,825)*	**(645,635)**	*(983,706)*
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	**(13,810,595)**	*(13,810,595)*	**(13,128,810)**	*(13,128,810)*
	(16,148,432)	*(16,485,420)*	**(15,449,445)**	*(15,787,516)*
	(13,808,347)	*(13,870,242)*	**(14,171,680)**	*(13,266,833)*

Reflected in the balance sheet as follows:

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Deferred tax asset	**1,664,748**	*1,602,854*	**632,130**	*1,536,977*
Deferred tax liability	**(15,473,095)**	*(15,473,096)*	**(14,803,810)**	*(14,803,810)*
	(13,808,347)	*(13,870,242)*	**(14,171,680)**	*(13,266,833)*

20. Trade and other payables

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Falling due within one year				
Trade payables	**4,239,791**	*3,884,950*	**130,164**	*70,578*
Capital payables	**359,315**	*541,387*	**359,315**	*541,387*
Amounts owed to subsidiaries and other related entities (i)	**10,147**	*2,321*	**10,197**	*621,563*
Accruals	**3,729,150**	*3,540,319*	**414,653**	*417,696*
Advanced deposits and deferred income (note 4)	**2,271,874**	*2,241,429*	**45,572**	*52,919*
Other payables	**3,092,264**	*1,412,717*	**2,335,599**	*941,605*
	13,702,541	*11,623,123*	**3,295,500**	*2,645,748*
Falling due after more than one year				
Advanced deposits and deferred income (note 4)	**792,144**	*605,606*	**769,227**	*557,689*
Other payables	**768,831**	*512,010*	**–**	*–*
	1,560,975	*1,117,616*	**769,227**	*557,689*

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

21. Current income tax liability

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Opening balance	**45,886**	*529,909*	**43,110**	*82,267*
Tax charge for the year	**61,150**	*51,624*	**58,084**	*48,848*
Tax payment	**(50,986)**	*(535,647)*	**(48,210)**	*(88,005)*
Closing balance	**56,050**	*45,886*	**52,984**	*43,110*

22. Borrowings

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Falling due within one year				
Bank loans (i)	**3,208,602**	*1,057,020*	**3,208,602**	*1,057,020*
	3,208,602	*1,057,020*	**3,208,602**	*1,057,020*
Falling due after more than one year				
Bank loans (i)	**8,894,733**	*11,622,225*	**8,894,733**	*11,622,225*
Related company loans (ii)	**-**	*-*	**39,748,663**	*39,701,537*
Bonds (iii)	**39,748,663**	*39,701,537*	**-**	*-*
	48,643,396	*51,323,762*	**48,643,396**	*51,323,762*
Total borrowings	**51,851,998**	*52,380,782*	**51,851,998**	*52,380,782*

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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
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	**219,921**	*172,795*	**219,921**	*172,795*
Net book amount	**(251,337)**	*(298,463)*	**(251,337)**	*(298,463)*
Amortised cost	**39,748,663**	*39,701,537*	**39,748,663**	*39,701,537*

(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 2021 amounted to €5,678,790 (2020: €5,678,790) for the Group, and €2,000,000 (2020: €2,000,000) for the Company. In the prior year, on 6th November 2020, the Group renegotiated its loan facilities. The interest on such facilities has decreased and the refinancing resulted in the recognition of a modification gain of €64,783 in profit or loss. The Group has also negotiated a moratorium on payment of bank loans which have been extended to March 2022.

(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% (2020: 4.2%) per annum. The loan is due for repayment in full on the 28th April 2027. This loan is unsecured.

22. 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 2021 for the 4% unsecured Bonds was €101.66 (2020: €101.00). 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 €40,664,000 (2020: €40,400,000). The fair value calculation is classified within Level 1 of IFRS 13's fair value hierarchy.

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Interest rate exposure				
At floating rates	**12,103,335**	*12,679,245*	**12,103,335**	*12,679,245*
At fixed rates	**39,748,663**	*39,701,537*	**39,748,663**	*39,701,537*
Total borrowings	**51,851,998**	*52,380,782*	**51,851,998**	*52,380,782*

	Group		Company	
	2021	*2020*	**2021**	*2020*
	%	*%*	**%**	*%*
Weighted average effective interest rates at the balance date:				
Bank overdrafts	**4.00**	*4.00*	**4.00**	*4.00*
Bank loans – variable rate	**2.73**	*2.66*	**2.73**	*2.66*
Bonds/related party loan	**4.20**	*4.20*	**4.20**	*4.20*

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Maturity of long-term borrowings:				
Between 1 and 5 years	**8,253,815**	*9,457,398*	**8,253,815**	*9,457,398*
Over 5 years	**40,389,581**	*41,886,364*	**40,389,581**	*41,886,364*
	48,643,396	*51,323,762*	**48,643,396**	*51,323,762*

23. Share capital

	Company	
	2021	*2020*
	€	*€*
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	
	2021	*2020*
	€	*€*
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.

