

Lifetime Occupational Pension Scheme

Annual Report and Financial Statements
31 December 2022

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Trustee and other information

| | |
|---------------------------------|---|
| <i>Trustee</i> | CCGM Pension Administrators Limited Ewropa Business Centre, Dun Karm Street, Birkirkara Malta |
| <i>Trustee Directors</i> | Nicholas Calamatta Michael Galea Julian Mamo Mark Mamo |
| <i>Trustee Secretary</i> | Vanessa Portelli |
| <i>Country of incorporation</i> | Malta |
| <i>Auditor</i> | PricewaterhouseCoopers 78 Mill Street, Zone 5, Central Business District Qormi CBD 5090 Malta |
| <i>Banker</i> | Bank of Valletta P L C , 45, Republic Street, Valletta, Malta |
| <i>Legal advisors</i> | GANADO Advocates, 171, Old Bakery Street, Valletta, Malta |
| <i>Investment Manager</i> | Calamatta Cuschieri Investment Management Limited Ewropa Business Centre, Dun Karm Street, Birkirkara Malta |
| <i>Custodian</i> | Sparkasse Bank Malta plc 101 Townsquare, Ix-Xatt ta' Qui-si-Sana, Sliema, Malta |

Trustee's report

The Trustee presents its report and the audited financial statements for the year ended 31 December 2022

The Retirement Scheme

The Lifetime Occupational Pension Scheme (the "Scheme") was established under the laws of Malta by a Declaration of Trust (the "Trust Deed and Rules") on 4 June 2018 as a perpetual trust. The Scheme is licensed as an open occupational retirement scheme under the Retirement Pensions Act, 2011 (Chapter 514 of the Laws of Malta) ("the Act")

The Trustee of the Scheme is CCGM Pension Administrators Limited (the "Trustee"). CCGM Pension Administrators Limited was established under the laws of Malta on 31 August 2016 as a limited liability company and is licensed by the Malta Financial Services Authority ("MFSA") to act as a Retirement Scheme Administrator under the Act

The Scheme has a Defined Contribution arrangement providing retirement benefits which will be calculated on the value of the capital being built up in the Scheme through the contributions being made to the Scheme and the investments made by the Scheme after deductions of any losses and expenses

The following description of the Scheme provides only general information. Participants should refer to the Scheme's Trust Deed and Rules for a more complete description of the Scheme's provisions

The investment objective of the Scheme is to provide a long term savings scheme designed specifically to help employers to save for their employees' retirement, with the goal to build up a pot of money that will provide an income throughout retirement. Each participant to the Scheme and their chosen Intermediary/Advisor may formulate their individual investment wishes and communicate them to the Trustee. Investments are executed via a discretionary services agreement, within the parameters of restricted investments, diversification and prudence as required by the MFSA. The Trustee shall retain ultimate discretion and responsibility regarding the investments effected

Review of the Scheme performance

The statement of changes in net assets available to participants for benefits is set out on page 9. The Scheme's total contributions for the period amounted to €273,735 (2021: €210,433) whereas €24,159 (2021: nil) were transferred out of the Scheme. As at 31 December 2022, the Scheme's assets comprised of investments in quoted investment funds amounting to €462,630 (2021: €296,618)

The Scheme's financial performance and position are considered to be satisfactory, as the Trustee expects that the present level of activity will increase in the foreseeable future through direct marketing and the impacts of recent legislative incentives within the pensions market

The Scheme has been managed in accordance with all applicable investment restrictions and borrowing limitations and otherwise with the Scheme's Trust Deed

Significant changes to the Scheme Particulars

As required under the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (the "SFDR"), the Scheme Particulars have been updated to include the relevant disclosures. The Scheme Particulars were amended in order to specify that CCGM does not deem sustainability risks to be relevant to the Scheme and specifically its strategies

