



Annual Report 2022





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Chairperson's Statement

In a nutshell, 2022 was largely shaped by the continued improvement of the Authority's governance, which ultimately enabled the future-proofing of the Authority by equipping it with the adequate tools to tackle and address any arising matters and challenges going forward. Building upon the exemplary work of the Authority in previous years, the Board, the Chief Executive Officer, the Executive Committee, and all the Authority's employees ensured that the Authority continued to prioritise and focus on workstreams aimed at solidifying its foundation. Work was conducted to strengthen the Maltese licence by targeting and addressing key areas of the framework to increase the competitiveness of Malta as a place of establishment, addressing the gaps in the legal and regulatory framework that regulates, guides and informs the industry. All this whilst continuing to focus on improving and strengthening the internal processes of the Authority to ensure it is well-placed to tackle any upcoming challenges that the gaming industry may face.

To ensure the sector and the Authority are well-equipped to tackle future global challenges, the Authority conducted the groundwork to serve as the foundation for exploring Environmental, Social and Governance (ESG) issues within the Authority itself and the gaming sector. Based on discussions and the preliminary work carried out in the past year, the Authority shall explore the possibility of developing a voluntary ESG Code of Good Practice for the remote gaming sector. Once again, the Authority is tackling a matter of global priority – grounded in robust data and evidence and with due consideration of key actors and stakeholders in the industry and its broader ecosystem. I am proud to chair an organisation that tackles policy changes and policy formation through an evidence-based approach and that emerges from a process that prioritises extensive research and data collection.

A key priority of the past year was the push towards improved governance within the Authority. The Board understands and supports the notion that



the Authority may only be in the best position to regulate and oversee a key industry within Malta's economy if its internal processes are streamlined to reduce inefficiencies if it is to provide its officers and employees with the appropriate tools necessary to carry out the role entrusted to them properly.

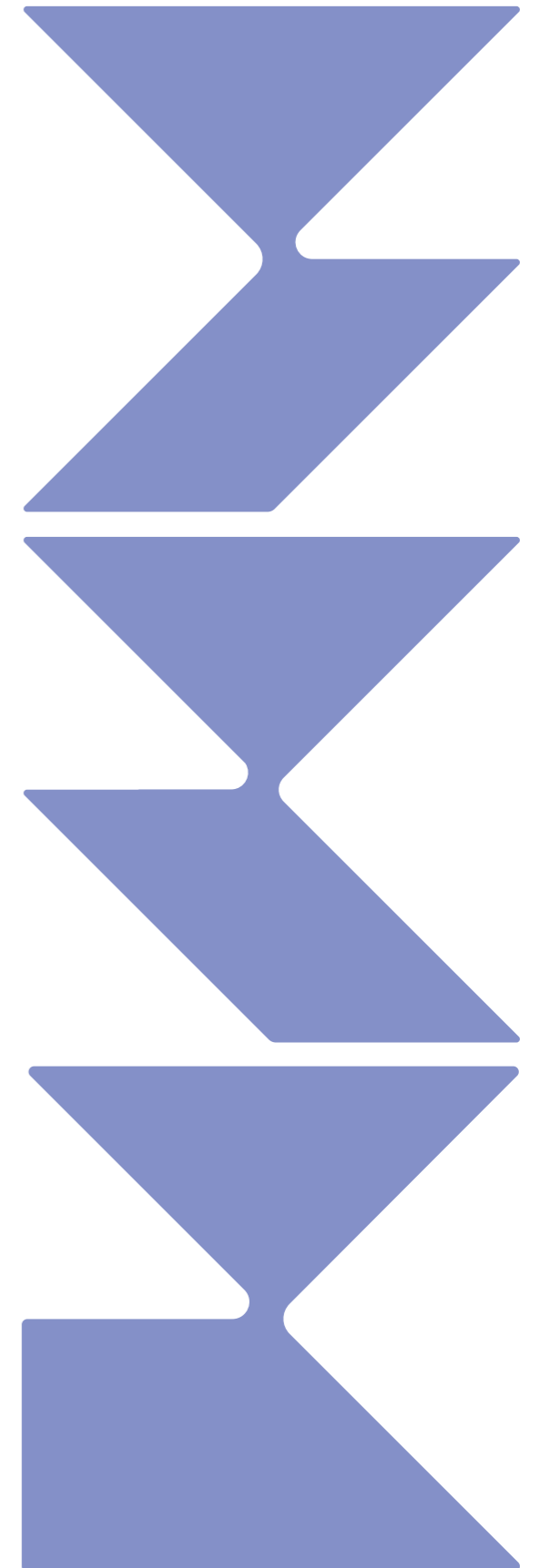
The Authority has worked tirelessly to reduce unnecessary bureaucracy, streamline regulatory processes and coordinate in a way that meets its regulatory priorities. The improved gaming licence application process has undoubtedly positively affected the industry. However, improvements made to the internal operations of the Authority across the board have perpetuated stronger communication internally and externally. This has allowed the Authority to transform into a more efficient institution which

is more readily available to the industry. Going forward, the Authority intends to prioritise the continued improvement of its internal governance. This will undeniably allow the Authority to be an institution which will readily handle any potential challenges moving forward whilst ensuring increased compliance by the industry with the applicable regulatory requirements.

The work conducted in 2022, and the consequent results I have witnessed, allow me to confidently state that the Authority remains relevant, up-to-date and well-equipped to regulate, oversee and guide an innovative and ever-changing industry. My commitment as Chairman, as well as that of my fellow board members, is to further guide and provide the necessary tools and support to ensure that the great work undertaken throughout these last few years continues such that the relevance of the Authority and the industry it regulates endures.

Along with my board members, the Authority's Chief Executive Officer, the Executive Committee, and every employee of the Authority, I would also like to express my gratitude to the industry, key stakeholders, and service providers that form part of the extended ecosystem for their continued trust and support in us as an institution. The insights provided by experts in the field are fundamental to our work and essential for the continued good governance of the Authority. Communication between the Authority, Licensees, and key stakeholders that form part of the wider ecosystem ensures we keep abreast with the key issues and matters affecting the industry. It enables us to adapt and improve in line with the requirements and priorities of the Authority and the country at large, yet considers the industry's needs and challenges.

Dr Ryan C. Pace
Chairperson



Message from the CEO

In the past year, we as an organisation have started seeing the fruits of the groundwork laid in 2021. However, we have also pressed ahead with further improvements and investments, particularly in technology. Standing still is the same as moving backwards, especially in an industry as dynamic as this one. Indeed, over the past year, we have introduced additional business intelligence tools that help us make well-informed decisions even when time is of the essence. These tools, coupled with the conclusion of a data strategy which will guide us over the next three years, are aligned with our commitment to base our regulatory decision-making on data and evidence.

Clear evidence of this commitment is how the amendments to the Player Protection Directive were designed, consulted upon, and carried out. We were guided by evidence of the effectiveness of the various tools that licensees must have to help players control their gambling, as well as data and literature on indicative markers of harm. This initial information, coupled with the invaluable feedback from licensees that contributed to the consultation document we issued, resulted in the final set of published amendments. This was an implementation of the revamped policy development process, and we intend to continue the outstanding work conducted by MGA personnel to refine internal policies, appraise current legislative instruments, and issue guidance documents that complement them.

This is also in line with our commitment to continuously work towards providing licensees with more clarity regarding our regulatory expectations. With further resources dedicated to the outreach function of the Authority, we endeavoured to continue bridging the gap between the regulator and the industry, especially when communicating essential policy changes. We have also taken on the role of facilitating conversation on common challenges. The Authority has encouraged the industry to foster a cooperative relationship and a unified approach to common threats and challenges, which will



lead to better solutions and ultimately support the sustainability of the sector. In 2022, the Authority launched the Regulatory Workshops, which allow for structured touchpoints for industry stakeholders with the regulator, and encourage transparency and informal exchange of views on regulatory topics of mutual interest. These workshops, together with the various consultations that were issued, align with the Authority's goal to create increasingly effective and efficient policies from the outset whilst taking on board the feedback and views of the interested stakeholders. They also emphasise our commitment to being accessible and transparent; we expect this from our licensees and strongly believe in leading by example.

Whilst always remaining conscious of areas that necessitate improvement, it is also important to celebrate accomplishments. 2022 saw Malta's removal from the Financial Action Task Force's (FATF) list of Jurisdictions under increased monitoring, which was a much-welcome acknowledgement that the jurisdiction has come to a point where it has the necessary infrastructure across the board and the many involved stakeholders, to combat money laundering and terrorist financing effectively. This is not only an encouraging stamp of approval for the work that was done but is also a clear indication that Malta is committed to ensuring that its business environment is free from crime. Although the industry, and the supervision thereof, was not one of the areas that the FATF singled out as requiring improvement, we are proud to state that our support to our fellow national stakeholders, led by the Financial Intelligence Analysis Unit (FIAU), contributed to Malta's removal from the FATF grey list.

Over the past year, we also focused on our work as advisors to the Government on the sustainability of the industry in Malta. The past few years have presented significant challenges to all sectors of the economy, with our industry being no exception. Moreover, regulatory and taxation developments worldwide create additional pressures on the industry, reducing margins when costs are rising. In this light, we strive to remain a pillar of support to the industry by finding the right balance of regulation which ensures that the business is also sustainable and by advising the Government on challenges to the industry and their possible solutions, as we are expected to do through our regulatory objectives enshrined in the Gaming Act.