24. Revaluation Reserve

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
As at 1st January	**33,551,998**	*33,564,698*	**30,446,593**	*30,459,293*
<u>On fair value through OCI</u>				
Change in FV of debt and equity instrument at FVTOCI	**(61,087)**	*(12,700)*	**(61,087)**	*(12,700)*
As at 31st December	**33,490,911**	*33,551,998*	**30,385,506**	*30,446,593*

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.

25. 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 12 to these financial statements.

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
As at 1st January	**4,539,734**	*4,989,734*	**4,539,734**	*4,989,734*
Fair value movement, net of deferred tax	**–**	*(450,000)*	**–**	*(450,000)*
As at 31st December	**4,539,734**	*4,539,734*	**4,539,734**	*4,539,734*

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

26. Cash and cash equivalents

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Cash in hand and bank	**9,776,834**	*3,589,575*	**4,686,260**	*1,464,949*
	9,776,834	*3,589,575*	**4,686,260**	*1,464,949*

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

27. 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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Revenue				
Subsidiaries				
Operating fees			**5,100,000**	*3,708,532*
Other sundry services			**69,881**	*52,411*
Commonly controlled entity				
Entertainment and related services	**69,868**	*162,433*	**-**	*-*
Other operating income				
Commonly controlled entities				
Rental income	**506,836**	*496,699*	**506,836**	*496,699*
Profit on sale of intellectual property				
Commonly controlled entities				
Sale of intellectual property	**-**	*-*	**-**	*-*
	576,704	*659,132*	**5,676,717**	*4,257,642*
Other operating expenses				
Commonly controlled entities				
Royalty fee	**776,337**	*717,898*	**-**	*-*
Finance costs				
Subsidiaries				
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 7 to the financial statements.

Amounts due from/to Group and related parties, in connection with advances, sales and purchases transactions, are disclosed in notes 14, 16 and 20. In the Company's books, amounts due to a subsidiary in connection with Group financing activities are disclosed in note 22 to these financial statements.

28. Commitments

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

	Group		Company	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Authorised but not contracted	**-**	*-*	**-**	*-*
Contracted but not provided for	**405,921**	*690,888*	**405,921**	*690,888*

Operating lease commitments where the Group company is a lessee
The Group leases land, buildings 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 11.

29. Contingent liabilities

At 31st December 2021, the Group and Company had contingent liabilities in respect of:

(i) Guarantees and performance bonds amounting to €300,000 (2020: €6,569) given to third party creditors.
(ii) A garnishee amounting to €157,000 (2020: € 157,000) in relation to a litigation, and a final judgement was concluded in favour of the plaintiff after year-end.

At 31st December 2021, the Group and Company provided general and special hypothecs over the Group and Company's assets to the amount of €1,750,000 (2020: €1,750,000) to a related company Casino Malta Ltd, a commonly controlled entity.

At 31st December 2021 guarantees amounting to €3,778,790 (2020: €3,778,779) were given by the Company with regards to bank facilities of subsidiaries and other related parties.

30. 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. During 2021, a re-assessment of the financial risks which the Group and the Company are exposed to has been made as a result of the onset of the COVID-19 pandemic and the directors have continued to closely monitor the situation and its impact on the Group's operations after the balance sheet date.

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%, that is reasonably possible, at the end of the reporting period keeping all other variables constant, to amount to +/- €100,000 (2020: +/- €100,000). 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.

30. 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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Carrying amounts				
Financial assets at amortised cost	**7,404,980**	*7,875,740*	**14,118,078**	*12,684,185*
Trade and other receivables	**2,950,934**	*1,805,806*	**469,632**	*385,073*
Deposits	**–**	*1,250,000*	**–**	*1,250,000*
Cash at hand and in bank	**9,776,834**	*3,589,575*	**4,686,260**	*1,464,949*
Debt investments at FVOCI	**859,950**	*843,050*	**859,950**	*843,050*
	20,992,698	*15,364,171*	**20,133,920**	*16,627,257*

Financial assets at amortised cost comprise of loans advanced by the Company to a subsidiary undertaking as described in note 16 and of amounts owed by other related undertakings that do not form part of the Group as described in note 14. These loans are unsecured; therefore, the failure of the related undertakings could have an impact on the Group's results.

Group 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;
- Debt investment carried at FVOCI;
- Deposits; and
- Cash and cash equivalents.

30. 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 2021 and 31 December 2020 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.

The directors continued to consider the current economic downturn due to COVID-19 in updating the Group's provision matrices, including stressing forward-looking scenarios. However, the Group's main revenue streams are cash-based and hence the Group has not been severely impacted from an 'expected loss' perspective due to this fact.

