



BDO MALTA

Transparency Report 2024



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Our Why

Many organisations refer to their core purpose as being a 'fundamental reason for being'. At BDO, we call what we stand for our WHY. Our WHY puts into words why BDO exists: it defines us - and it is why we are unique.

In a business powered by people and relationships, we believe that our WHY helps our clients in choosing to work with us and encourages our people to stay with us. It also means that we actively support and help our local communities, initiatives and charitable enterprises.

**People helping people achieve their dreams –
That's our WHY.**

Mission Statement

OUR VISION IS TO BE THE LEADERS
IN ACCELERATING BUSINESS
GROWTH THROUGH EXCEPTIONAL
CLIENT SERVICE. CONSISTENT
EXCELLENCE IN QUALITY,
EMPOWERED PEOPLE AND OUR
VALUES ARE THE FOUNDATIONS
ON WHICH THIS IS BUILT.

This means offering a tailored service, believing
in the importance of close personal relationships,
listening carefully and working with our clients to
determine what exceptional client service
means to them.

Our Brand Values

Our firm is distinctive, we want to preserve and build on the strengths of our culture and the characteristics that make us both successful and different. Our culture is built on a strong belief in our core values.

Honesty & Integrity

Be transparent, genuine and fair.
Operate with the highest degree of
personal and professional integrity.
We need and want our clients to
trust us. This can only happen if we
act with honesty and integrity.

Mutual Support & Respect

Value and support each other.
Maintain an inclusive working
environment where teamwork and
relationships matter. This allows
us to work better together and to
deliver better services to our clients
as a result.

Professional & Personal Client Relationships

Understand the person as well as
the business. Build relationships
based on respect, trust and
exceptional service. This reflects
our commitment to understanding
our clients and their businesses
and markets.

Empowerment & Personal Responsibility

Work with confidence, flexibility
and freedom. Understand that trust
and responsibility go hand-in-hand.
There can be no one-size fits all
approach and we empower our
people to have the flexibility and
freedom to deliver what our
clients need.

Facts & Figures

BDO GLOBAL STATISTICS 2024¹

GLOBAL REVENUES



*at constant exchange rates

TOTAL HEADCOUNT



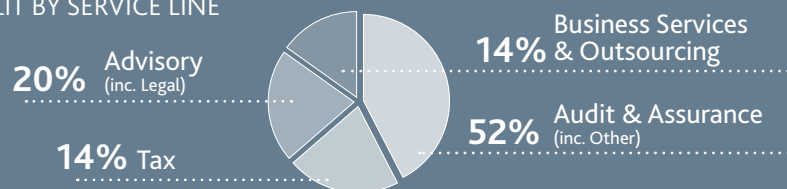
GLOBAL FOOTPRINT



PERCENTAGE REVENUE BY REGION



FEE SPLIT BY SERVICE LINE



¹ Data 1 October 2023 to 30 September 2024 (including alliance firms)

BDO MALTA & BDO ENTITIES IN MALTA STATISTICS 2024²

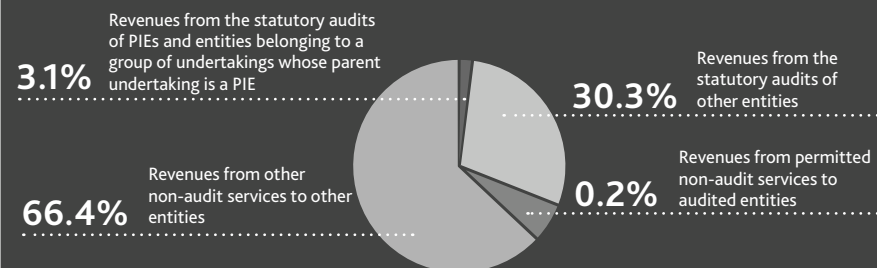
REVENUE



TOTAL HEADCOUNT

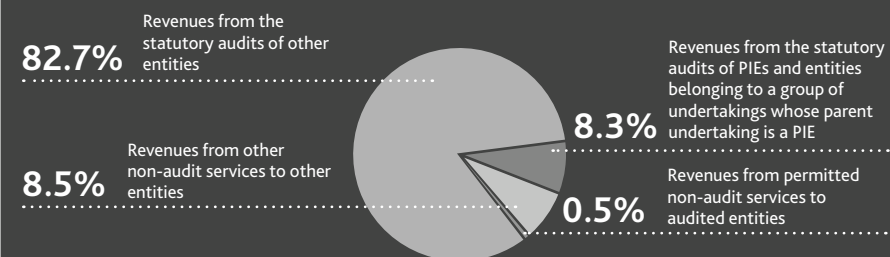


2024 BDO MALTA & BDO ENTITIES IN MALTA REVENUE SPLIT



² Data 1 January 2024 to 31 December 2024

2024 BDO MALTA REVENUE SPLIT



² Data 1 January 2024 to 31 December 2024

Introduction

From the Senior Managing Partner

WELCOME TO BDO MALTA'S TRANSPARENCY REPORT FOR THE FINANCIAL YEAR ENDING ON 31ST DECEMBER 2024

We are excited to present our 2024 Transparency Report.

Throughout 2024, we continued to build on a strong foundation, ensuring that our services meet the expectations of our clients, and our processes meet the relevant standards for regulatory compliance and ethics.

BDO Malta remains committed to integrity, professional excellence, and a sustainable future.

During the year under review, BDO Malta recorded a 10.1% growth in fee income, a reflection of the confidence placed in us by our clients and the efforts put in by our teams. The diversity of our client portfolio, coupled with a multidisciplinary approach, has allowed us to remain resilient and forward-looking.

As businesses face shifting regulatory requirements and operational challenges, we are well-positioned to support our clients with expertise that extends across multiple industries. Quality remains at the core of everything we do, reinforced by continued investment in our people, training, digital resilience, and technology. These areas are critical to ensuring that we deliver the service levels expected of us in an environment that demands both accuracy and timeliness.

We extend our appreciation to our clients, partners, leadership team, and colleagues, whose contributions drive our ongoing success. As we look ahead, we remain focused on strengthening our capabilities, expanding our reach, and continuing to deliver value across all areas of our work.



John J. Attard

Senior Managing Partner

April 2025



Introduction

From the Chief Executive Officer

DRIVING QUALITY, INNOVATION AND GROWTH

BDO Malta continues to strengthen its position as a key partner for our clients. The year under review has been shaped by significant market shifts, regulatory developments, and technological advancements, reinforcing the need for agile advisors and trustworthy audit and assurance professional services.

Our firm has continued to expand its capabilities to ensure that we can continue support our clients' growth. Meeting compliance requirements and managing risks effectively remain an important pillar for any client aspiring to achieve further business prosperity.

BDO Malta recorded a 10.1% growth in fee income, reflecting both the demand for our expertise and the confidence that organisations place in our ability to deliver value.

Beyond fee revenue performance, our success is measured by our purpose of helping our clients succeed the respect we show to our people and our planet.

A key priority has been equipping our professionals with digital tools and training to support our clients in overcoming regulatory and operational challenges. In this context, BDO became the first audit and assurance service provider in Europe to deploy an AI-powered internal audit tool developed by a reputable US company. The efficiency gains estimated to result from this investment will allow our internal auditors to focus their time and skill on key risk areas, thus adding value to our clients, while repetitive tasks become automated.

UPHOLDING A CULTURE OF QUALITY

Quality remains the foundation of everything we do. Our Head of Audit and Audit Partner, Sam Spiridinov, was chosen by the BDO Global Audit Quality leadership to join a team of experts conducting audit quality reviews on other member firms within the network. This is Sam's success but also a feather in our cap at BDO Malta. Sam's handpicking is testament to our Firm's commitment to maintain the highest possible audit quality standards. Our Audit Quality Award allows us to recognise excellence within our audit teams.



Introduction

From the Chief Executive Officer

Beyond audit and assurance, we remain dedicated to helping clients manage risk, regulatory and fiscal compliance, and financial reporting. Our multidisciplinary teams provide guidance across various industries, supporting organisations in meeting their obligations efficiently and effectively. As part of this commitment, we have expanded our Internal Audit team through the engagement of an experienced Director, Ruban Thangaraja. Ruban brings years of solid experience from his previous roles at Big4 firms and is leading BDO Malta efforts to support our clients within their regulatory environment.

ENGAGING WITH INDUSTRY AND STAKEHOLDERS

In late 2024, we held the first BDO Malta Internal Audit Forum, a first-of-its-kind event for Internal Auditors and a significant step in our commitment to thought leadership and industry dialogue. This forum provided a platform for industry leaders, regulators, and senior professionals to discuss the strategic value of internal audit in corporate governance, risk management, and regulatory compliance.

As businesses face heightened regulatory expectations and operational risks, internal audit plays a critical role in ensuring oversight, accountability, and resilience. Through this Forum, we reinforced the importance of collaboration, knowledge-sharing, and practical insights to support organisations in strengthening their governance frameworks.

The event marks a significant step forward in BDO Malta's role in shaping industry discussions and providing professional insights.