Trustee's report - continued

Events after the reporting period

Events after the reporting period are further discussed in Note 13 of the financial statements

| | 2022 Number | 2021 Number |
|------------------------------|------------------------|----------------|
| New members | 44 | 68 |
| Transfer out from scheme | 10 | 4 |
| At end of the year | | |
| Active | 116 | 82 |
| Deferred | 0 | 0 |
| Total at the end of the year | <u>116</u> | <u>82</u> |

Trustee of the Scheme

Persons serving as Directors of the Trustee ("Trustee Directors") during the year and up to the date of this report are as follows

Nicholas Calamatta
Michael Galea
Julian Mamo
Mark Mamo

The power of appointing or removing Directors of the Trustee is vested in the shareholders of CCGM Pension Administrators Limited

Trustee's report - continued

Investment Providers and Administrator

The investments in the Scheme are managed by Calamatta Cuschieri Investment Management Ltd which is licenced to provide investment services as a Registered Investment Manager, issued by the Malta Financial Services Authority in terms of the Investment Services Act (Cap. 370).

The Scheme is administered by CCGM Pension Administrators Limited as the Retirement Scheme Administrator.

Statement of Trustee's Responsibilities

The Trustee is required by the Act to prepare financial statements which give a true and fair view of the state of affairs of the Scheme as at the end of each reporting period and of the financial performance for that period.

In preparing the financial statements, the Trustee is responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Scheme will continue in business as a going concern.

The Trustee is also responsible for designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Act. It is also responsible for safeguarding the assets of the Scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee confirms that the financial statements of the Scheme are complete and accurate in all material respects and conform to the MFSA requirements in terms of the Retirement Scheme's Registration Conditions. During the period, the Scheme has been fully compliant with the Trust Deed.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution for their appointment will be proposed at the Annual General Meeting.

For and on behalf of the Trustee



Nicholas Calamatta
Trustee Managing Director



Julian Mamo
Trustee Director

Ewropa Business Centre
Dun Karm Street
Birkirkara
Malta

28 April 2023



Independent auditor's report

To the Trustee of the Lifetime Occupational Pension Scheme

Report on the audit of the financial statements

Our opinion

In our opinion:

- The financial statements give a true and fair view of the financial position of the Lifetime Occupational Pension Scheme (the Scheme) as at 31 December 2022, and of the Scheme's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU; and
- The financial statements have been prepared in accordance with the requirements of the Retirement Pensions Act (Cap.514).

What we have audited

The Lifetime Occupational Pension Scheme's financial statements, set out on pages 9 to 20, comprise:

- the statement of net assets available for benefits as at 31 December 2022;
- the statement of changes in net assets available to participants for benefits for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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



Independent auditor's report - continued

To the Trustee of the Lifetime Occupational Pension Scheme

Other information

The Trustee is responsible for the other information. The other information comprises the Trustee and other information section, the Trustee's Report, Portfolio Statement and Changes in membership (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

The Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs as adopted by the EU and the requirements of the Retirement Pensions Act (Cap. 514), and for such internal control as the Trustee 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 Trustee is responsible for assessing the Scheme'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 Trustee either intend to liquidate the Scheme or to cease operations, or have 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.



Independent auditor's report - continued

To the Trustee of the Lifetime Occupational Pension Scheme

Auditor's responsibilities for the audit of the financial statements - continued

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

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

We communicate with the Trustee 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.



Independent auditor's report - continued

To the Trustee of the Lifetime Occupational Pension Scheme

Other matter – use of this report

Our report, including the opinions, has been prepared for and only for the Scheme's Trustee as a body in accordance with the Retirement Pensions Act (Cap. 514) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Restriction and distribution and use

These financial statements are intended solely for the use of the compliance with the requirements of the Retirement Pensions Act (Cap. 514) and may not be suitable for another purpose. This report should therefore not be distributed to or used by any other party.

PricewaterhouseCoopers

78, Mill Street
Zone 5, Central Business District
Qormi
Malta

A large, stylized handwritten signature in blue ink, appearing to read 'Romina Soler', is written over the address text.