To implement forward-facing policies that boost innovation in Malta, the Authority sought to lay out pioneering regulations that encourage companies to invest in technology-rich services whilst protecting players and vulnerable persons as the principal priority of all regulations. Innovation and regulation are generally seen to be constantly in conflict; our approach, however, differs. We feel that regulating in a manner which is sufficiently flexible to nurture and encourage innovation not only ensures the continued sustainability of industry operators as businesses but also fosters the necessary developments to drive efficient and effective compliance. This is evidenced by the publication

of the Policy on the Use of Distributed Ledger Technology by Authorised Persons and the work which commenced in 2022 on developing a voluntary code on ESG reporting for the industry.

Through the various strategies established, we have also reaffirmed our commitment to continue building strong bilateral relationships with our foreign and local counterparts; we believe that transparency fosters good collaboration, which ensures more effective supervisory oversight and, at the same time, bolsters the reputation of the jurisdiction and the licensees established here. This also safeguards the value of the MGA's licence, as we intend to ensure that it is a mark of excellence that inspires players' trust worldwide.

Working to safeguard the value of the licence is only a part of our mandate to ensure the industry's sustainability in Malta. Over the past year, we have continued to update our studies into the vulnerabilities of the jurisdiction as a place of establishment and continue to work with practitioners and other national stakeholders to duly advise Government on the actions required to make the necessary improvements. Whilst being cognisant of the fact that the challenges faced by the industry are amplified when considering the ever-changing regulatory landscape on the global stage, I am confident that we can turn these challenges into new opportunities for the sector and the Authority. Many of our efforts over the past year and the coming year aim to ensure we make the most of such opportunities.

As a final note, I express my sincere gratitude and appreciation to the Board of Governors for their unwavering support, my fellow Executive Committee members, and all the MGA staff, for their tireless work and the energy and drive that they bring to their work on a daily basis. I also extend my thanks to the other local and international regulatory bodies we work with, as well as practitioners and operators of goodwill who work hand in hand with us in pursuit of an industry that is always better and safer.

Dr Carl Brincat
Chief Executive Officer

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Introduction

The Malta Gaming Authority (MGA/Authority) is the regulatory body responsible for governing and supervising all gaming activities in and from Malta. We oversee our jurisdiction with the aim of ensuring that the gaming services provided are fair, responsible, safe, and secure, with particular emphasis on preventing crime, fraud, and money laundering, whilst protecting minors and vulnerable persons.



Our key functions include:

- Acting as a gatekeeper to ensure that any individual or company applying for an authorisation is only able to obtain it when fit and proper to do so;
- Supervising all authorised persons to ensure ongoing compliance with the applicable regulatory requirements and that they remain suitable to hold their authorisation at all times;
- Acting as a supervisory authority in accordance with the Prevention of Money Laundering and Funding of Terrorism Regulations;
- Supporting and investigating player complaints;
- Implementing Government policy and advising thereon; and
- Submitting legislative proposals to address changes within the sector.

Our mission is to competently regulate the various sectors of the gaming industry that fall under our remit by ensuring that gaming is fair and transparent to players, preventing crime, corruption and money laundering and protecting minor and vulnerable players.



Our vision is to:

- Sustain Malta's position as one of the most reputable jurisdictions in the gaming industry;
- Raise standards within the gaming sector globally to make gaming fairer and safer, protecting the interests of consumers;
- Ensure that gaming is kept free from crime by intensifying international collaboration efforts; and
- Adapt Malta's gaming regulatory framework to evolving market needs, aiming for excellence.

This reflects the values that we embrace as an Authority. We pledge to be transparent in how we conduct our operations, humane in our interactions with all our various stakeholders, and innovative in all we do whilst respecting all parties by being unbiased and maximising the knowledge and experience garnered over the years.

Our core values shape our culture, serving as the foundation for our actions and decisions.

One MGA: Providing support to one another, working cooperatively, respecting each other's views and making our work environment fun and enjoyable, working with an attitude of inclusion and collaboration in everything we do.

Respect: Embracing and maintaining an attitude of tolerance, acceptance, and appreciation of diversity in all its forms while constantly communicating openly and honestly with a sense of altruism and sensitivity towards others.

Transparency: Being open, fair, and honest in all our dealings and maintaining the highest integrity at all times so that all stakeholders can have full trust in our organisation.

Passion: Striving to go beyond our duty and aiming for excellence in the quality of our work.

Our Organisational Structure





Ryan C. Pace



Carl Brincat



Carmen Ciantar



Roberto Francalanza



Juliana Scerri Ferrante

Ruth Trapani Galea
Feriol

Caesar Grech



Adrian Caruana



Carl Brincat



Christopher Formosa



Rebekah Duca



Peter Spiteri



Kinga Warda

The Board of Governors

The Board is primarily responsible for overseeing the strategic development of the Authority and attaining the set policy and strategic objectives. The Board is also responsible for policy development, overall risk management, and advising the Government on policy matters.

Ryan C. Pace	Chairperson
Carl Brincat	Chief Executive Officer (Non-Voting Member)
Carmen Ciantar	Board Member
Roberto Francalanza	Board Member
Juliana Scerri Ferrante	Board Member
Ruth Trapani Galea Feriol	Board Member
Caesar Grech	Board Member (in office until 31 Oct 2022)
Adrian Caruana	Board Secretary

The Executive Committee

The Executive Committee is the central organ of the Authority and is primarily responsible for the execution of the overall strategic vision of the MGA, as directed by the Board. It is responsible for the day-to-day operation and management functions and the implementation of the Authority's programmes and policies.

Carl Brincat	Chief Executive Officer
Christopher Formosa	Deputy Chief Executive Officer & Chief Officer Operations
Rebekah Duca	Chief Officer Regulatory
Peter Spiteri	Chief Officer Finance & Business Transformation
Kinga Warda	Chief Officer Policy & International Affairs

The Committees and Council

The Supervisory Council

The Supervisory Council is responsible for ensuring the integrity, consistency, and development of the regulatory functions of the MGA. It also acts as an advisory force to the Executive Committee on regulatory developments and how the Authority should react to them. It also evaluates and decides whether an applicant should obtain a gaming licence.

The Audit Committee

Falling directly under the responsibility of the Board of Governors of the Authority, the role of the Audit Committee is to ensure good corporate governance, risk management, oversight of audit/accounting issues and internal controls. Furthermore, the Audit Committee oversees the accounting and reporting processes, the audits of the financial statements, internal audits, and internal control systems. The Audit Committee oversees the accounting and reporting processes, the audits of the financial statements, internal audits and internal control systems and is authorised to conduct investigations into any matters falling within the scope of its responsibility. Furthermore, it is responsible for approving the strategic and annual operational internal audit plans while managing and supervising the internal audit function of the Authority.

Internal Audit

The Internal Audit function within the MGA provides internal assurance and advice independently and objectively, with the ultimate aim of adding value and improving the overall operations of the Authority, as well as ensuring that adequate control mechanisms are in place and functioning. During 2022, several internal audits were undertaken in line with the risk-based internal audit plan approved by the Authority's Audit Committee.

Fit and Proper Committee

The Fit and Proper Committee assesses and determines the fitness and propriety, (especially from a criminal probity perspective) of individuals and companies applying for a licence from the MGA, both at the onboarding stage and throughout their lifecycle as licensees.

Complex structures may be escalated by the relevant internal directorate analysing them to the Committee to evaluate which entities and individuals should be screened.

The Committee also determines when to conduct enhanced due diligence and whether existent licensees are still fit and proper where circumstances change. It is also tasked with recommending changes in the policies and procedures regarding the fitness and propriety of operators and individuals, recommending enforcement actions where necessary, and providing feedback to the Supervisory Council where it deems it is required to turn down an application based on the applicant not being fit and proper. Furthermore, the Committee also evaluates and determines any changes in the risk assessment of licensed operators on matters of probity and may impose licence conditions where it deems required.

Commercial Communications Committee

The Commercial Communications Committee evaluates commercial gaming communications which are brought to its attention – through internal monitoring processes or via external reports – to ensure that they comply with the provisions set out in the Gaming Commercial Communications Regulations (S.L. 583.09) and, more importantly, to guarantee that adverts protect players and vulnerable persons. Commercial communications may be brought to the attention of the Committee by the general public or through the various regulatory and monitoring structures set up within the Authority.

Compliance and Enforcement Committee

The Compliance and Enforcement Committee is primarily responsible for evaluating breaches of the Gaming Act (Chapter 583 of the Laws of Malta, hereinafter the 'Gaming Act') and the regulatory instruments issued thereunder, together with deciding the enforcement measures that should be meted out for such breaches, if any. The Committee is composed of members from the different Authority directorates, reflecting the various issues escalated for the consideration of the Committee. The examination of breaches by the Committee is carried out per the pre-set guidelines published in November 2019, 'Guiding Principles for the Application of Enforcement Measures', to ensure that enforcement measures are imposed appropriately and proportionately.



Our Directorates and Functions

The **CEO's Office** is primarily responsible for implementing the strategic vision of the Authority and directing the overall management and operations of the various directorates within the MGA.

The **Regulatory Directorate** is responsible for the authorisations function of the Authority, and it is tasked with the overall management of the onboarding process of new operators and applicants of the various types of authorisations. The overarching process involves the undertaking of criminal probity screening at the application stage and, whenever necessary thereafter, the processing of the application and the issuance of the relevant gaming licences, certificates, and any other types of authorisations required or sought by applicants and their eventual renewals.