LOOKING AHEAD

As we move forward, the business and regulatory landscape will continue to evolve, requiring resilience, innovation, and expertise. At BDO Malta, we remain committed to strengthening our capabilities, embracing technological advancements, and ensuring that our clients receive the highest level of service.

We extend our appreciation to our clients, partners, and team members for their collaboration and dedication. The year ahead presents both challenges and opportunities, and we look forward to continuing providing value-driven solutions to the organisations we serve.



Mark Attard

Partner & CEO

April 2025

TRANSPARENCY REPORT 2024

This transparency report has been drawn up in terms of directive 2006/43/EC of the European Parliament and the council, of 17th May 2006, together with the Accountancy Profession Act. (*Chapter 281 of the Laws of Malta*)

Legal structure and ownership

BDO Malta, a civil partnership registered in Malta, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms (see more detailed information in the next section).

BDO Malta is owned by Mr. John J. Attard and Mr. Mark Attard who are partners within the firm.

At the end of 2024, BDO Malta was managed by two equity partners and three non-equity partners.

The firm provides audit and assurance services, tax and other non-assurance services. It holds a licence to practice as an audit firm in terms of the Accountancy Profession Act.

Other services to clients are provided principally through BDO Consult Limited, BDO Technology Advisory Limited, BDO Services Limited, BDO Fintech Advisory Limited and BDO Advisory Limited.

BDO Malta can trace its origins back to 1978. It became a correspondent of the BDO network in 1988 and a member firm in 1992. Besides being a professional firm of auditors, accountants, tax consultants and advisers, BDO Malta strives to establish durable and loyal ties between partners, staff and clients, while at the same time achieving a balance between the interests of all concerned.

Throughout the years we have brought together a strong team of professionals that can offer an in-depth market knowledge combined with a global industry expertise and technical skills that enable us to fulfill our clients' complex needs.

BDO Malta operates from its only office located in Msida with its registered address at Triq it-Torri, Msida, MSD 1824 Malta.

**BDO
INTERNATIONAL**



BDO International

BDO MALTA IS A MEMBER FIRM OF BDO INTERNATIONAL

DESCRIPTION OF THE NETWORK

The BDO network is an international network of independent public accounting, tax and advisory firms which are members of BDO International Limited and perform professional services under the name and style of BDO (hereafter: 'BDO Member Firms'). BDO is the brand name for the BDO network and all BDO Member Firms.

LEGAL AND STRUCTURAL ARRANGEMENTS IN THE NETWORK

Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee, as either a voting member (one per country) or a non-voting member. BDO International Limited is the governing entity of the BDO network and sets the membership obligations of the BDO Member Firms in the Regulations.

The BDO network is governed by the Council, the Global Board and the Global Leadership Team of BDO International Limited.

The Council comprises one representative from each voting member and comprises the members of BDO International Limited in general meeting.

The Council approves the network's central budget, appoints the Global Board and approves any changes in the Articles and Regulations of BDO International Limited.

The Global Board, which is the Board of Directors of BDO International Limited, comprises a representative of the BDO network's seven largest member firms, whose appointment, each for a three year term, is approved by the Council.

The Global Board sets priorities for the BDO network and oversees the work of the Global Leadership Team. The Global Board meets at least four times a year.



BDO International

BDO MALTA IS A MEMBER FIRM OF BDO INTERNATIONAL

The Global Leadership Team is supported by the Global Office at Brussels Worldwide Services BVBA. Brussels Worldwide Services BVBA, a Belgian limited liability company, provides services to assist in the coordination of the BDO network.

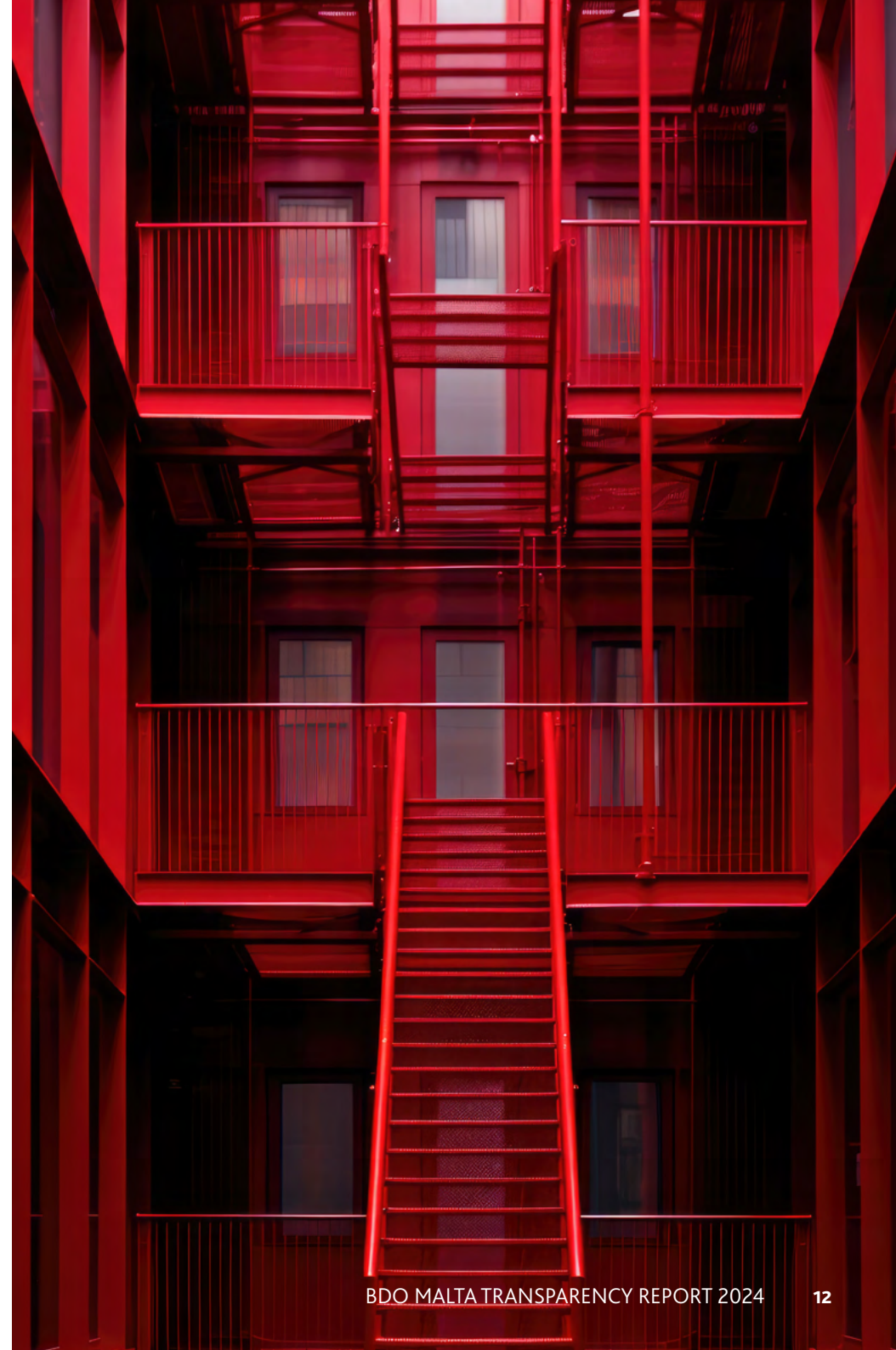
BDO International Limited and Brussels Worldwide Services BVBA do not provide any professional services to clients. This is the sole preserve of the BDO Member Firms.

Each of BDO International Limited, Brussels Worldwide Services BVBA and the BDO Member Firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of BDO shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide services BVBA and/ or the BDO Member Firms.

The global aggregated turnover for BDO member firms (including their exclusive Alliances) in 166 countries for the year ended 30 September 2024 was in excess of €14bn. Partner and staff numbers at 30 September 2024 were some 119,611.

This tangible growth in revenues can be attributed to:

- ▶ The network's successful mergers and acquisitions strategy, aided by the continuing consolidation of the accountancy profession;
- ▶ New firms expanding the network's global footprint and bolstering performance in existing key territories;
- ▶ Sustained organic growth across all regions;
- ▶ The drive to adapt and transform the delivery of exceptional client service through the application of powerful new technologies.



A modern office lobby with a polished floor, a large grey pillar, and a wall with the BDO logo. Two blue armchairs and a small table are in the foreground. A man is walking in the background.

BDO MALTA

BDO Malta

BDO Malta is a Member Firm of BDO International, one of the world's largest professional services firms. BDO provides accounting and auditing, tax and consultancy services on a globally integrated basis with over 1,776 offices in more than 164 countries and territories. Combining our international capabilities and local market knowledge with an extensive range of skills and industry expertise, we are able to provide a complete service for all accounting, audit, legal, management consulting and corporate finance needs.

The following entities conduct their business under the BDO brand in Malta: BDO Technology Advisory Limited, BDO Services Limited, BDO Consult Limited, BDO Fintech Advisory Limited, BDO Advisory Limited.

Licensed by the Malta Financial Services Authority to act as trustee, BDO Consult Limited's team of well-trained individuals work with integrity and commitment to providing an excellent service tailored to meet specific requirements.