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 2021 and 2020 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 2021 and 2020.

Separately from the above methodology, the Group has also identified that a provision of €60,726 was required as at 31 December 2021 (2020: €121,267) 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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Amounts due from subsidiaries	**-**	*-*	**6,731,398**	*4,133,841*
Amounts due from associates and joint venture	**56,887**	*120,064*	**56,887**	*101,887*
Amounts due from commonly-controlled entities	**763,379**	*616,630*	**745,079**	*853,743*
Other receivables from commonly-controlled entities	**6,584,714**	*7,139,046*	**6,584,714**	*7,594,714*
	7,404,980	*7,875,740*	**14,118,078**	*12,684,185*

30. 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 2021 and 2020, 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 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 required was deemed to be immaterial, except for an amount of €113,539 (2020: €235,520) which was recognised in the statement of profit and loss for the year.

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 2021, 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.

<u>Liquidity risk</u>
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.

30. 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 2021, the Group is in a net current asset position of €952k. 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	
	2021	*2020*	**2021**	*2020*
	€	*€*	**€**	*€*
Within one year				
Trade and other payables	**11,430,667**	*9,381,694*	**3,249,928**	*2,592,829*
Current income tax liability	**56,050**	*45,886*	**52,984**	*43,110*
Bank and other borrowings	**3,489,156**	*1,349,234*	**3,489,156**	*1,349,234*
Bonds	**1,600,000**	*1,600,000*	**1,600,000**	*1,600,000*
Lease liabilities	**172,357**	*331,687*	**-**	*-*
	16,748,230	*12,708,501*	**8,392,068**	*5,585,173*
Between 2 and 5 years				
Trade and other payables	**768,831**	*512,010*	**-**	*-*
Bank and other borrowings	**8,884,035**	*10,440,907*	**48,632,698**	*50,142,444*
Bonds	**6,400,000**	*6,400,000*	**6,400,000**	*6,400,000*
Lease liabilities	**389,983**	*436,240*	**-**	*-*
	16,442,849	*17,789,157*	**55,032,698**	*56,542,444*
Over 5 years				
Bank and other borrowings	**478,116**	*1,913,102*	**478,116**	*1,913,102*
Bonds	**41,600,000**	*43,200,000*	**41,600,000**	*43,200,000*
Lease liabilities	**2,699,370**	*2,786,963*	**-**	*-*
	44,777,486	*47,900,065*	**42,078,116**	*45,113,102*
	77,968,565	*78,397,723*	**105,502,882**	*107,240,719*

30. 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	
	2021	*2020*
	€	*€*
Level 1		
Financial assets at fair value through other comprehensive income		
- Listed Bonds	**859,950**	*843,050*
- Equity	**222,013**	–
	1,081,963	*843,050*

Financial instruments not measured at fair value

At 31st December 2021 and 31st December 2020 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 22.

31. 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 22 after deducting cash and bank balances, presented in note 26) 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.

32. 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 31st December 2020**	**Cashflows**	**Other liability related changes**	**As at 31st December 2021**
	€	**€**	**€**	**€**
Bank borrowings	**12,679,245**	(575,910)	–	**12,103,335**
Bonds	**39,701,537**	–	47,126	**39,748,663**
Lease liability	**1,878,195**	(114,756)	(163,187)	**1,600,252**
	54,258,977	**(690,666)**	**(116,061)**	**53,452,250**

Group	**As at 31st December 2019**	**Cashflows**	**Other liability related changes**	**As at 31st December 2020**
	€	**€**	**€**	**€**
Bank borrowings	10,940,887	1,803,141	(64,783)	12,679,245
Bonds	39,654,411	–	47,126	39,701,537
Third party loans	1,000,000	(1,000,000)	–	–
Lease liability	1,840,209	(193,395)	231,381	1,878,195
	53,435,507	**609,746**	**213,724**	**54,258,977**

32. Cash flow information (continued)

Company	As at 31st December 2020	Cashflows	Other liability related changes	As at 31st December 2021
	€	€	€	€
Bank borrowings	**12,679,245**	(575,910)	–	**12,103,335**
Related party loans	**39,701,537**	–	47,126	**39,748,663**
	52,380,782	**(575,910)**	**47,126**	**51,851,998**

Company	As at 31st December 2019	Cashflows	Other liability related changes	As at 31st December 2020
	€	€	€	€
Bank borrowings	**10,940,887**	1,803,141	(64,783)	**12,679,245**
Third party loans	**1,000,000**	(1,000,000)	–	**–**
Related party loans	**39,654,411**	–	47,126	**39,701,537**
	51,595,298	**803,141**	**(17,657)**	**52,380,782**

33. Comparative figures

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

34. Statutory information

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