In addition, it is responsible for ensuring that both online and land-based licensees comply with the stipulated licence conditions, the relevant legislative framework, and other regulatory instruments, through prudential compliance audits and reviews. Furthermore, this directorate ensures that players have protection by undertaking the necessary regulatory supervision to ensure sufficient player funds. This directorate also handles any requests from players for assistance by facilitating resolutions of complaints between players and licensed operators. It strives to ensure that licensees have responsible gambling measures to protect players and vulnerable persons, contribute toward the fight against the manipulation of sports competitions by ensuring sports integrity, and participate in the investigation of irregular and suspicious betting activities with various local and foreign bodies.

This directorate's functions also encompass compliance with Anti-Money Laundering (AML) regulations as instructed by the Financial Analysis Intelligence Unit (FIAU) and the carrying out of investigations on reported or identified unauthorised gaming operations performed to or from Malta or through a Maltese legal entity. It encompasses the risk management function, responsible for the overall development and centralisation of a risk-based approach aimed at identifying and mitigating risks posed to the Authority's day-to-day operations, ensuring that strategic risks align with the risk appetite established by the Board. Furthermore, the directorate implements effective risk management practices within the Authority and assists risk owners in defining the risk exposure within each department.



As part of its regulatory duties, the Investigations Unit within the MGA carries out investigations on reported or identified gaming operations performed from/to Malta or through a Maltese legal entity without the relevant authorisations. The unit offers investigative support to other departments and committees within the MGA.

The **Operations Directorate** is responsible for the overall day-to-day operations of the MGA through the various support functions falling within its responsibility, including the general management of facilities, health, safety, and security of the Authority. The human resource function ensures that employees work in a healthy, positive and safe environment that promotes a high-performance culture across the Authority, sustained by continuous investment in employees through several training programmes. The responsibility of the MGA's promotional and corporate affairs management lies within this directorate, which ensures effective internal and external communications, strengthening the Authority's relationship with the industry. Additionally, this directorate is responsible for undertaking research on due diligence topics concerning the Authority, intending to contribute towards policymaking and the way forward on various aspects of concern to the MGA.

Furthermore, the Operations Directorate ensures that daily inspections are carried out in land-based outlets while maintaining oversight of live draws of the National Lottery operator's games.

The **Finance and Business Transformation Directorate** is responsible for several cross-cutting support functions that ensure the Authority's well-functioning. The finance function is primarily responsible for collecting compliance contributions, levies, licence fees, and other administrative fees due to the Authority, together with the general corporate finance support that provides for financial accounting, planning and control, as well as procurement. This directorate is responsible for the business transformation function of the Authority, ensuring that the Authority embraces a culture of operational excellence through high-quality outputs as well as efficient business processes and daily operations workflow management, together with information management and data quality. This ideal supports the organisation in embracing a culture of data-driven decision-making coupled with the overall centralisation and management of data and records. Furthermore, this directorate is also responsible for overseeing the Authority's strategic projects.

In addition, this directorate is responsible for the MGA's security, infrastructure and software development functions. It is entrusted with designing, maintaining, and supporting the Authority's information technology infrastructure, providing an opportunity to leverage information and technology in a productive, efficient, and secure manner. It achieves this through technology and infrastructure planning, hosting and data management, in-house software development, business and software analysis, quality assurance of software, and testing and integration with other systems.

The **Policy and International Affairs Directorate** manages the relationship with the MGA's foreign and international counterparts, including information exchange and cooperation, whilst keeping up with global developments in gaming regulation. It identifies critical regulatory areas requiring a specific focus to meet the Authority's policy objectives and policy development thereto. It also oversees the European Union (EU) and international affairs management of the MGA and, by extension, advises the Government of Malta on any developments in this regard, including any risks and opportunities for the Authority and Malta.



The **Legal and Enforcement function** is responsible for advising on matters relating to the legislative framework concerning the gaming sector, general legal and regulatory affairs and dispute resolution. It is also responsible for taking the necessary actions on identified breaches of the laws and regulations governing the gaming activities licensed by the Authority. Furthermore, it liaises with the Malta Police Force, the Courts of Justice, the Office of the Attorney General, and reputable foreign agencies to further assist in prosecuting criminal offences. This function plays a critical role in ensuring that the gaming industry in Malta operates in a fair, transparent, and responsible manner, by investigating and enforcing compliance with the laws and regulations governing the industry, and working with other stakeholders to promote responsible gambling practices.



Competitiveness of the Maltese Gaming Industry

For many years, Malta has enjoyed a reputation as one of the most important hubs for the online gaming industry. The stable regulatory regime and numerous benefits that Malta had to offer resulted in the continued development of the sector, including attracting key industry players and talented professionals to Malta.





In 2022, we devoted numerous workstreams towards ensuring that the sector is regulated in a manner that will safeguard its sustainable development. We also continued contributing to national policies to ensure that Malta offered a competitive environment to companies established on the island and attracted new investments.

Having the power to issue binding instruments empowers the Authority to promote sustainable gaming sector development directly. Through our refined policymaking process, where we continue to strengthen the incorporation of data and research, we can ensure that policy decisions are not reactive but rather research and data-driven. One of our workstreams involves monitoring the competitiveness and potential vulnerabilities of the gaming industry. On an annual basis, we compile a detailed report – *An Assessment of the Competitiveness and Potential Vulnerabilities of the Remote Gaming Industry in Malta* – outlining the vital competitiveness challenges affecting the industry and exploring the impact of potential disruptions to the sector. This fulfils our role of continuously advising the Government on key sector developments, in line with our responsibility in governing law.

In 2022, we commissioned a sectorial skill strategy that addresses the gaming industry's challenges with respect to the ongoing demand for qualified and skilled human capital, which increased significantly as the economy grew and diversified into a number of various sectors. The availability of sufficient levels of human capital possessing adequate knowledge, skills, and aptitudes is essential to sustaining the competitiveness of this industry. We are committed to monitoring the sector's needs and assisting within the scope of our remit.

Throughout 2022, we have continued to follow the developments of a directive proposed by the European Commission in December 2021, which lays down the rules for ensuring a minimum level of effective corporate taxation (15%) of large multinational groups and large-scale purely domestic groups in the Single Market (Pillar II Directive). Together with other national stakeholders with knowledge of the matter, we embarked on a series of initiatives to contribute towards a sustainable strategy for the gaming sector to mitigate the impact of the global pact. We worked on many proposals for the sectorial and national strategies which aim to ultimately keep Malta attractive as a place of establishment for the industry.



Additionally, we embarked on a closed consultation exercise with industry stakeholders regarding a set of proposed amendments to the Player Protection Directive (Directive 2 of 2018) to ensure that our framework is adequately modernised and that it addresses the challenges that were identified since the Directive's initial inception.

It is vital that our work is not conducted within a bubble, risking detachment from the industry and thereby rendering ineffective the actions taken by the Authority. We understand and work towards harnessing the value of engagement with the industry because we recognise that this engagement, openness and continuous communication with the industry is precisely what empowers and informs our work and ensures that our efforts are pooled into workstreams that remain relevant and vital for the industry. In 2022, we continued our assessment on the bets offered by the MGA-licensed operators, particularly on amateur and youth leagues, unregulated events and esports so as to identify and combat potential issues related to the manipulation of sports and sports competitions, protection of players. To this effect, in April 2022, we issued a closed consultation to evaluate its position in relation to the offering of the aforementioned bets and assess whether any policy intervention in this area is required.

Based on relevant studies commissioned by the Authority, the proposed amendments primarily pertain to responsible gambling policies and procedures requirements and the introduction of specified markers of harm that operators must consider when adopting measures to detect and address problem gambling.

The proposed amendments detail provisions concerning real-money reinforcement and staff training criteria. Following the close of the consultation period in October 2022, we proceeded to consolidate all feedback received and consider necessary revisions to the final text in anticipation of publication shortly thereafter.

Similarly, a closed consultation concerning a proposed policy on the use of Innovative Technology Arrangements (ITAs) and the acceptance of Virtual Financial Assets (VFAs) and Virtual Tokens was issued in November 2022 as a response to the industry's need to seek regulators' guidance in this innovative area. We intend this policy to serve as a definitive and effective replacement of the MGA's Guidance on the use of ITAs and VFAs through the implementation of a Sandbox Environment (Sandbox Regulatory Framework) while, of course, continually leaving the door open for further adaptation of requirements commensurate to relevant technological developments as they arise.

Throughout the year, continuous dialogue with institutions and representatives at the EU level remained high on our priority list. Our licensees operate in an industry which is inherently international and cross-border in nature.

As the regulator of such an industry, we understand the importance of strengthening and maintaining strong and positive relationships with the institutions that safeguard the freedoms on which our licensees depend.



We have continued to defend unjust restrictions to the freedom to provide services and the freedom of establishment that our licensees have the right to enjoy because they are established in a Member State that forms part of the EU internal market. To this end, we also continued to monitor draft legislation in other Member States, mainly through the Technical Regulation Information System (TRIS) implemented by the EU Commission. We challenge draft laws of other Member States when we opine that they do not honour the fundamental freedoms of the internal market in an effort to safeguard the industry's interests. In doing so, we continue to argue in favour of conditions that allow the industry to offer an attractive service. This ensures that consumers choose to engage and play within a regulated market, which is subject to strict legal obligations aimed at protecting the most vulnerable members of society and which is overseen by a competent regulator that is empowered to take swift enforcement action in cases of non-compliance with the legal framework on the part of the licensee.