The services we provide are as follows:

- ▶ Tax Consultancy
- ▶ Tax & VAT Compliance
- ▶ Incorporation / Formation of Companies
- ▶ Finance & Accounting Outsourcing
- ▶ Banking
- ▶ Legal & Consultancy Services
- ▶ Licensing
- ▶ Correspondence & Administrative Services
- ▶ Company Secretary
- ▶ Directorship
- ▶ Audit & Assurance
- ▶ Payroll
- ▶ Trusts & Foundations
- ▶ Securitisation Vehicle & Funds Setup
- ▶ Malta Residence & Visa Programme
- ▶ Gaming Advisory & Compliance
- ▶ Gaming Key Individuals Outsourcing
- ▶ AML/CFT Compliance Advisory
- ▶ IT Assurance
- ▶ IT Managed Solutions
- ▶ IT Compliance & Regulatory Advisory
- ▶ Accounting & Outsourcing
- ▶ Risk Advisory
- ▶ Fintech Advisory
- ▶ Fiduciary Services
- ▶ Technology Solutions & Advisory
- ▶ Aircraft Registration and Tax Advice
- ▶ GDPR & DPO Services
- ▶ Internal Audit
- ▶ Whistleblower Protection Services
- ▶ DORA Compliance Services

BDO Malta is an end-to-end corporate services provider assisting international and local companies in transactions, tax, licensing for regulated businesses, company administration, advisory and consulting as well as other corporate requirements.

Our team evolved in its present form through the engagement of specialists who have excelled in their various fields. Our exceptional service delivery is built on five key components: clear understanding of client needs, effective communication, commitment to our clients, the best available professionals and strong ethical values.

Governance Structure & Internal Quality Control

GOVERNANCE STRUCTURE

At BDO Malta, the management function is carried out by the partners. Mr. John J. Attard is the Senior Managing Partner. The partners of the firm are Mr. John J. Attard, Mr. Mark Attard, Mr. Sam Spiridonov, Mr. Josef Mercieca and Mr. Andrew Zarb Cousin.

Mr. John J. Attard and Mr. Mark Attard each hold 50% of the voting rights in the firm.

Mr. Mark Attard is the Chief Executive Officer and International Liaison Partner. All salaried partners receive an agreed remuneration package that is commensurate to their position and responsibilities.

The equity partners do not receive a fixed salary. They share profits on an annual basis in proportion to their equity.

LEADERSHIP RESPONSIBILITIES FOR QUALITY WITHIN THE FIRM

Quality management is dependent upon an organisational structure which is inherently sound, and which clearly defines the responsibilities of the various levels of management.

The leadership at BDO Malta is responsible for:

- ▶ developing assurance methodology and guidance to ensure compliance with auditing standards;
- ▶ maintaining the firm's technical manuals and communicating developments to the firm's partners and staff;
- ▶ helping maintain the firm's assurance practice at the highest standards prevailing in the profession, including the supervision of the firm's auditing work;
- ▶ consulting with local office partners and other professionals seeking technical advice; and overseeing the firm's technical continuing professional education programmes.

The Chief Executive Officer has the ultimate responsibility and accountability for BDO Malta system of quality management.

Our culture of quality is built on the commitment to integrity and ethical behavior. Ethics and Independence Leader has the operational responsibility for the firm's compliance with ethics and independence requirements.

The Head of Quality Management has operational responsibility for the system of quality management and also operational responsibility for the monitoring and remediation process of the firm.

BDO Malta's ongoing mission is to drive quality throughout the firm. The evaluation of a firm's performance also involves the review of a sample of assurance engagements. Other monitoring procedures are implemented and performed at firm level by responsible person(s) on a periodic and continuous basis. These procedures are focused on compliance with professional standards and incremental BDO standards.

The Audit Partners have responsibility in respect of audit quality within the firm. Any changes in the firm's audit procedures can only be made after authorisation has been given by one of the partners.

The firm continually strives to achieve high quality standards in the services provided. In achieving this it is the firm's policy:

- ▶ to ensure quality in all assignments performed;
- ▶ to ensure that commercial considerations never override the quality of performance;
- ▶ to ensure that sufficient resources are devoted to the development and support of the firm's policies and procedures; and
- ▶ to ensure that all audit work is controlled and signed off by the partners.

ETHICAL AND INDEPENDENCE REQUIREMENTS

The Firm maintains compliance with independence standards specific to engagements. Compliance is maintained by adapting the framework set out in the BDO Global Independence Policy which encapsulates the IESBA Code of Ethics for professional accountants (including International Independence Standards) and The Code of Ethics requirements.

The Firm also adopts independence requirements as stipulated in The Code of Ethics for Warrant Holders issued under the Accountancy Profession Act (Cap 281) and Accountancy Profession Regulations 1986 (as amended), without reducing the requirements set out in the IESBA code of ethics.

The Firm's adherence to this global policy extends to encompassing engagements under ISQM1.

The Ethics & Independence Leader (EIL) is a crucial role within each firm in the BDO network. The primary responsibility of the EIL is to safeguard BDO from potential threats to independence and conflicts of interest by ensuring that the local firm adheres to the BDO's Global Ethics & Independence Management Programme. The EIL appointed at BDO Malta serves as a bridge between the BDO firm and Global Independence.

An internal review of independence compliance within BDO Malta has been conducted in which:

1. The policies available on the BDO Malta intranet are diligently followed by all staff members. This includes proactively identifying potential breaches, documenting them, and taking timely corrective action.
2. Comprehensive documentation is collected from all staff members to confirm their fit and proper status. Additionally, any financial, familial, or other interests that may affect their independence are disclosed. Where potential independence concerns arise, appropriate measures are implemented to ensure continued compliance with regulatory and ethical standards.
3. The firm's leadership actively upholds the importance of independence, embedding it within the governance framework to reinforce a culture of integrity and compliance.

The Firm considers several critical independence factors that are considered in the audit process, in order to safeguard objectivity and professional judgement. Ensuring that the audit process remain unbiased and free from influences that may compromise professional judgement, the following measures are taken into account:

1. Financial, Employment, and Business Relationships:

Auditors assess financial, employment, or business relationships that may impact their independence. This includes relationships with the audited entity, its executives, or any other parties related to the client. Disclosures ensure that potential conflicts of interest are identified, and further evaluated to identify if objectivity would be compromised.

2. Pre-Approval and Permissibility of Services:

Pre-approval processes are established to evaluate and approve non-audit services provided by the audit firm to the client. A review of the nature, scope and fees of such services are taken into account to determine the permissibility of these services to prevent any compromise of independence.

3. Rotation Requirements:

In regard to long-term familiarity risk, leading to compromised objectivity, rotation requirements are implemented. These requirements mandate the periodic rotation of audit partners and engagement teams.

4. Fee Arrangements:

Audit fees are structured in a manner that ensure independence. Excessive fees or dependence on select clients for substantial revenue would compromise the auditors ability to maintain objectivity. Audit fees are reviewed preventing undue influence on the audit process.

5. Partner Remuneration:

Partners are not tied to the financial performance of the audited entity. Performance-based incentives can lead to conflicts of interest. A transparent and fixed remuneration structure is incorporated to uphold independence and professional judgement.

6. Ethics & Independence training

All BDO partners and employees attend an Ethics & Independence training upon joining BDO.

Annual training is also conducted, inclusive of mandatory testing ensuring that processes, policies and mandatory requirements are adhered to.

Annual declarations are submitted by all partners and staff to verify adherence to relevant ethical standards.

APPLICATION OF SAFEGUARDS IN RELATION TO THREATS TO INDEPENDENCE

Where the independence of the firm is threatened (excluding cases where specific action is prohibited), an impartial evaluation is conducted by the Audit Partner, distinct from the Audit Engagement Partner, to uphold the integrity of the firm.

If the implemented safeguards are deemed insufficient to address the relevant threats, the firm is to withdraw from its role as auditor, ensuring that the established safeguards are approved by the Ethics and Independence Leader.

Team members are responsible for informing the Audit Engagement Partner, Head of Audit & Assurance Quality Management, and the Ethics & Independence Leader about potential threats to independence.

The permissibility of non-audit services is evaluated to ensure compliance with ethical standards. Additionally, any partner other than the Audit Engagement Partner intending to perform non-audit services for an audit client must inform the Audit Engagement Partner before initiating any work to properly assess the overall impact of ethical requirements on the audit engagement.

CONFLICT MANAGEMENT (COI 1)

BDO Malta acknowledges the possibility of encountering conflicts of interest (COI) while providing professional services, which can jeopardize objectivity and other fundamental principles.

Conflicts of interest may arise when serving multiple clients with conflicting interests on a particular matter or when the firm's interests clash with those of a client concerning a specific matter.

BDO Malta is committed to protecting professional and business judgment and will not allow conflicts of interest to compromise them.

To address this, BDO Malta undertakes reasonable measures to identify potential conflict.

A formal and effective Conflict of Interest (COI) check process is implemented to identify actual or potential conflicts of interest before accepting a client, starting a new engagement for an existing client, or entering into any other business transactions.