Romina Soler
Partner

28 April 2023

Statement of net assets available for benefits

| | Note | 2022 € | 2021 € |
|--|------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 6 | 462,630 | 296,618 |
| Cash and cash equivalents | 7 | 52,038 | 54,670 |
| Total assets | | 514,668 | 351,288 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 5,013 | 25 |
| Amounts due to related parties | | 6,147 | 2,520 |
| Total liabilities (excluding net assets available to participants for benefits) | | 11,160 | 2,545 |
| Net assets available to participants for benefits | | 503,508 | 348,743 |

The notes on pages 12 to 20 are an integral part of these financial statements.

The financial statements on pages 9 to 20 were authorised for issue on 28 April 2023 and were signed for and on behalf of the Trustee by:



Nicholas Calamatta
Trustee Managing Director



Julian Mamo
Trustee Director

Statement of changes in net assets available to participants for benefits

| | | 2022 | 2021 |
|--|------|----------|---------|
| | Note | € | € |
| Contributions and transfers | | | |
| Transfers into the Scheme | 5 | 273,735 | 210,433 |
| Transfers out of Scheme | 5 | (24,159) | - |
| Net Contributions and Transfers into the Scheme | | 249,576 | 210,433 |
| Comprehensive income | | | |
| Net fair value movement on financial assets at fair value through profit or loss | | (78,180) | 2,643 |
| Other income | | 12 | - |
| Administration expenses | | (16,643) | (25) |
| Total comprehensive (loss)/income | | (94,811) | 2,618 |
| Net movement in net assets available to participants for the year | | 154,765 | 213,051 |
| Opening net assets available to participants for the year | | 348,743 | 135,692 |
| Net assets available to participants for benefits at end of year | | 503,508 | 348,743 |

The notes on pages 12 to 20 are an integral part of these financial statements

Statement of cash flows

| | | 2022 | 2021 |
|--|-------|-----------|-----------|
| | Notes | € | € |
| Cash flows from operating activities | | | |
| Cash (used in)/ generated from operations | 10 | (8,016) | 2,520 |
| Net purchases of financial assets at fair value through profit or loss | | (244,192) | (293,975) |
| Net cash used in operating activities | | (252,208) | (291,455) |
| Cash flows from financing activities | | | |
| Cash transfers into the Scheme | 5 | 273,735 | 223,314 |
| Cash transfers out of the Scheme | 5 | (24,159) | - |
| Net cash generated from financing activities | | 249,576 | 223,314 |
| Net movement in cash and cash equivalents | | (2,632) | (68,141) |
| Cash and cash equivalents at the beginning of the year | | 54,670 | 122,811 |
| Cash and cash equivalents at end of the year | 7 | 52,038 | 54,670 |

The notes on pages 12 to 20 are an integral part of these financial statements

Notes to the financial statements

1. General Information

The Lifetime Occupational Pension Scheme is a defined contribution Retirement Benefit Scheme established under the laws of Malta and administered by CCGM Pension Administrators Limited, a *limited liability company registered in Malta*

The Scheme is licensed by the MFSA as an open Occupational Retirement Scheme under the Retirement Pensions Act, 2011 in Malta

The Retirement Scheme Administrator ("RSA") will determine the available investment options for the Scheme and has appointed Calamatta Cuschieri Investment Management Limited as the investment manager

1.1 Payment of benefits and transfers out

Retirement benefits can start to be taken upon the member attaining retirement age. In terms of the current Retirement Pensions Act, 2011 and Pension Rules issued by the MFSA, the retirement benefits can start to be taken upon the member attaining 65 years and not later than the member attaining the age of 75

The retirement benefits will be payable to the members in such form as is allowed by the Retirement Pensions Act, 2011 and Pension Rules. In terms of the current Pension Rules

- On reaching retirement age (not earlier than 65 and not later than 75), members can elect to receive 30% of their fund value as a lump sum in accordance with the Pension Rules issued by the MFSA
- The remaining 70% of the member's fund value will be used to pay the member pension income calculated according to actuarial estimates of life expectancy