We continued engaging with the Maltese Permanent Representation to the EU regarding matters arising in the industry to ensure they are well-informed and can defend Malta's position when any challenges arise at the EU level. Furthermore, we continued to provide feedback and raise concerns regarding legislative initiatives within the EU acquis that could negatively impact the industry through the appropriate national channels to ensure an adequate and fair representation of the industry and its interests. We strive to always take advantage of any opportunity to educate the relevant stakeholders and representatives of Malta about the industry and its challenges, to ensure the Maltese licence and the industry are understood and, in turn, provide protection and facilitate efforts geared towards retaining the competitiveness of the Maltese licence at a national and international level.

On a regulatory front, Malta continued attracting new entrants to the local market, with 41 gaming licence applications submitted during the year and issuing 31 licences. In recent years, we have observed a growing trend of B2B applications as a testament to our regulatory framework and policy initiatives. The services of the B2B licensees are sought after by Maltese B2C operators and foreign-regulated operators alike, conscious of the safeguards brought about by the Maltese licence.

The value of the Maltese licence, B2C and B2B, comes from its strong legal foundation that allows us to present the Maltese licensing regime as a model framework for creating a sustainable industry. To continue supporting our licensees, we have strived to keep an open dialogue with applicants and licensees alike, allowing them to discuss and propose new concepts, technologies, games and solutions. We are keen to hear about new developments that help us respond to the industry's needs by creating a safe space for players through our responsive regulatory framework, which, by design, is technology neutral.

Improving the Way We Regulate the Market

Our role as a regulator of the gaming sector is to ensure that the industry is adhering to the set regulations and policies and has adequate and reliable safeguards in place to protect minors and vulnerable persons. We ensure that these regulations and precautions achieve the objectives they aim to pursue.



The relationship between the regulator and its regulated sector is always complex. With this in mind, we strive to ensure a positive and transparent relationship between us and the key industry stakeholders, as we genuinely believe that creating a sustainable industry requires a high level of collaboration between all affected parties. This approach underpins our strategy for policymaking, which in our view, should always be based on consultation and collaboration.

As established in the Gaming Act, it is our duty to ensure that the requirements to be imposed on regulated persons are non-discriminatory, transparent and consistent. These guiding principles underpin our processes for continuous improvement and are embodied in our policy development and consultation processes.

The year under review was characterised by Malta's removal from the Financial Action Task Force (FATF) grey list in June 2022. We were continuously encouraged by the satisfactory performance of the gaming industry during the review of both the Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL) and the FATF. Through such monitoring processes, we have gained further regulatory insights, which helped us continue our efforts to maintain Malta's position as a prime jurisdiction for establishing sustainable and well-regulated gaming companies. We believe that our accomplishments, ongoing support and cooperation with various authorities and stakeholders have strengthened Malta's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime. To this end, we are committed to continuing to build on the work achieved, to keep strengthening Malta's reputation.

During 2022, following the extensive exercise carried out in 2021 to identify opportunities for improving the process we follow when reviewing Gaming Licence Applications, we continued implementing substantial process changes and technical system enhancements. We launched the revised System Documentation Checklist, the revised System Audit Checklist, as well as the new System Review. This was to reduce the need for duplicate documentation, remove

template documents, and give more guidance to applicants and licensees alike on what the Authority expects from its applicants – both from a policies and procedures point of view and from its technical systems. The System Review was introduced to be a bridge between the System Audit and the more detailed Compliance Audit. The System Review, which will be required from 2023, will be conducted by approved Audit Service Providers, who will also review the systems and the policies in place to ensure that they comply with all the relevant legislations and the submitted policies and procedures.

As an Authority, we conduct regular horizon scanning on regulatory affairs and listen to the industry feedback, which, in turn, assists us with identifying key areas that would need to be addressed. To reduce the burden placed upon licensees and enhance the level of applications submitted to the Authority, thereby expediting the MGA's turnaround, we are looking towards developing a framework that regulates the so-called 'Application Managers'. Applicants and licensees are, and shall remain, free to handle their matters directly with the Authority; however, where they elect to make use of service providers to handle certain types of applications, these Application Managers will be required to act as a guide on any responsibilities and obligations towards the regulator and the provision of all relevant documentation and information to the Authority. Within the Regulations, we established the scope, functions and duties of Application Managers and established our powers in this respect, which include the power to refuse or revoke a person or company's right to act as an Application Manager in the event of severe or repeated breaches of their obligations. The Policy Document will



complement the Regulations by providing further clarity with respect to our expectations of the Application Managers, along with guidance aimed at assisting Application Managers to understand and comply with their regulatory obligations.

Furthermore, we continually improved the applications on the Licensee Relationship Management System (LRMS) to remove any duplicate and inconsistent data and ensure that all relevant data and information are being captured correctly to facilitate the review of the application process. We also issued other templates and guidelines, including the Statement of Affairs and the Source of Funds templates, to aid applicants in providing the Authority with all the information required to review an application successfully. Such initiatives enable us to continue increasing the efficiency with which applications are handled whilst ensuring that the utmost required scrutiny is always kept. Following the review of the revised Key Functions requirements in 2021, we streamlined the approval process of appointing a Money Laundering Reporting Officer (MLRO) in collaboration with the FIAU while, at the same time, ensuring that the industry is kept updated on any changes affecting this process and on any best practices that are intrinsic to the role of the MLRO.

In 2022, we aimed to continue enhancing our fitness and propriety assessment protocols at the authorisation and compliance stages. This was further complemented by training provided to enrich our people with the proper knowledge to regulate the sector effectively.

In 2022 we introduced the concept of the Agreed-Upon Procedures (AUPs) Reports regarding player funds and Gaming Revenue (GR). Audit firms are drawing up these reports in compliance with the 'International Standard on Related Services (ISRS) 4400 (Revised) Agreed-Upon Procedures Engagements', a standard issued by the International Auditing and Assurance Standards Board. In collaboration with the Malta Institute of Accountants (MIA), Gaming Committee Technical Releases were issued laying down the professional requirements for the carrying out of these engagements, which intrinsically require the reconciliation of player funds and gaming revenue reports with their accounting and backend systems and submitted by licensees together with their Audited Financial Statements.

Whereas Audited Financial Statements, in conformity with the International Standards on Auditing (ISA), adopt the concept of materiality, thus requiring auditors to obtain reasonable assurance on whether the financial statements are free from material misstatement, AUPs Reports do not adopt such a concept. This is particularly significant, as what is material from an auditing point of view is not necessarily immaterial from a regulatory perspective, especially since a licensee may hold gaming licences across various jurisdictions. The resultant regulatory findings under the Maltese licence would still be reportable irrespective of its materiality when seen in the context of the licensee's global operations.



We kept an open communication channel with all relative stakeholders throughout the year through various initiatives.

A webinar in conjunction with the MIA was held at the beginning of June 2022 to set out the roles and responsibilities of the auditor and engaging party as dictated by ISRS 4400 (Revised). The webinar allowed auditors and licensees to address their queries about this new requirement. A list of Frequently Asked Questions (FAQs) was also rolled out on our website in September 2022 to address common queries. The experience garnered during this year is driving us to further enhance such procedures in terms of streamlining the reporting process and continuously updating the FAQs, thus continuing to drive a compliance culture by being clear on what we expect from our licensees.

As a regulator, we must ensure that a licensee's audit service providers (ASPs) meet certain minimum criteria to maintain quality and integrity in the auditing process. In this regard, we have, since 2018, been approving ASPs engaged by our licensees to conduct both system and compliance audits. This entails an assessment of an audit firm's suitability in terms of independence and competence. It provides a mechanism for us to suspend or revoke our approval in case of unsatisfactory performance.

Mindful that it is equally essential to ensure the quality of other engagements, such as system reviews, statutory audits and AUPs reports, we have extended the approval scope to include these engagements. Whilst expanding the range of our existing policy on this front, we decided to effect some other amendments which would also improve transparency and efficiency. In this regard, we issued a consultation paper to communicate and refine our proposal and published our final policy paper in November 2022. In so doing, the revised policy is requiring ASPs to have, amongst others, at least two approved persons within the firm, where such persons collectively should hold financial and I.T. qualifications, as well as experience, and to ascertain that there are no financial interests or conflicts of interest in relation to their engagement. These requirements aim to ensure competence and continuity of service, the latter being imperative for us to regulate effectively and efficiently.

The Suspicious Betting Reporting Requirements, in place since 2020, have helped us as a regulator to have a holistic overview of all suspicious events within the remits of our Malta-licensed betting operators. These requirements oblige licensees offering a gaming service or a critical gaming supply to report suspicious activity via the Suspicious Betting Reporting Mechanism (SBRM). In 2022, 475 such reports were registered, through which we collaborated with several stakeholders on an international sphere and assisted a total of 18 relevant investigations. Moreover, we also had 25 instances where we helped betting operators transfer betting data falling within our jurisdiction to the appropriate investigating body in cases of manipulating sports competitions.