BDO Malta ensures that internal communication takes place, in order to assess if a conflict of interest is present, concerning all types of services, i.e. Audit and Non-Audit Services (NAS).

For clients operating internationally, an international COI process is conducted. This process involves communication with other BDO member firms to ensure comprehensive conflict checks.

This process is conducted in order to identify COI at early stages, which increases the likelihood of implementing safeguards to eliminate or reduce the threat to objectivity and compliance with other fundamental principles to an acceptable level.

When potential conflicts are identified, the designated partners assess the appropriate safeguards needed for BDO Malta to accept or retain the engagement.

If conflicts cannot be eliminated or reduced to an acceptable level, even with safeguards in place, BDO Malta declines the specific engagement or resigns from conflicting engagements.

THE COI 2 PROJECT (ENTITY MANAGEMENT SYSTEM (EMS))

BDO Global launched the COI 2 Project in 2023 and currently it is in an implementation stage. This is a technology solution designed to help BDO firms to manage their legal entities, subsidiaries, and corporate structures efficiently. It centralizes critical corporate records, compliance data, governance documents, and operational details of various business entities within BDO network. The new technology consists of Global Entity Management System (EMS) that includes the client data to enable One corporate tree across BDO and Global Decision management (DM) that aims at providing one global independence and COI tool, replacing for COI1. A standardised Global Taxonomy is introduced across BDO.

BDO Malta maintains a database of all serviced restricted entities on the Entity Management System (EMS), including listed companies and other public interest entities.

This project streamlines local and global processes, allowing for timely and informed decisions. The project optimizes the utilization of the firm resources, ensuring that professionals can focus on delivering high-quality services with the confidence that our independence protocols are robust and responsive. This project's assisted automation ensures accuracy, responsiveness, and increased efficiency in COI and independence checking processes. This, in turn, allows BDO professionals to concentrate on what they do best – providing exceptional service to clients while upholding the highest standards of independence. This strategic investment contributes to the creation of a cohesive and integrated global network, fostering collaboration and transparency.

ACCEPTANCE AND CONTINUANCE OF CLIENT RELATIONSHIPS AND SPECIFIC ENGAGEMENTS

Robust client and engagement acceptance procedures play a pivotal role in the firm's ability to deliver a professional and quality service.

Prior to the acceptance of any new client, procedures to assess the risks associated with that client must be carried out. These will include:

- ▶ consideration of the client's business including its geographical spread and the industry it operates in;
- ▶ evaluation of information concerning the client, its management and its owners including obtaining evidence of the identity of the owners and officers of the business;
- ▶ considering information regarding the character and reputation of the prospective client and key personnel;
- ▶ assessment of potential independence risks and potential conflicts of interest;
- ▶ if relevant, inquiry of the previous auditor regarding the reasons for the change in auditor and if there is any reason why we should not accept the appointment;
- ▶ assessment of our ability to serve the prospective client; and
- ▶ reviewing filings of the company, including prior year financial statements.

The acceptance of all clients requires an approval process that is appropriate to the perceived risk. "High risk" assurance clients require prior approval by the Audit Engagement Partner and the Chief Executive Officer.

The firm has in force appropriate safeguards to ensure that any familiarity threat arising from a long association with a client by either a partner or key staff member is reduced to an acceptable minimum level.

The firm only accepts or continues an assignment when it is certain that the client concerned does not lack integrity, and that is competent to perform the required services and that it can comply with ethical standards and the Code of Ethics.

The Audit Engagement Partner completes the firm's client acceptance or re-appointment documentation before the start of every assignment. The relevant sections of the firm's standard audit procedures are completed during the planning stage of the assignment.

The Audit Engagement Partner must consider on an ongoing basis any information which arises in respect of an assignment and which would have had an impact on the decision to accept re- appointment.

AUDIT FIRM'S INDEPENDENCE

The firm has in place policies aimed at ensuring that it is compliant with acceptable independent standards and good practice.

These policies cover the firm, the partners and administrative staff. It is the firm's policy to encourage and support the continued professional education of all professional staff, including staff members engaged in auditing.

It is through continued professional education that the firm can ensure that high standards are maintained in the quality of work produced.

These policies and procedures adopted by the firm meet, and in many instances exceed, those that are promulgated by the Accountancy Board and the Malta Institute of Accountants.

These include:

- ▶ an annual declaration undertaken by all partners and staff;
- ▶ audit file quality control reviews examining a selection of audit files covering all Responsible Individuals on an annual basis; and other monitoring activities targeting specific aspects of audit independence.

All these monitoring and review activities were operational during the past financial year.

The Firm has designated Ethics and Independence Leaders, who monitor compliance with the applicable independence policies and procedures, provide consultations regarding independence matters, and oversee independence training.

The Firm also maintains a database of all serviced restricted entities on the Entity Management System (EMS), including listed companies and other public interest entities.

The EMS is available on our intranet and its objective is to prevent the performance of prohibited non-assurance services or investment in these entities.

The database is continuously updated, and monthly confirmations are provided to global offices, ensuring transparent and accurate representation of the client database.

Prior to the acceptance of new clients or re-acceptance of existing clients, the firm's engagements teams perform procedures to identify potential conflicts and threats that may arise that would compromise independence.

These procedures include sending and processing conflict of interest checks, on the Member Firm Square Portal, facilitating international conflict of interest and independence checks throughout the BDO network.

PREVENTION OF MONEY LAUNDERING AND FUNDING OF TERRORISM

BDO Malta maintains a strong commitment to the prevention of money laundering and the financing of terrorism through the implementation of a comprehensive AML/CFT framework. This framework is embedded within BDO Malta's client acceptance and continuance procedures, ensuring that risk-based principles are applied consistently across all service lines.

Central to this framework is the BDO Malta's commitment to maintaining a dynamic risk assessment methodology, which is continuously reviewed and updated to reflect changes in regulatory requirements, typologies, and emerging threats. BDO Malta actively monitors sector developments and international guidance to ensure its internal controls remain aligned with industry best practices.

Our internal AML/CFT policies clearly define the BDO Malta's risk appetite and establish a structured approach to risk identification, assessment, and mitigation. Controls are designed not only to prevent and detect illicit activity but also to facilitate early intervention where risk indicators emerge. Where client relationships or transactions present elevated or non-standard risks, these are escalated to internal risk committees for further scrutiny and decision-making.

BDO Malta has also taken steps to integrate risk-based technological solutions to support its compliance monitoring, transaction review, and customer due diligence processes. These tools assist in identifying potential red flags and maintaining up-to-date client

profiles, which are subject to periodic review and ongoing monitoring.

The Partners, Directors, and the MLRO maintain oversight of the AML/CFT programme and are directly involved in reinforcing the culture of compliance. The compliance function, operating independently, conducts file reviews and quality assurance checks to assess adherence with due diligence standards and reporting obligations.

All staff members are required to undertake AML/CFT training at least annually. This mandatory training covers legislative updates, internal procedures, case studies, and the roles and responsibilities of staff, including escalation protocols and how to recognise and report suspicious activity. Staff also confirm their awareness of the MLRO's identity and responsibilities. This training is supplemented by targeted refreshers and updates as needed, based on evolving risk or regulatory change.

Through these measures, BDO Malta ensures that its operations remain resilient against ML/FT threats, while upholding the integrity and trust placed in it by clients, stakeholders, and the broader public.

Participation in Industry Events

Our teams retained a high level of activity throughout 2024 ensuring the BDO brand is present at several high-profile conferences attending as exhibitors and visitors.

ICE LONDON 2024

BDO Malta proudly participated in ICE London 2024, one of the largest and most influential gaming events in the world, held from February 6th to the 8th, 2024.

At ICE London 2024, BDO Malta showcased its expertise in supporting gaming and payment companies with regulatory compliance, advisory, technology and assurance services. Our team engaged with industry stakeholders to discuss key regulatory developments, cross-border compliance challenges, and risk management strategies. We provided insights on licensing requirements, internal audits, financial reporting, and regulatory frameworks affecting both gaming operators and payment service providers. With a focus on multi-jurisdictional compliance, we outlined how our tailored solutions support businesses in meeting their obligations while maintaining operational efficiency and integrity.



PARTICIPATION IN INDUSTRY EVENTS



BDO MALTA SPONSORS THE GOVERNANCE, RISK, COMPLIANCE AND ESG CONFERENCE 2024 ORGANISED BY THE MALTA STOCK EXCHANGE

BDO Malta was one of the platinum sponsors of the 2024 Governance, Risk and Compliance Summit, hosted by the Malta Stock Exchange.

PARTICIPATION IN INDUSTRY EVENTS



BDO AUDIT LEADERSHIP SUMMIT 2024

Our Audit team participated in the Audit Leadership Summit 2024 organised by BDO Global in Lisbon, Portugal. BDO Malta was represented by Audit Partner Andrew Zarb Cousin.



BDO GLOBAL LEADERSHIP SUMMIT 2024

Our CEO Mark Attard & Head of Corporate Development Chris Scicluna took part in the BDO Global Leadership Summit 2024, held in Kuala Lumpur, Malaysia, in October 2024.