1.2 Investment policy

The Scheme shall invest the assets of the Scheme in the best interests of the members. The assets of the Scheme shall be properly diversified to avoid accumulation of risks in the portfolio as a whole

The Scheme will initially invest the contributions through the portfolio services of Calamatta Cuschieri Investment Management Limited, a suitably qualified and competent investment manager. The *investments should be across a wide range of underlying assets. However at least initially it is expected that the Investment Manager will be investing the contributions into the funds managed by it*

The Pension Rules also impose some restrictions on the investments that can be made by the Scheme. In terms of the current Pension Rules, the Scheme shall not engage, directly or indirectly, in transactions with, or grant loans to, any of its members or connected persons thereto

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the financial year presented, unless otherwise stated

2. Summary of significant accounting policies - continued

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Retirement Pensions Act, 2011

They have been prepared under the historical cost convention, except as modified by the fair valuation of financial assets at fair value through profit or loss

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the Scheme's accounting policies (see Note 4 - Critical accounting estimates and judgements)

The financial statements present the aggregated position and performance of the Scheme which comprises the individual funds of the participants as at and for the year ended 31 December 2022

Standards and amendments to existing standards effective 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Scheme

New standards, interpretations and amendments effective after 1 January 2022 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Scheme operates ('the functional currency'). The financial statements are presented in euro, which is the Scheme's functional and presentation currency

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the prevailing exchange rate prevailing at the statement of net assets available for benefits date

2. Summary of significant accounting policies - continued

2.3 Financial assets

2.3.1 Classification

The Scheme classifies its financial assets into the categories below in accordance with IFRS 9

(a) Financial assets at fair value through profit or loss

The Scheme classifies its investments as financial assets at fair value through profit or loss. The Scheme classifies its investments based on both the Scheme's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Scheme is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

(b) Financial assets at amortised cost

This includes cash and cash equivalents

2.3.2 Recognition and measurement

Purchases and sales of financial assets are recognised on the trade date, the date on which the Scheme commits to purchase or sell the asset. Financial assets and liabilities are initially recognised at fair value, and transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Scheme has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are subsequently re-measured at fair value. *Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included within comprehensive income in the year in which they arise.* Loans and receivables are carried at amortised cost using the effective interest method less any provision for impairment.

The fair value of financial instruments listed or dealt on a regulated market, is based on the latest available price appearing to the Trustee. In the case of financial instruments which are quoted, listed or normally dealt in or under the rules of a regulated market but in respect of which, for any reason, prices on that regulated market may not be available at any relevant time, the value thereof shall be determined by reference to prices sought from dealers, brokers or pricing service providers. The fair values of unquoted investments are established by using valuation techniques.

2.3.3 Impairment

At each reporting date, the Scheme measures the loss allowance on financial assets carried at amortised cost at an amount equal to the lifetime expected credit loss (ECL) if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Scheme measures the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit-impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB. Any contractual payment which is more than 90 days past due is considered credit-impaired.

2. Summary of significant accounting policies - continued

2.4 Other receivables and payables

Other receivables and payables represent amounts receivable and payable respectively, for transactions contracted for but not yet settled or delivered by the end of the year

These amounts are initially recognised at fair value and subsequently measured at amortised cost less any provision for impairment. A provision for impairment of amounts due is established when there is sufficient evidence that the Scheme will not be able to collect the amounts due.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks and investment providers.

2.6 Offsetting financial instruments

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

2.7 Investment income/(expenses)

All distributions from financial assets included in comprehensive income are recognised on the date on which the stock is quoted ex-dividend up to the Scheme's year end.

Interest income from financial assets not classified as fair value through profit or loss is recognised using the effective interest method.

Other gains or losses, including interest income, arising from changes in the fair value of the 'Financial assets at fair value through profit or loss' category are presented in comprehensive income within 'Net fair value movement on financial assets at fair value through profit or loss' in the period in which they arise.

2.8 Expenses

Administration fees payable to the Trustee are recognised in the period in which the service is rendered.