In 2022, through the Alerting process that had been implemented in the previous year, we have continued to ensure that we not only receive information from our licensees but also share our knowledge of suspicious events submitted on the SBRM with our licensees without revealing the source of information. Through such a process, we allow licensees to review the events in question and increase the chances of detecting suspicious betting behaviour.

In this regard, we collected information on suspicious events and proactively notified the relevant sports governing body and law enforcement bodies of suspicious events reported to us by sharing an anonymised report. We believe that in sharing information with our operators, we can capitalise on the strong sense of collaboration already present and increase the chances of detecting suspicious betting behaviour. This process gives licensees a holistic view of which events the industry recognises as suspicious and take informed decisions. By making this sharing of information mutual rather than one-sided, we are implementing in practice our *dictum* that we are on the same side as licensees of goodwill.



Our commitment to keeping an open and collaborative dialogue with the industry is as important as our communication with other regulators and local authorities.

Acting as the Supervisory Authority on behalf of the FIAU and as part of the ongoing cooperation with such, we organised several training sessions and joint workshops throughout the year to continue refining the supervisory methodology used in the conducting of AML/CFT examinations of licensed entities deemed to be subject persons under the Prevention of Money Laundering and Funding of Terrorism Regulations (PMLFTR).

In March 2022, an AML/CFT workshop was organised with the participation of the FIAU, aimed at sharing best practices between the two entities in the conduct of AML/CFT examinations. In addition, several training sessions were organised in September 2022 by MGA officials to share industry-specific knowledge with FIAU representatives. These sessions were designed as hands-on workshops to foster an overall understanding of the gaming sector.



Implementing Change by Being Innovative

The concepts of innovation and change are crucial for the future of the gaming sector. With over 20 years of experience overseeing the gaming industry, we have never stopped looking into how we can do better and ensure robust regulation without stifling innovation, which is the sector's lifeblood. This has led us to be innovative internally, within our processes, operational structures and technologies used, and externally – doing our utmost to be, and stay, at the forefront of such a dynamic and changing industry.





Malta, as a country, has always been at the forefront when it comes to legislating for innovation. One typical example is the introduction of the VFA Act by the Malta Financial Services Authority (MFSA), which also allowed companies operating in the Distributed Ledger Technology (DLT) and crypto-related sectors to be effectively regulated in Malta.

The benefits derived from cryptocurrencies have been recognised as advantageous to regulatory compliance due to the characteristics of transparency and traceability intrinsic to DLTs. That being said, as with any nascent technology, cryptocurrencies present new risks that must be understood and catered for. This has led Malta to adopt an interdisciplinary approach when regulating the sector, acknowledging the risk involved and mitigating it by introducing various regulatory stakeholders responsible for overseeing the different facets according to their area of expertise.

From a gaming industry perspective, within the ambit of the Sandbox Regulatory Framework, we are currently allowing applications for the integration of cryptocurrencies into the business model of our operators. These refer solely to cryptocurrencies that would, upon applying the Financial Instrument Test issued by the MFSA, be characterised as VFAs or virtual tokens. The process for the approval of cryptocurrencies in this manner necessitates an authorisation from us to this effect, during which we scrutinise applications to ensure that the crypto assets proposed for use meet the standards required by the applicable regulations.

At the post-approval stage, licensees accepted to participate in the Sandbox Regulatory Framework are subject to more stringent requirements than those that would ordinarily apply for the more traditional means of payment, per the risks involved. The MGA has drawn on the experience garnered from the implementation of the Sandbox Regulatory Framework, with the aim being to develop long-lasting policies around the use of cryptocurrencies in the context of gaming operations as of 2023. The experience gained will be highly useful in determining a robust regime to regulate these emerging technologies and payment methods.

Another area currently gaining momentum is the investment in Environmental, Social, and Governance (ESG) criteria, where, over the years, we have seen the gaming sector maturing and becoming more aware of its impact on the environment and society. We have been observing a growing trend of gaming companies setting their own ESG targets and transparently reporting the progress toward achieving them. We do believe that, as a regulator of the gaming sector with over 300 licensees, we have an important role to play – to use our voice in the global sector to advocate for positive change and demonstrate best practices.

Recognising the importance of ESG matters, in the last quarter of 2022, the MGA kickstarted a process for possibly implementing a voluntary ESG Code of Good Practice for the industry to showcase and increase the positive social and environmental impacts of the gaming sector. Naturally, this will only occur following extensive consultation with industry professionals to set the common priorities for ESG in gaming, identify best practices in the area, and allow good ESG performance to be recognised. As we look ahead, we expect to see more and more companies taking concrete actions towards becoming more sustainable, and we believe that reporting such efforts contributes positively to implementing change within the sector and improving its overall perception. We acknowledge that, as the regulator, we should lead by example, and therefore we are also moving towards ESG reporting for the Authority itself as part of the annual report process.

As part of our process to remain innovative and at the forefront of new technologies, apart from keeping tabs on external factors, we have also been actively working on improving our internal systems and processes. During 2022, through a thorough understanding of the current systems and technology

in place, the I.T. strategy for the realisation of these objectives was documented. Special consideration was given towards aligning the core I.T. initiatives with the overall strategy of the Authority.

As an Authority, we consider ourselves an open regulator, seeking to continuously improve and innovate, enabling us to continue being effective in our regulatory framework.

Many changes and projects are happening internally; however, we do not regulate in a vacuum, and hence we are actively on the lookout for any new technological advances, products and software that might require regulation or else that our licensees might be considering to offer under their licence. Throughout 2022, we have had several queries from the industry requesting our views on the feasibility, or otherwise, of a number of new concepts. These queries range from questions on game setups to software requirements and deal with different technologies, with the most common query being DLT-related. Through a holistic objective approach whereby various internal discussions are held between multiple teams, a decision is reached to always provide the necessary clarity to licensees.

Through several workshops and conferences held locally and abroad, we continued to understand what the industry is looking at, any hurdles or constraints and consider any options for improvements. This translates into further development in legislation or other regulatory requirements, which enable our licensees to operate within the fast-changing gaming sector but always in a well-regulated environment.



Providing Guidance and Reaching Out to the Industry

A key aspect of any regulator's role is to educate stakeholders about the regulations and policies they must comply with. In expecting compliance from our licensees, we acknowledge that it is our responsibility to be clear as to what those expectations mean in practice since the daily application of regulatory requirements often results in circumstances where it may be difficult for a licensee to understand how to be compliant while being pragmatic in running its business.

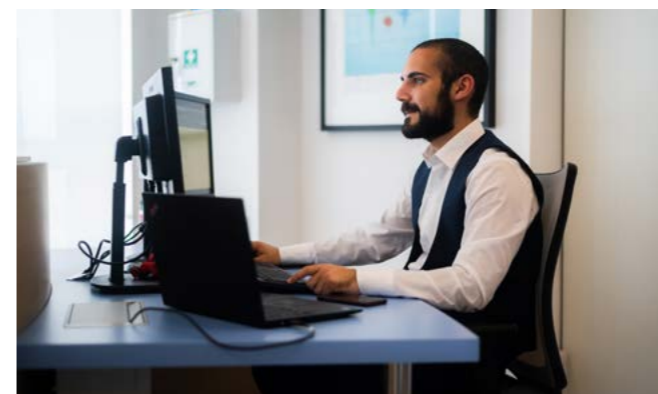


We endeavour to be clear in our expectations in two ways: by being present and available for discussion regularly and organising or participating in structured events and consultations specifically created for outreach purposes.

We understand the importance of having our presence at key industry events and conferences to foster conversations and debate in less formal settings. 2022 was the first year following the COVID-19 pandemic when our representatives participated in numerous live events as speakers, panellists, or regular attendees, in Malta and abroad. Our attendance at industry events is paramount for us to present our views on the key developments in the sector and educate the industry about the initiatives driven by the Authority. In total, we participated in 49 conferences and events, a list of which is provided in Appendix 1.

Apart from continuing to make ourselves available to speak to the industry at any point, in 2022, we hosted the first of a series of Regulatory Workshops to discuss topics pertinent to the industry and the Authority. Such workshops have provided and will continue to provide, the opportunity for the industry to hear first-hand about the proposed regulatory changes or any other matters, as well as about our approach to particular aspects of regulation for which the stakeholders' feedback is necessary to ensure compliance and understanding of any changes. We also focused on improving the frequency of use and effectiveness of our consultation process. Formalised consultations allow us to garner feedback on specific policy initiatives from experts in the industry.

We continued educating the sector, with a specific focus on prospective MLROs, on their obligations, the authorisation process, and the eligibility criteria for holding the MLRO function within a gaming company. We also empowered existing MLROs with the knowledge of best practices when submitting Suspicious Transaction Reports (STRs). We also organised a conference titled "The MLRO in the Gaming Sector", which complemented the ongoing dialogue between the industry, the MGA and the FIAU and contributed to raising awareness of the existing AML/CFT requirements. Our priority is to ensure that licensees receive adequate guidance and support with respect to AML/CFT obligations and requirements by further increasing outreach initiatives in 2023.



Additionally, to appropriately address the importance of player protection as one of our prime regulatory objectives, several familiarisation visits were held during 2022, which helped form the basis of the amendments to the Player Protection Directive. Such amendments resulted from research carried out by the MGA, as well as experience garnered through the familiarisation visits and the desktop reviews. In this aspect, we intend to continue holding regular touchpoints with licensed entities throughout 2023, as we firmly believe that responsible gambling is a shared responsibility between the licensee, the player, and the regulator.