PARTICIPATION IN INDUSTRY EVENTS



SIGMA MALTA 2024

BDO Malta participated as an exhibitor at the 10th edition of SiGMA Europe, one of the biggest gaming expos of the year, held in Malta from November 11 to November 14, 2024. The annual Malta Week event hosted by SiGMA Europe brings together an expo, conference, and networking opportunities with an international and diverse lineup of industry professionals. BDO's participation at SiGMA Europe 2024 was a resounding success. Throughout the event, BDO's staff members were on hand to answer questions and network with other industry professionals, proving to be a valuable resource for visitors seeking information or guidance about gaming licensing in Malta.



BDO MALTA AT THE NEXT VALLETTA '24 SUMMIT ORGANISED BY NEXT.IO

BDO Malta participated in the Next Valletta '24 Summit, organised by Next.io. The event brought together professionals from the gaming and payment sectors for focused discussions on regulation, innovation, and operational strategy. Our team engaged with industry peers and contributed to conversations relevant to in-scope organisations across Europe and beyond.

PARTICIPATION IN INDUSTRY EVENTS



BDO MALTA INTERNAL AUDIT FORUM

BDO Malta hosted the Internal Audit Forum on 20 November 2024, welcoming a full house of senior executives, non-executive directors, and professionals from internal audit, risk management, and ICT Risk functions. The event focused on the theme "Internal Audit: Compliance Routine or Driving Value?" and explored how internal audit functions can contribute beyond regulatory compliance to deliver meaningful insights and support strategic decision-making. (cont.)

PARTICIPATION IN INDUSTRY EVENTS



BDO MALTA INTERNAL AUDIT FORUM

Speakers from BDO Malta and guest panellists addressed current regulatory expectations, the impact of digital transformation, and the evolving demands on assurance functions. The Forum also highlighted how internal auditors can support the implementation of frameworks such as DORA, particularly within regulated industries. The event was CPE-accredited and offered a platform for knowledge sharing and peer engagement.

PARTICIPATION IN INDUSTRY EVENTS



BDO MALTA SPONSORS FINANCEMALTA'S NETWORKING EVENT IN LONDON

Malta's standing as an international financial jurisdiction took centre stage during a high-profile networking event held in the City of London on 4 December. The event was initiated by the Malta Financial Services Advisory Council (MFSAC) and organised by FinanceMalta, with BDO Malta among the sponsors. It was followed by a reception at the historic Guildhall, which brought together over 600 international delegates. BDO Malta was represented by CEO Mark Attard and Head of Corporate Development Chris Scicluna.

PARTICIPATION IN INDUSTRY EVENTS



BDO MALTA'S TAX TEAM FEATURE IN WEBINAR DISCUSSIONS

Our Tax professionals participated as speakers in various webinars, sharing insights on developments affecting both international and local tax compliance.

A photograph of three female employees in a modern office setting. They are seated around a dark wooden conference table, each with a laptop. The employee on the left is looking towards the center. The employee in the middle, wearing glasses and a black top, is smiling and looking towards the right. The employee on the right, also wearing glasses and a white top, is smiling and looking towards the center. All three are wearing red lanyards with the BDO logo. In the background, there is a whiteboard on a stand and a dark door. The text 'PEOPLE & CULTURE' is overlaid in white on the left side of the image.

PEOPLE & CULTURE



People & Culture

The People & Culture department plays a vital role in the firm's success. It ensures that we maintain high ethical standards while adhering to professional and legal requirements. This function is consistently focused on enhancing the following areas:

- ▶ clear and consistent policies;
- ▶ recruitment;
- ▶ performance management, training and development;
- ▶ compensation and benefits.

CLEAR AND CONSISTENT POLICIES

Our BDO Policies and Procedures are continually updated to enhance the firm's policies and procedures for our office. They are continuously monitored by our team who ensure that the contents are up to date and consistent with the guidelines set by the company.

These guidelines are formed by taking into consideration Maltese legislation as well as regulations set out by BDO International and the latest best practices in cyber security, AML and other areas.

The BDO Policies and Procedure Manual provides clarity and coherence on company goals, structures and vision to enable employees to align with them. Every employee has access to these and they are expected to make themselves familiar with its contents and any updates which may happen from time to time.

Non-compliance with the firm's policies and procedures by employees, is considered an obstruction of the professional and ethical standards set by the firm and may lead to various consequences.

RECRUITMENT

One of the leading functions overseen by our People and Culture team is recruitment, who work actively to find and attract professional as well as talented personnel.

The team works actively to promote diversity and inclusiveness within the firm's culture which is equally projected in the recruitment process where we do not discriminate on age, disability, ethnicity, gender, nationality, race and religion.

19
Different
nationalities

61%
Female

39%
Male

24%
Parents

33
Years
average age



COMPENSATION AND BENEFITS

As a firm we believe that success can only be channeled through our employees and the service that they provide to our clients. In return we invest in our employees by providing compensation and benefits to ensure that they are motivated and driven towards their daily responsibilities.

A list of benefits which BDO Malta provides are:

- ▶ Competitive Salary Package
- ▶ Annual Bonuses / Salary Increase based on performance
- ▶ Relocation Support
- ▶ Career Development & Educational support
- ▶ Health Insurance Plan
- ▶ Regular Social Activities throughout the year
- ▶ Casual Fridays
- ▶ CSR Activities
- ▶ Underground Parking
- ▶ Reduced Summer hours
- ▶ Hybrid work week
- ▶ Flexible start & end working times
- ▶ Training & Development

PERFORMANCE MANAGEMENT, TRAINING & DEVELOPMENT

The firm believes in the continuous development of employees as it warrants up to date knowledge which can be implemented in their day to day tasks. In fact, the firm has put in place certain processes such as, yearly performance reviews, reviews for employees under probation, identifying conferences / seminars which could prove beneficial to employees and educational support for employees who are interested or are already undertaking educational courses. The firm also invests in numerous soft skill training programmes to support its employees in their continuous personal development.



BDO MALTA IN THE COMMUNITY

BDO MALTA IN THE COMMUNITY

At BDO Malta, we believe that we have a responsibility towards our community and our people. We are committed to being a responsible business and continuously try to help contribute to the wider community and the world around us.

This philosophy towards BDO's corporate social responsibility is aligned with BDO's values and our desire to be actively involved in the hopes of making a long-lasting positive impact. Our involvement in the community includes both financial support and the investment of our people's expertise and time in organisations and causes.

Every year, especially around Christmas, BDO in Malta make a special effort to assist those in need in the community, as part of the annual firm's corporate social responsibility plan.

You can find below a list of NGOs and charities that we supported as part of our firm's CSR plan:

Children's dreams

Children's Dreams is a project with the sole mission of making the Christmas wishes come true for the children identified by FSWS, which come from families facing social and financial difficulty, and also children being raised in Children's Homes.

NahsebFik

This project, "NahsebFik", publishes the wishes of elderly people who are lonely and face various social difficulties and possibly have health issues.

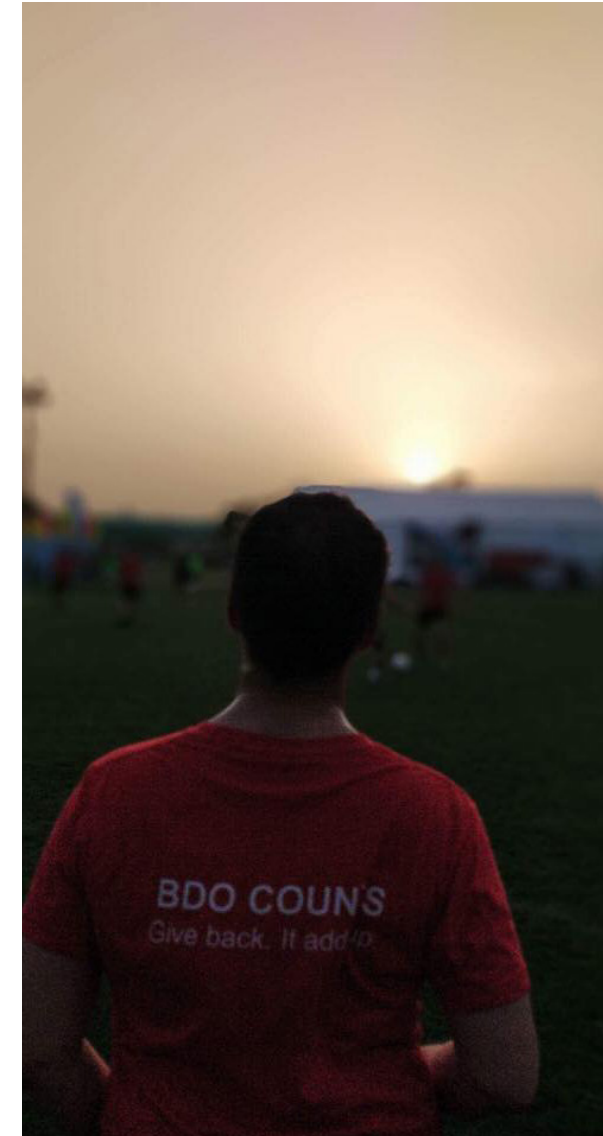
Our staff step in to support these initiatives and grant wishes by purchasing gifts for the elderly and children. The gifts are collected at the firm's office and then delivered by the team to the local distribution centres. Around Christmas, we also collect non-perishable food items that are donated to the Foodbank lifeline Foundation.