2.9 Contributions and transfers in

Contributions and transfers in are accounted for as the cash and/or other financial assets are received by the Trustee.

3. Financial risk management

3.1 Financial risk factors

(i) Risk management

The Scheme's activities potentially expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including price risk, cash flow and fair value interest rate risk)

The Scheme's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Scheme's financial performance. The Scheme did not make use of derivative financial instruments to hedge certain risk exposures during the current year. The Scheme's assets are individually segregated and accounted for at member level.

(a) Credit risk

Credit risk is the risk that an issuer or counterparty is unable or unwilling to meet a commitment that it has entered into and cause the Scheme to incur a financial loss.

Financial assets which potentially expose the Scheme to credit risk consist of cash and cash equivalents.

The Scheme's exposures to credit risk are analysed as follows:

| | 2022 € | 2021 € |
|------------------------------------|-----------|-----------|
| Cash and cash equivalents (Note 7) | 52,038 | 54,670 |

The Scheme does not hold any collateral as security and banks only with financial institutions with high quality standing or rating, being Bank of Valletta plc and Sparkasse Bank plc.

These balances are considered to have a low credit risk and the loss allowance is immaterial. Management considers "low credit risk" for cash placed with banks that carry high quality external credit ratings. Sparkasse Bank plc is rated "A+" by the international rating agency Fitch (2021 "A+") and management considers this bank as "investment grade".

(b) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting a financial liability, including benefit payments, or selling a financial asset quickly at close to its fair value.

The Scheme's net assets available to participants for benefits are payable to the individual members subject to the conditions included in the Trust Deed and Rules of the Scheme.

The Scheme has sufficient resources to meet the present and foreseeable needs of its business obligations.

3. Financial risk management - continued

(c) Market risk

Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market

The Scheme's investment funds present a risk of loss of capital as they are susceptible to market price risk arising from uncertainties about their future prices. The risk is managed in accordance with the policies and investment guidelines set in the Trust Deed and Rules dated 4 June 2018

The total exposure to the market price risk as at 31 December 2022 amounted to €462,630 (2021 €296,637) which comprises the whole portfolio of investments as disclosed in Note 6

The sensitivity for investment fund price risk illustrates how changes in the fair value of investment funds will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the investments' strategy, or factors affecting all similar underlying investments traded in the market. A 10% increase/(decrease) in investment fund prices, with all other variables held constant would result in an increase/(decrease) in comprehensive income of €46,263 (2021 €29,664)

Cash flow and fair value interest rate risk

The Scheme is exposed to interest rate risk through directly holding interest-bearing financial assets or indirectly through interest-bearing financial assets held by the respective underlying investment funds

Assets earning interest at variable rates expose the Scheme to cash flow interest rate risk, whereas assets earning interest at fixed rates expose the Scheme to fair value interest rate risk

The financial assets that directly expose the Scheme to interest rate risk are summarised in the table below

| | 2022 € | 2021 € |
|------------------------------------|---------------|---------------|
| Cash and cash equivalents (Note 7) | <u>52,038</u> | <u>54,670</u> |

3.2 Capital risk management

The capital of the Scheme is represented by the net assets available to participants for benefits. The Scheme's objective when managing capital is to safeguard the Scheme's ability to continue as a going concern in order to provide returns for participants

3.3 Fair values of financial instruments

At 31 December 2022 and 31 December 2021, the carrying amounts of cash and cash equivalents and other payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation

4. 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 Trustee, 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 International Accounting Standards

5. Contributions and transfers

| | 2022 € | 2021 € |
|------------------------------------|----------------|----------------|
| Contributions and transfers | | |
| Transfers into the Scheme | 273,735 | 210,433 |
| Transfers out of the Scheme | (24,159) | - |
| | <u>249,576</u> | <u>210,433</u> |

6 Financial assets at fair value through profit or loss

As at 31 December, the Scheme's financial assets at fair value through profit or loss comprised the following

| | 2022 € | 2021 € |
|------------------|----------------|----------------|
| Investment funds | <u>462,630</u> | <u>296,618</u> |