In 2022, we continued revamping our consultation process and monitoring the industry's engagement in the process. Our idea of regulating the sector is to constantly engage with the stakeholders, most importantly, those affected by our policies and those vested in the matter. During the year, we launched consultations on five distinct subjects, requesting evidence or feedback on our policies from the licensees and other stakeholder groups.

Our outreach does not stop with our licensees. Our commitment to keeping an open and collaborative dialogue with the industry is as crucial as our communication with other regulators and local authorities. Throughout 2022, we continued with our regulatory outreach by creating knowledge-sharing opportunities with our foreign counterparts to exchange best practices and to provide authority-to-authority training on specific areas of gaming regulation. In 2022, we hosted in-person and remote international delegations from Malawi, Ghana, France, Ireland and Latvia. These meetings focused mainly on sharing the knowledge and lessons learnt to further improve how the sector is regulated. In addition, our regular presence at the regulatory fora, i.e., the Gaming Regulators European Forum

(GREF) and International Association of Gaming Regulators (IAGR), is crucial in exchanging ideas and implementing the best practices. That helps us reflect on how we regulate and assists us in adapting Malta's gaming regulatory framework to evolving market needs and regulatory risks.

Over the past year, we also collaborated with the National Statistics Office (NSO) on a two-day workshop focused on the gaming sector in Malta, which served as a platform for discussing relevant developments in the industry as well as for facilitating and enhancing discussion on the technical issues related to the analysis of the industry's data. Likewise, we have held several joint training sessions with FIAU officials with the scope of sharing sector-specific knowledge while engaging in practical workshops which promote a general understanding of the sector at large. The culmination of these collaborative efforts serves as the basis for establishing strategic relationships with relevant stakeholders and complements our avowed efforts to consistently improve how we regulate.

To increase transparency, we communicated any important developments on our website and through our social media channels. We provide regular updates on any amendments to the laws and regulations governing Malta's gaming sector, policies and guidance documents, and information on any open consultations and their outcome. Further to any new initiative we undertake, we ensure that extensive FAQs are published and updated regularly to reflect any amendments following initial publication.

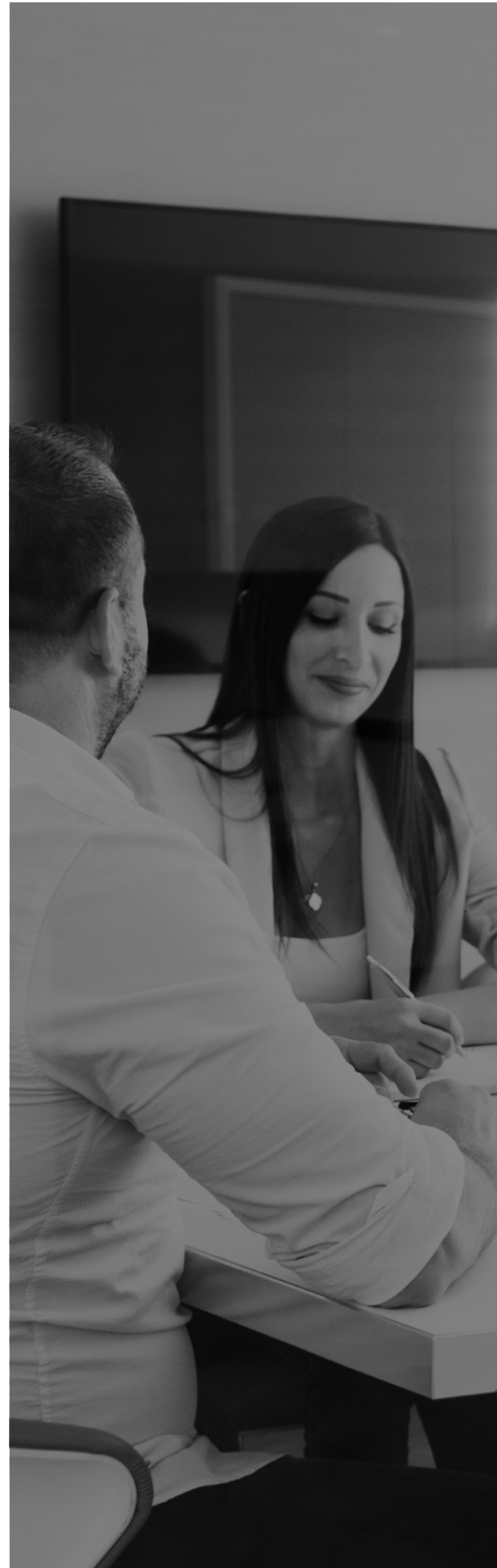
Throughout 2022, we issued 43 news items on the website and 26 external communications, providing a synopsis of various updates and developments at the Authority and in the industry. To ensure that consumers are protected and can access the information on the regulated entities, we publish an up-to-date register of the licensed companies. We also publish notices on the activities of unlicensed entities that are not regulated by the Authority and do not provide the necessary safeguards delineated by our legal framework, making transactions with such entities risky for consumers. In 2022, we also embarked on a project to review our current website, which will positively impact the quality of the published information, ensuring that our message reaches its intended audience.



Effective Governance

Through good governance, we ensure the proper functioning of the Authority and that we operate efficiently and with integrity. In addition to the well-established structures of the Supervisory Council and several committees formed in the previous years, in 2022, we continued to strengthen our internal structures to provide a robust governance system of the several functions of the Authority.





Policies, procedures, and processes are documented and reviewed regularly, forming an integral part of our governance system.

We have increased the efficiency of the internal process followed when preparing responses pursuant to requests for information from various entities. This avoids unnecessary internal touchpoints, and enhances the data structure collected and shared. We also made improvements intended to ensure continued compliance with information security best practices, amongst others, by tweaking the process related to the onboarding, termination and change in the role of employees.

Furthermore, as part of the implementation of the Data Strategy, devised in 2021, we have established our Data Governance Framework, which laid out the responsibilities related to data governance across our organisation, and which ties together aspects related to information security, software development, data protection and to the management of data and records. Through such data governance, we can effectively manage data as an asset and guide data management activities across all levels of the Authority. This culture will continue to ensure that the work carried out by all respective functions is coherent and conducive to improved data governance.

We have also comprehensively analysed our document management system, which allowed us to identify opportunities for improving the system and the related processes. To this end, a thorough exercise has been undertaken to further refine our access control matrix into a significantly more granular system, aiming to identify different data owners within our systems and assign the necessary access rights to only those employees needing visibility and access to the information. This exercise does not only enhance security but will also improve Data Governance. Going forward, we will start migrating towards the improved system, which will continue furthering our implementation of the Data Strategy and will also lead to increased efficiencies in our processes.

Our governance controls spill over the number of enforcement measures we issue towards our licensees for non-compliance of persons or entities holding an authorisation issued by the MGA and our internal systems, checks and balances on our employees. In 2022, the latter led to the prosecution of one of our employees. In this regard, following the surfacing of confidential



information, the Authority initiated an internal investigation to uncover any wrongdoings by any of its employees, which resulted in the termination of an employee and the filing of an official complaint with the Malta Executive Police to investigate and prosecute accordingly. Furthermore, we acted on the recommendations of an impartial and independent employment board, specifically appointed to make recommendations in line with employment legislation vis-à-vis two employees whom the Authority had suspended for a non-work-related incident. The singling out of these incidents and the way they were subsequently dealt with is a testament to the Authority applying its processes and implementing decisions in an accountable and transparent manner and the fact that we take our role as public officials – expected to adhere to very high standards of professional and also personal integrity – very seriously.

As part of our efforts to strengthen our effective control measures, the MGA aims to achieve certification for ISO 27001, an international standard covering information security, cyber-security, and privacy protection in the coming years. A gap analysis was conducted in 2022 to understand the effort required by the MGA to undergo the ISO 27001 certification journey. The Authority already has an exhaustive list of I.T. Policies and is well-positioned to adapt this for the Information Security Management System (ISMS) and ensure that the required policies are approved, implemented, and maintained to safeguard the data and interests of licensees, prospective applicants, consultants, players, and the Government.



Ensuring Employee Retention and Instilling a High-Performance Culture

We take pride in tirelessly working towards a high-performance culture. Collectively as an Authority, we proactively work towards enhancing a positive working culture whereby employees work in an environment that encourages personal and professional development.



We advocate for a positive internal culture where employees can reach stronger levels of performance, which correlates directly with the Authority's mission to strengthen the competitiveness of the Maltese jurisdiction while ensuring a safe space for players.



During 2022, we continued building on the strong foundations that support the most essential asset of the organisation: our people. We remained committed to recruiting the best people in the industry while ensuring effective retention and succession planning strategies for existing employees.

One of the flagship contributors was the revamped Performance Management Framework. Through a thorough internal consultation process, we established a set of new performance rating scales to stimulate higher performance levels whilst ensuring that high-performing employees are rewarded for their efforts throughout the year. In line with the "one MGA" value, the new framework also encompasses peer feedback and rating calibration. Including this feedback is intended to identify training needs by considering a broader perspective of an employee's performance whilst ensuring increased uniformity in how performance standards are measured.

Investing in personal and professional development is widely recognised as one of the key contributors towards enhancing employee morale and motivation, and the MGA makes no exception to this.