Foodbank Lifeline foundation

Foodbank Lifeline Foundation was set up by Reverend Kim Hurst in 2015 when a member of her congregation saw someone searching for food in a public rubbish bin. Upon hearing that no foodbank existed in Malta she made it her mission to ensure that no one in Malta had to suffer the indignity of hunger. From feeding 30 families a month, they are now feeding thousands of people every year.

BDO Charity fund

As part of our commitment to social responsibility, we have an internal charity fund, supported by BDO Malta's employees and coordinated by the Social Committee. This fund enables us to contribute to various charitable organisations throughout the year, supporting initiatives that make a meaningful difference in our community.



BDO IN THE COMMUNITY



BDO MALTA SPONSORS UNIVERSITY OF MALTA ANNUAL CONFERENCE ORGANISED BY THE FACULTY FOR SOCIAL WELLBEING AND THEMED 'BECOMING RE-INSPIRED'



BDO MALTA SUPPORTS THE MOVEMBER INITIATIVE IN SUPPORT OF MEN'S MENTAL HEALTH

BDO IN THE COMMUNITY



DONATION FOR BREAST CANCER AWARENESS MONTH DURING PINK OCTOBER



OUR TEAM GATHERED FOR A PIZZA-MAKING SESSION AS A MEANINGFUL INITIATIVE TO RAISE FUNDS FOR BREAST CANCER AWARENESS MONTH

BDO IN THE COMMUNITY



DONATION TO MALTA TRUST FOUNDATION

Our team donated laptops and it equipment to the Malta Trust Foundation with the aim of helping children in need.

STAFF EVENTS

Our events are an opportunity for our people to interact in a more informal way. In 2024, the staff participated in several social events, career events, training and development sessions organised throughout the year which provided them with the opportunity to socialise both during and outside our normal working environment.



CELEBRATING EASTER AT THE OFFICE



MUSIC BINGO EVENT AT BDO MALTA

STAFF EVENTS



RECOGNISING EUROPEAN LAWYERS' DAY AT BDO MALTA



BDO'S TEAM EVENTS: FRIDAY AT THE OFFICE

STAFF EVENTS



HONORING FATHER'S DAY AT BDO MALTA

STAFF EVENTS



20,000 FOLLOWERS MILESTONE ON BDO MALTA'S LINKEDIN COMPANY PAGE



STAFF EVENTS



CELEBRATING MOTHER'S DAY AT BDO MALTA



MARKING INTERNATIONAL WOMEN'S DAY AT BDO MALTA

STAFF EVENTS



WELCOMING THE START OF SUMMER HOURS AT BDO MALTA



BDO MALTA SUMMER PARTY 2024

STAFF EVENTS




BDO MALTA CHRISTMAS PARTY 2024

STAFF EVENTS



CELEBRATING THE CHRISTMAS FESTIVITIES AT THE OFFICE

A man and a woman are standing in an office, looking at a document. The woman, on the left, has dark braided hair and is wearing a light-colored floral shirt. The man, on the right, has light brown hair and is wearing a dark red sweater over a white collared shirt. They are both looking down at a document held by the man. The background is a blurred office environment with other people working.

ENGAGEMENT PERFORMANCE AND AUDIT QUALITY



The firm's system of quality management (SoQM)

OVERVIEW OF THE SOQM

International Standards on Quality Management 1 ('ISQM 1') became effective on 15 December 2022 and required firms to establish a System of Quality Management ('SoQM') which takes a proactive and risk-based approach to managing quality.

BDO Malta is responsible for designing, implementing, and operating a SoQM for audits or reviews of financial statements, or other assurance or related services engagements performed by the firm, to provide the firm with reasonable assurance that the objectives of the SoQM are being achieved.

The Firm has invested significant time and resources to establish and operate a SoQM that complies with ISQM 1 and achieves the objectives that that:

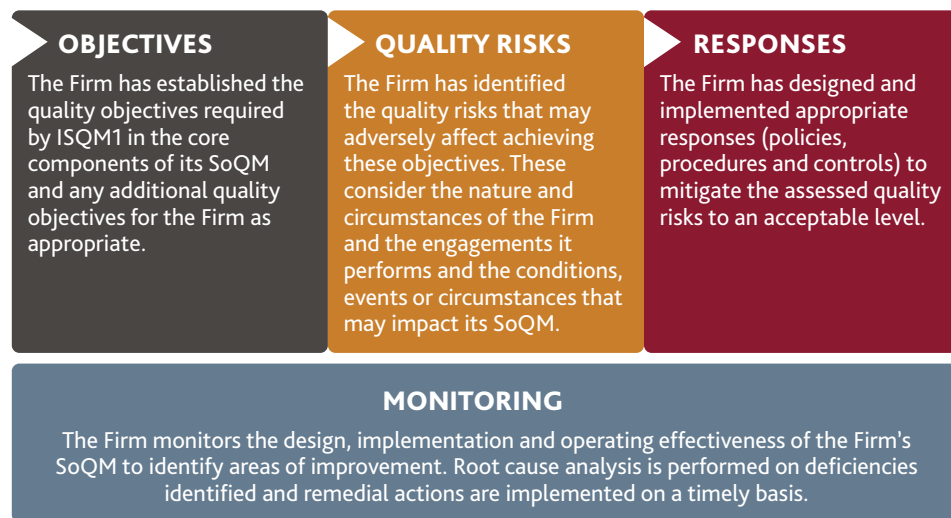
- ▶ The Firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- ▶ Engagement reports issued by the Firm or engagement partners are appropriate in the circumstances.

The Firm has adopted all of the quality objectives and specified responses as set out in ISQM 1 for all of the eight components covered by our SoQM. The eight components are:

- ▶ The Firm's risk assessment process
- ▶ Governance and leadership
- ▶ Relevant ethical requirements
- ▶ Acceptance and continuance of client relationships and specific engagements
- ▶ Engagement performance
- ▶ Resources
- ▶ Information and communication
- ▶ The Firm's monitoring and remediation process

These components operate in the Firm's SOQM in an iterative and integrated manner. Other requirements of ISQM 1 comprise the roles and responsibilities for the SoQM, leadership's overall evaluation of the system, network requirements or network services and documentation.

To support the achievement of the Firm's overall quality objectives, in establishing and continuously improving the Firm's SoQM, the Firm has carried out the following for each of the components of its SoQM:



The Firm identifies emerging developments and changes in the circumstances of the Firm or its engagements and adapts its system of quality management to respond to such changes.

Robust monitoring and remediation are an important component of the Firm's SoQM to ensure that the Firm continuously seeks to improve its quality processes. The monitoring performed may identify deficiencies in the Firm's SoQM. Deficiencies may exist where:

- ▶ A quality objective required to achieve the objectives of the system of quality management is not established;
- ▶ A quality risk, or combination of quality risks is not identified or properly assessed;

- ▶ A response, or combination of responses, does not reduce to an acceptably low level the likelihood of a related quality risk occurring because the response is not properly designed, implemented, or operating effectively; or
- ▶ Another aspect of the soqm is absent, or not properly designed, implemented, or operating effectively, such that a requirement of isqm 1 has not been addressed.

A fundamental part of an effective monitoring and remediation process is to perform root cause analysis ('RCA') on the identified deficiencies to understand why deficiencies arose and to be able to design an effective remediation plan to prevent deficiencies from occurring again in the future. On at least an annual basis the firm evaluates whether these deficiencies have a severe and/or pervasive impact on the achievement of the quality objectives in the Firm's SoQM.

Evaluating the SoQM

The Firm's annual evaluation of the SoQM considers information gathered about the design, implementation, and operation of the system of quality management from monitoring activities performed over the period up to the evaluation date. The monitoring activities include testing the operating effectiveness of responses, reviewing findings from internal and external inspections of engagements, and considering other relevant information obtained about the SoQM.

The Firm uses professional judgment to evaluate the results of these monitoring activities to determine whether findings, individually or in aggregate, are assessed to be deficiencies in the SoQM. For all deficiencies identified, the root cause is investigated and the severity and pervasiveness of the deficiency on the SoQM, individually and in aggregate with other identified deficiencies, is evaluated.



Statement on the Firm's evaluation of the SoQM

We conducted our evaluation in accordance with ISQM 1 and concluded that the firm's SoQM provides the firm with reasonable assurance that the objectives of the SoQM are being achieved as of 30 September 2024.

Reasonable assurance is obtained when the SoQM reduces to an acceptably low level the risk that the objectives of the SoQM are not achieved. Reasonable assurance is not an absolute level of assurance, because there are inherent limitations of a SoQM.

For any identified deficiencies, the Firm designs and implements remedial actions to address identified deficiencies that are responsive to the results of the root cause analysis and remedial progress is monitored.