As at 31 December, the Scheme's financial assets at fair value through profit or loss comprised the following portfolio of investments

| | Fair value 2022 € | Percentage of net assets 2022 % |
|--|-------------------------|--|
| Legg Mason Clbr Us Lc Growth Fund X | 35,123 | 6.97 |
| Comgest Grown Europe Opportunity Fund Z | 35,445 | 7.03 |
| BNP Paribas EUR Government Bond Fund I | 38,877 | 7.72 |
| Nordea 1 EUR High Bond Fund BP-EUR | 57,566 | 11.43 |
| Candriam Bonds EUR Government Fund I-EUR | 38,485 | 7.64 |
| Vontobel EUR Corp Bd Mid Yield FD I | 31,641 | 6.28 |
| Fidelity EUR High Yield Fund Y-EUR | 58,587 | 11.64 |
| UBX Lux Euro High Yield Fund | 59,886 | 11.89 |
| Fundsmith Equity Fund T Acc | 22,112 | 4.39 |
| T Rowe Us Blue Equity Fund Q-EUR | 29,037 | 5.77 |
| Invesco EUR Corporate Bond Fund Z | 32,475 | 6.44 |
| Morgan Stanley GI Opportunity Fund Zh | 23,396 | 4.65 |
| | <u>462,630</u> | <u>91.88</u> |

| | Fair value 2021 € | of net assets 2021 % |
|--|-------------------------|----------------------------|
| Legg Mason Clbr Us Lc Growth Fund X | 25,305 | 7.26 |
| Comgest Grown Europe Opportunity Fund Z | 25,233 | 7.24 |
| BNP Paribas EUR Government Bond Fund I | 24,474 | 7.02 |
| Nordea 1 EUR High Bond Fund BP-EUR | 34,514 | 9.90 |
| Candriam Bonds EUR Government Fund I-EUR | 24,425 | 7.00 |
| Vontobel EUR Corp Bd Mid Yield FD I | 19,303 | 5.53 |
| Fidelity EUR High Yield Fund Y-EUR | 35,542 | 10.19 |
| UBX Lux Euro High Yield Fund | 35,524 | 10.19 |
| Fundsmith Equity Fund T Acc | 12,925 | 3.71 |
| T Rowe Us Blue Equity Fund Q-EUR | 23,930 | 6.86 |
| Invesco EUR Corporate Bond Fund Z | 17,671 | 5.07 |
| Morgan Stanley GI Opportunity Fund Zh | 17,772 | 5.10 |
| | <u>296,618</u> | <u>85.05</u> |

7. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following

| | 2022 € | 2021 € |
|--------------|---------------|---------------|
| Cash at bank | <u>52,038</u> | <u>54,670</u> |

8. Other expenses

| | 2022 € | 2021 € |
|---|-----------|-----------|
| Audit fees | 2,500 | 2,500 |
| Fees recharged to the administrator of the Scheme | (2,500) | (2,500) |
| | <u>-</u> | <u>-</u> |

The audit fee is being borne by the retirement scheme administrator

9. Taxation

The income of the Scheme, other than income from immovable property situated in Malta, is exempt from tax in Malta in terms of Article 12(1)(d) of the Income Tax Act. No provision for tax has therefore been made in these financial statements.

10. Cash generated from operations

Reconciliation of comprehensive (loss)/income to cash generated from operations

| | 2022 € | 2021 € |
|---|-----------|-----------|
| Comprehensive (loss)/income | (94,811) | 2,618 |
| Adjustments for | | |
| Net fair value movement on financial assets at fair value through profit or loss | 78,180 | (2,643) |
| Interest income | - | - |
| Changes in working capital | | |
| Other payables | 4,988 | 25 |
| Amounts due to related parties | 3,627 | 2,520 |
| Cash generated (used in)/from operations | (8,016) | 2,520 |

11. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions

CCGM Pension Administrators Limited charges administration fees to the Scheme. The fees charged for the reporting year are disclosed in Statement of changes in net assets available to participants for benefits. As at 31 December 2022, amounts due to related parties include an amount of €6,147 (2021: €2,520) due to CCGM Pension Administrators Limited. The outstanding payable relates to monthly fees payable from the Scheme to the Scheme Administrator.