Within this ambit, we prioritise training. We believe in the upskilling of our employees, thus ensuring that we regulate the industry with competence and professionalism. Investment in our people's development is also a fundamental tool to retain knowledge and human capital within the organisation. Furthermore, training directly contributes to a positive, high-performance culture we strive to achieve constantly. And we are proud that we care about our employees' personal and professional development.

To this end, in 2022, we undertook a Learning Needs Analysis to capture our employees' training needs while ensuring a direct correlation between employees' personal and professional development and the Authority's strategic objectives. Between January and December of 2022, almost 5,000 hours of training were provided to the entire staff complement of the Authority, with every employee receiving an average of around 30 hours of training, covering both technical subjects and soft skills training sessions. For a complete list of training courses, conferences and events, refer to Appendix 1.

Spinning off from the first wave of the Leadership Training Programme initiated in 2021, we further developed this programme to provide our leaders with additional training and coaching to benefit their daily management of teams. We firmly believe in the impact every leader has towards the efficient running of the Authority and in the development of our employees.

Another key initiative embarked upon during 2022 is the launch of the GROW Training Programme. GROW is a drop-in training programme whereby employees choose which training session to attend based on their interests. This programme was a huge success, with an average of 40 employees attending per topic. Topics covered in this programme included: creativity and problem-solving; effective public speaking skills; stress management techniques; change management; assertive communication and conflict management; time management, planning and boundary setting, as well as emotional and social intelligence.

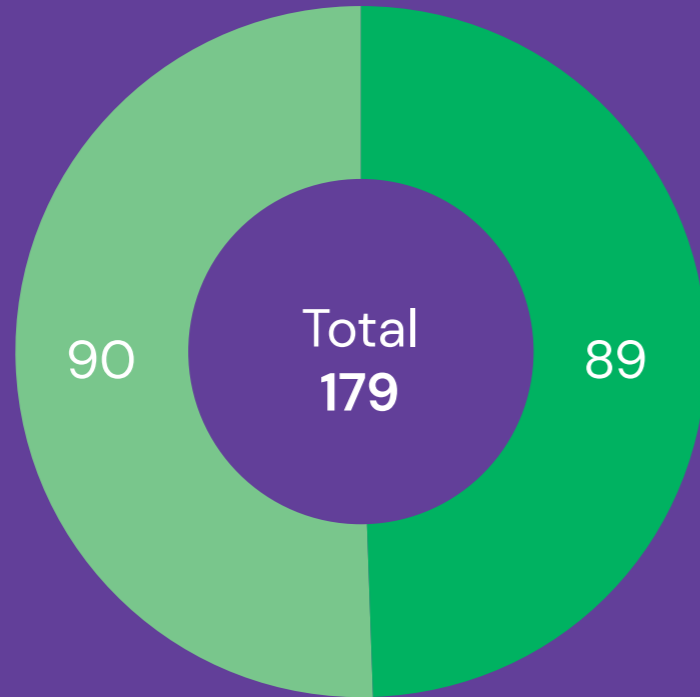
An additional key initiative that we commenced in 2021 and continued in 2022 was the investment in internal training by holding workshops and training sessions delivered by our own employees to other members of staff to share their knowledge. This stems from the fact that we have many individuals that hold a wealth of knowledge on the gaming industry and its regulation. Besides the value of knowledge transfer, this has served the intent to further enhance the links and synergies between departments in a bid to strengthen the Authority's competence in regulating the industry.

To further increase the knowledge, competence and diversity of the Authority as a whole, we participated in several events and partnerships with external entities to ensure that fresh talent is attracted to work with the MGA. In today's highly competitive employment market, such initiatives are crucial in ensuring our long-term strategic objectives are met. In 2022, we participated in the Kunsill Studenti Universitarji (KSU) Freshers' Week, the ICT Student's Association (ICTSA) Careers Fair and the Annual Accountancy Conference organised by the final year students of the Master in Accountancy degree at the University of Malta.

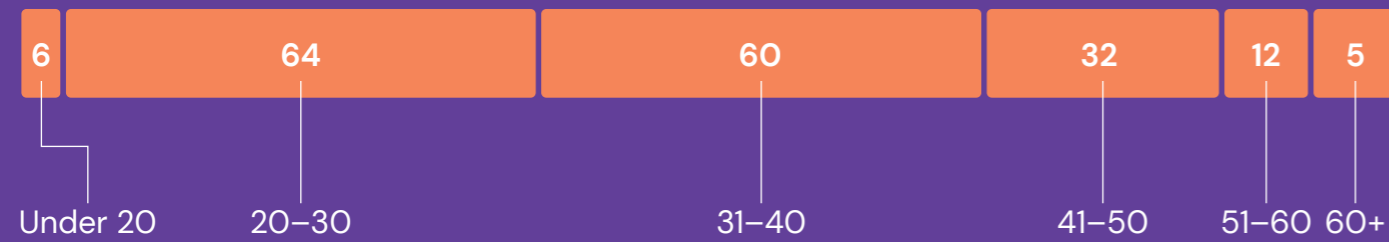
Our People

Gender

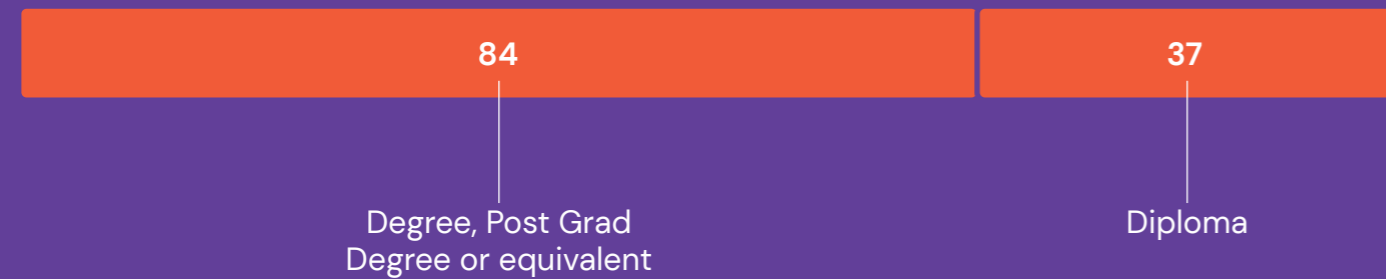
Female
Male



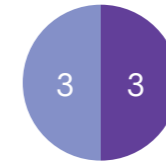
Age



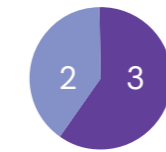
Education



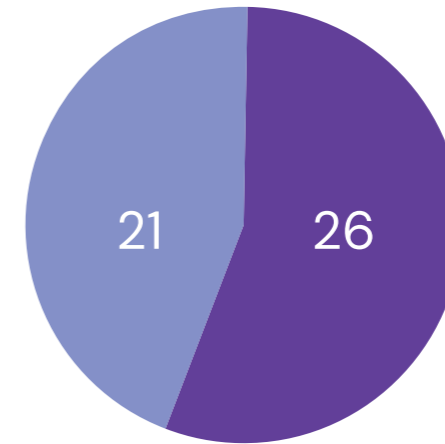
Female Male



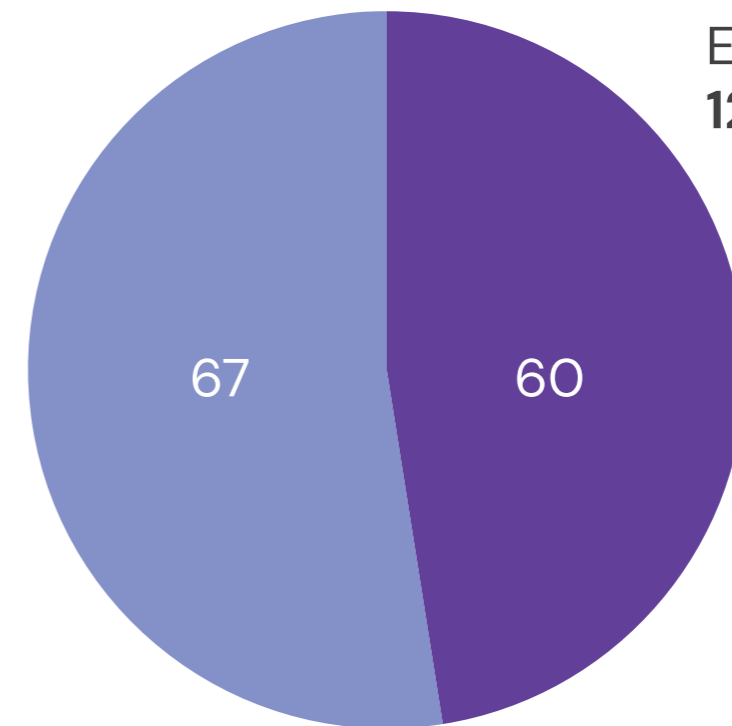
Board of Governors
6



C-level Executives
5



Management team
47



Entry level
127



Regulatory Update for 2022

The Authority fuses the commercial needs of operators with a robust legal framework aimed at protecting players. As the single regulatory body responsible for the governance of all gaming activities in Malta, the MGA has garnered the reputation for being the preferred global remote gaming regulator.



The Concession for the Rights of the National Lottery of Malta and National Lottery Licence 2022

On 5 July 2022, a National Lottery licence was issued to National Lottery plc, enabling the latter to take over the operation of the National Lottery in Malta for the next ten years from the previous operator, Maltco Lotteries Limited.