ENGAGEMENT PERFORMANCE & AUDIT QUALITY

Common methodology

The Firm's policies and procedures are designed to ensure that audits meet all applicable professional standards and regulatory requirements and that the firm issues reports that are appropriate in the circumstances. To achieve this and to ensure consistency in the approach to auditing and related fundamental application of professional scepticism throughout the BDO network, BDO International has developed the common BDO Audit Methodology, related software tools and other standard forms of documentation.

This methodology is fully compliant with International Standards on Auditing (ISAs) and where appropriate these common processes are used by BDO International member firms.

APT Next Gen, BDO International's in-house state of the art audit software, remains the single largest global project of its kind and its evolution continues. With further substantial audit methodology and IT investment, the next generation of APT was developed and deployed in 2019 throughout the network. In 2023, BDO International has implemented a new version of APT NG 5.2.0

By designing APT NG to take advantage of recent technological advances, we are able to:

- ▶ safeguard the structural integrity of the tool for the future;
- ▶ provide us with a fully-integrated tool that reflects the latest interpretations of the auditing standards, and
- ▶ enable teams to work efficiently on both large and small engagements.

BDO AUDIT APPROACH

All BDO audit projects are managed in APT NG (Audit Process Tool). The software connected to Caseware Working Papers or internal TB tool for lead schedules and other financial information and uses templates of audit procedures that can be tuned for every client. The APT NG brings significant benefits to our audit practices throughout the network: timely and more efficient multi-location and cross border audits, a more intuitive audit methodology compliant with the clarified International Standards on Auditing (ISAs), teamwork on a real-time basis, consistent worldwide audit performance, scalability, and expected efficiency improvements after the first year.



SUPERVISION AND REVIEW

The Firm requires all professional work to be supervised by staff members who have appropriate knowledge and experience. It is the responsibility of the relevant partner to ensure that related risks are identified and that decisions are taken by those with an appropriate level of authority.

The relevant partner must also ensure that professional work is carried out efficiently and that it meets the firm's standards in all respects. The Firm's review procedures are designed to ensure efficient control of the audit as it progresses. At a granular level these are designed to ensure that:

- ▶ the work is performed in accordance with applicable standards and regulations;
- ▶ significant matters have been raised for further consideration and appropriately addressed;
- ▶ appropriate consultations have taken place;
- ▶ the planned work has where necessary been reviewed and that the objective of all planned work has been achieved;
- ▶ the work performed and evidence obtained supports the conclusions reached; and
- ▶ the documentation present on the audit file enables an experienced auditor to understand the significant matters arising on the audit as well as the nature, timing and extent of the procedure undertaken, the results of those procedures and the evidence obtained.

A concurring engagement quality review (EQR) for audits of public interest and other high risk engagements. The concurring partner review is familiar with the auditing and reporting practices used during the engagement and is knowledgeable and familiar with the client's industry.

The reviewer is an experienced professional who is not likely to be influenced by the views of a particular engagement partner. The engagement quality reviewer is not actively involved in making ongoing decisions relating to the engagement and is not involved in performing the engagement.

The tone at the top that supports the commitment to quality through communications, learning and performance management process. Our results from the latest Audit & Assurance Culture of Quality survey showed 94% of survey respondents agreed or strongly agreed that the leaders of the firm demonstrate a commitment to performing high quality work through their actions.

Team members are further encouraged to provide continuous feedback through the established channels suited to their needs including confidential Speaking-up and Whistleblower hotlines.

COMMITMENT TO AUDIT QUALITY AND CONTINUOUS IMPROVEMENT

Throughout this report, a detailed overview is provided, looking into strengthening the culture of quality within the firm while continuing to set the standard of excellence for the Audit profession. Significant progress shows in our quality journey that is underpinned by our robust System of Quality Management (SoQM), which is subject to rigorous monitoring.



The culture at BDO Malta ensures that a professional and qualitative service is always provided to all clients. The firm continually strives to achieve high quality standards in the services provided. In achieving this, it is the firm's policy:

- ▶ to ensure quality in all assignments performed;
- ▶ to ensure that commercial considerations never override the quality of performance;
- ▶ to ensure that sufficient resources are devoted to the development and support of the firm's quality control policies and procedures; and
- ▶ to ensure that all audit work is controlled and signed off by the partners.

The firm's quality system management is designed to provide a reasonable level of assurance that the firm, its partners, and staff comply with professional standards as well as regulatory and legal requirements, that work is consistently performed to a high standard, and that reports issued by the firm are appropriate.

A new BDO Global ISQM Platform was launched to facilitate and enhance the design and maintenance of our SoQM and support integrated SoQM monitoring. This Platform allows us to efficiently manage data and enables identification of business processes and responses where enhancements can be made, and allows for reporting of significant changes or findings, if any, in the design or operation of our SoQM.

BDO Global monitoring team performs a continuous review to evaluate whether the firm's SoQM has been appropriately designed and is operating effectively.

Driven by the Firm's International Core Values and by continuously fostering an attitude of continuous improvement the following actions we take to drive quality:

1. Maintaining leadership emphasis on quality

Quality is a standing agenda item during leadership meetings. In addition to quality guidelines, quality-focused actions and behaviour are discussed.

2. Investing in quality

Systemic quality is embedded through sustained investment in people, processes, and technology.

3. Going beyond the rules

Quality is driven as a cultural value: apart from leadership emphasis, there is a focus on message credibility, peer involvement and employee ownership of all types of quality issues.

4. A quality mentality

A mentality of 'we are all in this together': the organisation, our people, our clients, and communities is created across the firm. The goal is a win-win for everyone.

5. Being clear and transparent

Information accessibility is at the heart of what we do. Making sure we are clear in what we do, and how we do it. We all do the right things the right way.

6. Continued improvement

Measures of quality are monitored and processes for continuous improvement are operational.



RECOGNITION OF QUALITY

Personnel are constantly reminded of relevant ethical requirements and the importance of exchanging information within their engagement teams and within the firm on any matters that impact quality.

The importance of quality is communicated through all levels, in all aspects of the firm.

In 2023, the firm introduced the annual quality achievement award. The partners were assigned the responsibility of soliciting nominations from team leaders for an individual who has demonstrated and embodied the company's values and dedication to quality.

The recipient of the Audit Quality Award for 2024 was revealed at an annual ceremony in March 2025, followed by department-wide celebration.

RECENT INSPECTION RESULTS

Inspection results impact quality outcome in Quality Management. We value the feedback received through the inspection process and utilize it to continually improve the quality of our audits.

The most recent BDO Global inspection report is covering audits signed in 2023, which includes the review of a PIE credit institution engagement. This report and the internal inspections' reports related to

the review of audit engagements signed in 2023 were concluded with positive result.

The Accountancy Board initiated the latest quality assurance review in July 2024, which is in the process of being finalised, and the final report has not yet been issued. The closing meeting was held in October 2024.

CONSULTATION REQUIREMENT

The firm encourages consultation with experienced partners and other specialists where appropriate. The firm has a process in place for audit partners and teams to follow when consulting and seeking the firm's opinion, support on a client issue, judgement or risk.

PUBLIC INTEREST ENTITIES AUDITED BY THE FIRM

During 2024, the firm carried out a statutory audit of Novum Bank Limited, Izola Bank plc, Dooba Finance AB (publ), Aviation Insurance Limited, SN SecureCorp Insurance Malta Ltd. The firm also audits a number of companies that may be considered of significance in view of their size, operations or ownership, but not public interest entities in terms of regulatory requirements.

IT ASSURANCE

Our IT infrastructure is regarded to be the backbone of the firm's business. The firm has collaborated with the best IT suppliers for the latest hardware technology and has gone to great lengths to be able to provide the best possible software solutions to our clients with speedy and secure systems.

Our resources are also available on various platforms and accessible from anywhere and at any point in time. Our teams are also equipped with high-end mobile solutions with secured access to the company's document management structures, sensitive client data and other facilities as expected from modern mobile offices.

CONTINUED PROFESSIONAL EDUCATION

BDO Malta adheres to the policy outlined in Directive 1 of the Accountancy Profession (Continued Professional Education), ensuring that auditors undergo continuous professional development.

The firm has a policy of facilitating and encouraging continued education as an important means of developing knowledge and maintaining and improving the quality of its services and of motivating and retaining its personnel. The continuing education program is comprised of training sessions organised by the firm specifically designed to meet its needs, by the BDO International network as well as external

training by relevant professional bodies. Certain courses are mandatory, and others are optional.

The CPE requirements for professional auditors and accountants in Malta are also factored into the programme. It is the policy within BDO Malta to support and finance the CPE activities undertaken by staff members, both locally and internationally through the network.

BDO Malta has made substantial investments in talent and learning strategies as all team members are required to complete at least 10 hours of continuing professional education (CPE) each year through internal or external courses or e-learning. Furthermore, on an annual basis warrant holders must obtain a minimum of 25 hours of structured CPE, 10 of which must be related to core competences, as well as 15 hours of unstructured CPE.

Hands-on training is given to all new recruits on the BDO audit methodologies, tools and processes. A high-level of training was given to all staff with the introduction of the new BDO Audit Process Tool. More experienced personnel and partners are encouraged to constantly update and deepen their technical knowledge.

Developing management and interpersonal skills are also very important for this group. Continued professional education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their career potential within the firm.