12. Statutory information

Lifetime Occupational Pension Scheme is a defined contribution Retirement Benefit Scheme administered by CCGM Pension Administrators Limited. CCGM Pension Administrators Limited is a limited liability company registered in Malta, with the registration number C77072. The registered office of the Company is located at Ewropa Business Centre, Dun Karm Street, Birkirkara.

Portfolio statement

31 December 2022

| | Fair value 2022 € | Percentage of net assets 2022 % |
|--|-------------------------|--|
| Legg Mason Clbr Us Lc Growth Fund X | 35,123 | 6.97 |
| Comgest Grown Europe Opportunity Fund Z | 35,445 | 7.03 |
| BNP Paribas EUR Government Bond Fund I | 38,877 | 7.72 |
| Nordea 1 EUR High Bond Fund BP-EUR | 57,566 | 11.43 |
| Candriam Bonds EUR Government Fund I-EUR | 38,485 | 7.64 |
| Vontobel EUR Corp Bd Mid Yield FD I | 31,641 | 6.28 |
| Fidelity EUR High Yield Fund Y-EUR | 58,587 | 11.64 |
| UBX Lux Euro High Yield Fund | 59,886 | 11.89 |
| Fundsmith Equity Fund T Acc | 22,112 | 4.39 |
| T Rowe Us Blue Equity Fund Q-EUR | 29,037 | 5.77 |
| Invesco EUR Corporate Bond Fund Z | 32,475 | 6.44 |
| Morgan Stanley GI Opportunity Fund Zh | 23,396 | 4.65 |
| | 462,630 | 91.88 |

Portfolio statement

31 December 2021

| | Fair value 2021 € | Percentage of net assets 2021 % |
|--|-------------------------|--|
| Legg Mason Clbr Us Lc Growth Fund X | 25,305 | 7.26 |
| Comgest Grown Europe Opportunity Fund Z | 25,233 | 7.24 |
| BNP Paribas EUR Government Bond Fund I | 24,474 | 7.02 |
| Nordea 1 EUR High Bond Fund BP-EUR | 34,514 | 9.90 |
| Candriam Bonds EUR Government Fund I-EUR | 24,425 | 7.00 |
| Vontobel EUR Corp Bd Mid Yield FD I | 19,303 | 5.53 |
| Fidelity EUR High Yield Fund Y-EUR | 35,542 | 10.19 |
| UBX Lux Euro High Yield Fund | 35,524 | 10.19 |
| Fundsmith Equity Fund T Acc | 12,925 | 3.71 |
| T Rowe Us Blue Equity Fund Q-EUR | 23,930 | 6.86 |
| Invesco EUR Corporate Bond Fund Z | 17,671 | 5.07 |
| Morgan Stanley GI Opportunity Fund Zh | 17,772 | 5.10 |
| | 296,618 | 85.05 |

Statement of change in the composition of the portfolio during the period

As at 31 December 2021, the Scheme's assets consisted of cash and cash equivalents, and contributions receivable. During the year ended 31 December 2022, the Scheme's assets in underlying investments are detailed above.

Changes in membership during the years ended 31 December 2022 and 2021

| | Active | | Deferred | | Members Taking Benefits | | Dependents Taking Benefits | | Other | | Scheme Total | |
|-----------------------------|--------|------|----------|------|-------------------------|------|----------------------------|------|-------|------|--------------|------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Opening balance | 82 | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 18 |
| New entrants | 44 | 68 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 68 |
| Deaths | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Deferred | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Transfers to schemes | -10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Transfer from schemes | 0 | -4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | -4 |
| Retired | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Members commencing benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 |
| Closing balance | 116 | 82 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 82 |