Our learning curriculum contains leadership development program for mid-level managers with leadership practices to successfully deliver strategic projects and lead teams.

A middle management development course was delivered to help mid-level leaders at the firm build the skills needed not only to succeed, but to thrive.

We are committed to developing and maintaining the highest possible standards of technical competence through our own development programmes.

FIRM'S ROTATION POLICY

The firm's policies with respect to rotation of key audit partners and staff (i.e., those other than the engagement partner and Engagement Quality Reviewer, who are specifically covered by statute/regulation) is principles based, depending on the facts and circumstances of the engagement.

Typically, such 'key audit partners and staff' include audit partners and senior managers/ managers performing a significant portion of the work, as well as specialist partners and senior managers/ managers (e.g., tax, valuation).

As regard to the key audit partners responsible for carrying out a statutory audit of a public interest entity, these cease their participation in the statutory audit of the audited entity not later than seven years from the date of their appointment; they will not participate again in the statutory audit of that public interest entity before five years have elapsed following that cessation.

The firm has established a gradual rotation mechanism with regard to the most senior personnel involved in the statutory audit. At BDO Malta, the most senior personnel involved in the statutory audit that are required to be rotated on a gradual basis are team leaders.

Senior personnel appointed in the audit team of the public interest entity shall cease their participation in the statutory audit of the audited entity not later than seven years from the date of their appointment and shall not participate again in the statutory audit of the audited entity before two years have elapsed following that cessation.



BDO Malta 2024 Audit Quality Highlights



Approach to Audit Quality

The latest Audit & Assurance Culture of Quality survey showed the 97% of survey respondents agreed or strongly agreed that:

- ▶ the firm is committed to demonstrating ethical behaviours
- ▶ they are satisfied with the work environment at the firm
- ▶ differences of opinion can be brought forward, discussed and resolved in an inclusive, respectful manner

and the 94% of survey respondents agreed or strongly agreed that:

- ▶ they are empowered to use my own professional judgment to make decisions about the conduct of an engagement
- ▶ they understand what is expected of me with respect to quality on an engagement
- ▶ it is clear to them that quality is valued in our organisation
- ▶ they are personally responsible for the delivery of quality on an engagement
- ▶ the leaders of the firm demonstrate a commitment to performing high quality work through their actions
- ▶ they have sufficient intellectual resources to perform their work to a high standard
- ▶ they feel secure in their job
- ▶ we celebrate each other's promotions and successes
- ▶ we continuously improve our workflow
- ▶ we approach changes with a "can-do" attitude

Client-facing staffing leverage ratios

1 to 1.25

Audit Principal to Team Leader

1 to 5.75

Audit Principal to Staff

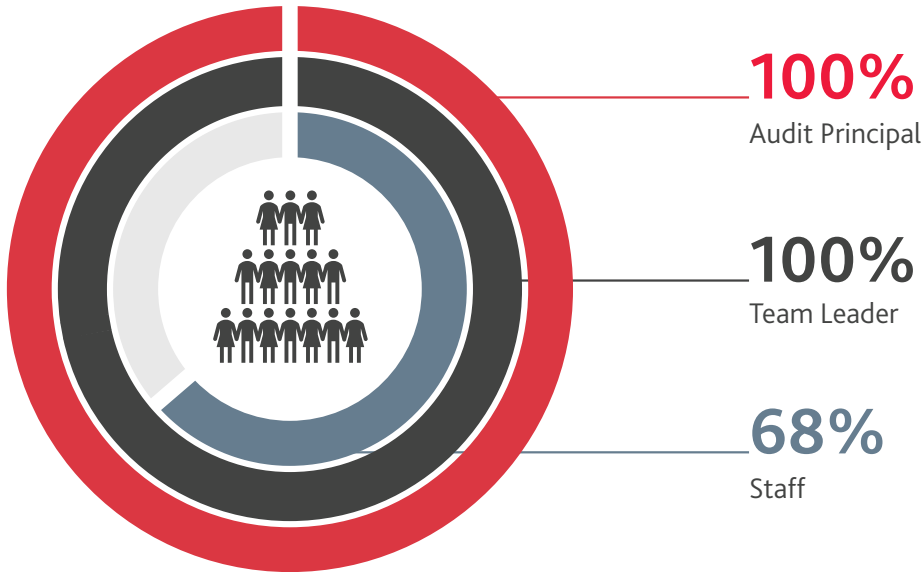
1 to 3.60

Team Leader to Staff

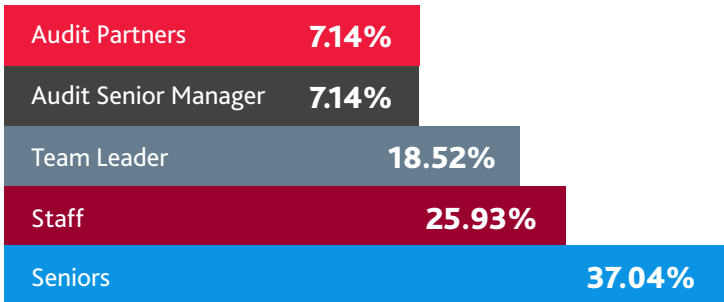
Gender split ratio



Average retention rates



Audit team members by level

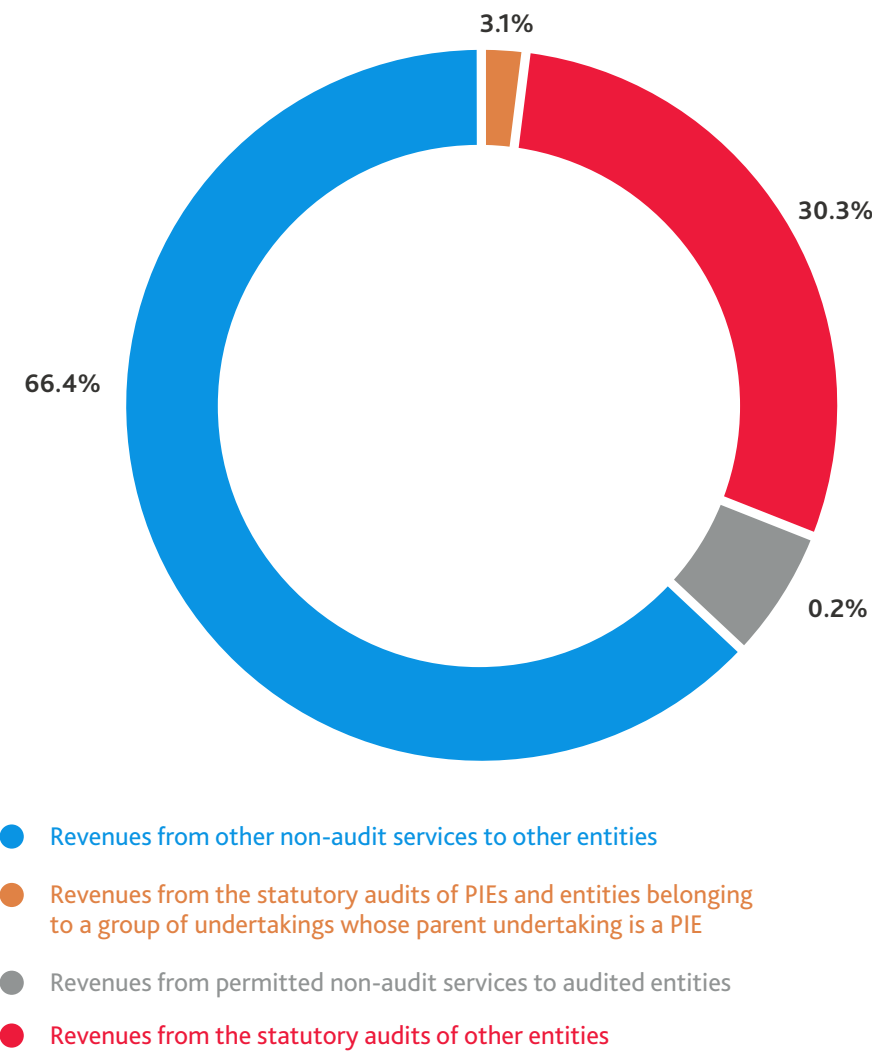




FINANCIAL INFORMATION

Financial Information

The financial statements of the entities operating under the BDO brand in Malta for the year ended 31 December 2024 are still in the process of being audited. The turnover figures presented below are preliminary and may be subject to change.



BDO MALTA & BDO ENTITIES IN MALTA	
Revenues 2024	'000 €
Revenues from the statutory audits of PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE	352
Revenues from the statutory audits of other entities	3,491
Revenues from permitted non-audit services to audited entities	22
Revenues from other non-audit services to other entities	7,655
TOTAL	11,520

BDO MALTA	
Revenues 2024	'000 €
Revenues from the statutory audits of PIEs and entities belonging to a group of undertakings whose parent undertaking is a PIE	352
Revenues from the statutory audits of other entities	3,491
Revenues from permitted non-audit services to audited entities	22
Revenues from other non-audit services to other entities	359
TOTAL	4,224

John J. Attard
COMPLIANCE PARTNER



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