Following a Request for Proposals issued by the Government's Privatisation Unit in July 2021, the new concessionaire was granted the exclusive right to operate the National Lottery by virtue of the Concession Agreement for the Rights of the National Lottery of Malta signed to this effect between the Ministry for the Economy, European Funds and Lands and the new concessionaire in March 2022.

Following the signing of the Concession, a National Lottery licence was issued in July 2022. It shall be valid for a 10-year term, subject to the regulation and supervision of the Authority, whereby the operator is responsible for ensuring that all operations are conducted per the licence and the Authority's regulatory framework.

In this light, the National Lottery Ruling (Directive 1 of 2022) was published, delineating the applicability of the Gaming Act and the binding instruments issued thereunder in relation to the Concession. Furthermore, the Ruling repeals the effect of the National Lottery Ruling (Directive 1 of 2019), which applied to the operation of the previous concessionaire.

Under the Concession and the National Lottery licence, the new licensee is authorised to sell the National Lottery Games, comprising of Lotto, Super 5, the Grand Lottery, and any variation game thereof, along with other games that include, but are not limited to, keno lottery games, instant lotteries, and sports betting, through land-based and remote channels.

The Sectoral Risk Assessment

The general objective of the Sectoral Risk Assessment (SRA) is to provide a deep understanding of the nature of ML/TF risks affecting the land-based and remote gaming sectors. To this end, this exercise serves the dual scope of reviewing the evolution of existing risks and vulnerabilities, as well as identifying, screening, and assessing risks that have emerged or gained significance in recent years.

During 2021 and 2022, we embarked on such an assessment whereby sector-specific vulnerabilities were analysed at a sector-wide and sub-sectorial level. The sub-sectors considered within the scope of the SRA were remote gaming, land-based casinos, gaming parlours, bingo halls (land-based), national lotteries, linked offerings and low-risk games. The analysis also naturally distinguishes between the various product verticals. The approach adopted as part of the SRA is built upon quantitative and qualitative data analysis to identify critical ML/TF vulnerabilities within the Maltese gaming sector. Underlying risks and mitigating controls were mapped and assessed to provide a basis for determining the inherent and residual risk of each sub-sector.

The purpose of the SRA is to provide us with a greater insight into the ML/FT vulnerabilities and risk factors affecting the local gaming scene and how these can impact our function as an Authority. The risks and mitigating measures have been discussed in great detail with industry representatives during 2022, aiming to confirm all the risks identified and evaluate the mitigating measures currently in place to deter illicit activity from taking place through gaming platforms.

The underlying conclusion of the SRA indicates that remote gaming operators are inherently of a higher risk level when compared to land-based gaming operators. The overarching reasons behind this are remote gaming operators' lack of face-to-face interaction and the higher volume of transactions. Nevertheless, the SRA clearly outlines several innovative controls such operators implement to deter and promptly raise alerts in cases of attempted illicit activity. Evidence also shows that remote gaming operators are amongst the top reporters regarding suspicious transaction reports, indicating that the implemented controls are highly effective.

The information gathered, compiled in a report and accompanied by a risk register, will ultimately feed into the overall national risk assessment for the country, which is being prepared by the National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC).

Furthermore, as part of our initiative to maintain an updated and relevant SRA, the Supra National Risk Assessment (SNRA), which the European Commission publishes, is also considered in our assessment. In this regard, we were pleased to note that most of the mitigating measures suggested by the European Commission have already been implemented by remote gaming operators licensed by the MGA.

Responsible Gambling

Promoting responsible gambling and safeguarding players' rights remains at the core of our objectives and ensuring that players can gamble safely, mitigating the risk of gambling-related harm. To this effect, we drastically increased the number of Responsible Gambling desktop reviews conducted on B2C licensed entities. Such desktop reviews focus on specific licensee-player relationships and the responsible gambling-related functionalities accessible on the B2C operator's website. Throughout 2022, 85 responsible gambling-oriented website checks were completed. These checks seek to ensure that responsible gambling functionalities, including limits, exclusions, and reality checks, are accessible on the B2C website and functioning in line with the requirements of the Player Protection Directive.



Regulatory Activities

Authorisation of Gaming Licences and Certificates

	2020	2021	2022
Applications			
New gaming licence applications	58	52	41
Rejected/Withdrawn gaming licence applications	30	21	21
Licences			
Gaming licences issued	68	46	31
Termination of gaming licences	9	18	27
Cancelled licences	12	5	6
Suspended licences	3	0	4

Table 1: Online Gaming – Key figures

Recognition Notices

Numerous requests for authorisations, such as those for gaming licences, recognition notices, certifications for key functions, and modifications to the currently licensed and granted authorisations, were submitted to the Authority throughout the period under review.



Note: The methodology for compiling the number of recognition notice applications has been revised as of 2022 to include both new and renewal applications. For this reason, one cannot compare the recognition notice applications for 2022 with those published in previous publications.

The methodology for compiling the number of certificates issued remains unchanged, and the figures quoted refer to the number of recognition notice certificates issued during the period under review.

Decision Type	Count
Approved	22
Referred for further consideration / procedural matters	9
Rejected	6
Total	37

The Fit and Proper Committee

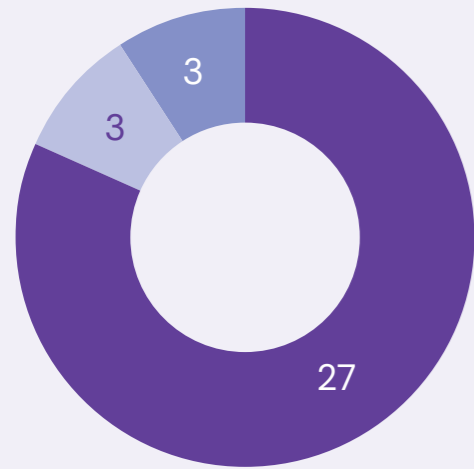
Applications are assessed on a fitness and propriety level before issuing authorisations to determine the legal and natural people associated with the potential application.

In 2022, 1,514 criminal probity checks were conducted – covering individuals, shareholders and ultimate beneficial owners, key individuals and other workers, and businesses from the land-based and online gaming industries.

Several applications of a more complex nature were also discussed at the Fit and Proper Committee level. The Committee convened 19 times, during which it took 37 decisions, of which 22 referred to approvals of applications. At the same time, six led to the rejection of assessed individuals and entities since they were not deemed fit and proper to hold the requested authorisation due to different factors, such as a higher risk of ML/TF.

A further nine decisions referred to instances wherein the Committee felt that the Authority should request additional documentation or declarations from the applicant or existing licensee before deciding on their fit and proper status to ensure their integrity and reputability.

Supervisory Activities



33 Total decisions taken by the supervisory council

- Approved
- Rejected
- Sent for clarification

The Supervisory Council

Thirty-three licence applications were brought to the attention of the Supervisory Council during the 16 sessions held in 2022. Of these, 27 were approved, three were sent back to the applicant for further clarification, and three were rejected.

The Supervisory Council rejected applications due to issues concerning the financing of gaming services or supplies or on the basis of the applicant providing the Authority with inaccurate or incomplete submissions in its licence application.

Routine Compliance Checks

228 Desktop reviews

28 Compliance audits

143 Licensees subjected to a desktop review

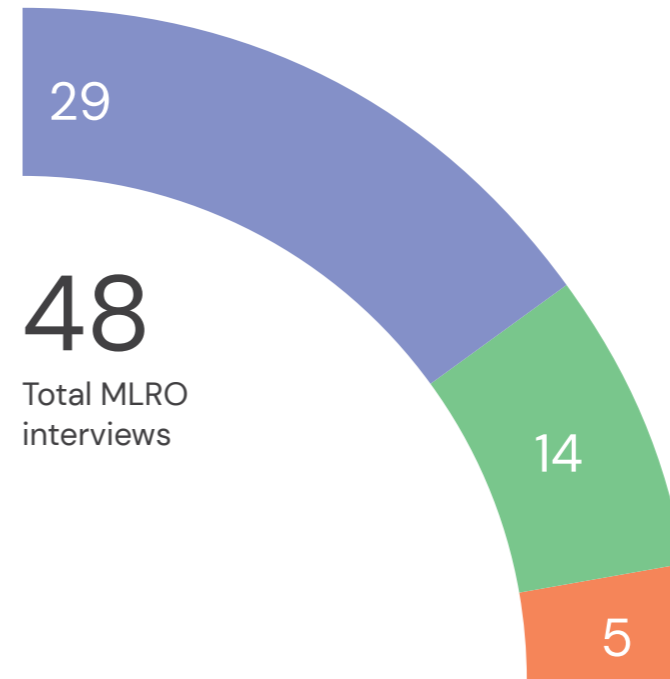
Compliance Activities

The compliance function within the Authority ensures effective regulatory compliance throughout the lifetime of any gaming licence with the stipulated licence conditions, the relevant legislative framework, and other regulatory instruments.

Several compliance checks are undertaken to ensure that authorised persons abide by the gaming licence conditions and legislative framework. In cases when the licensee is not compliant, the Authority determines the necessary action. A total of 228 desktop reviews were undertaken and supplemented by 28 conducted compliance audits. Of these, 62.7% of reviews were conducted on licensees, while the rest were conducted on individuals on whom third parties requested information.

AML/CFT Examinations, Interviews and Enforcement Measures

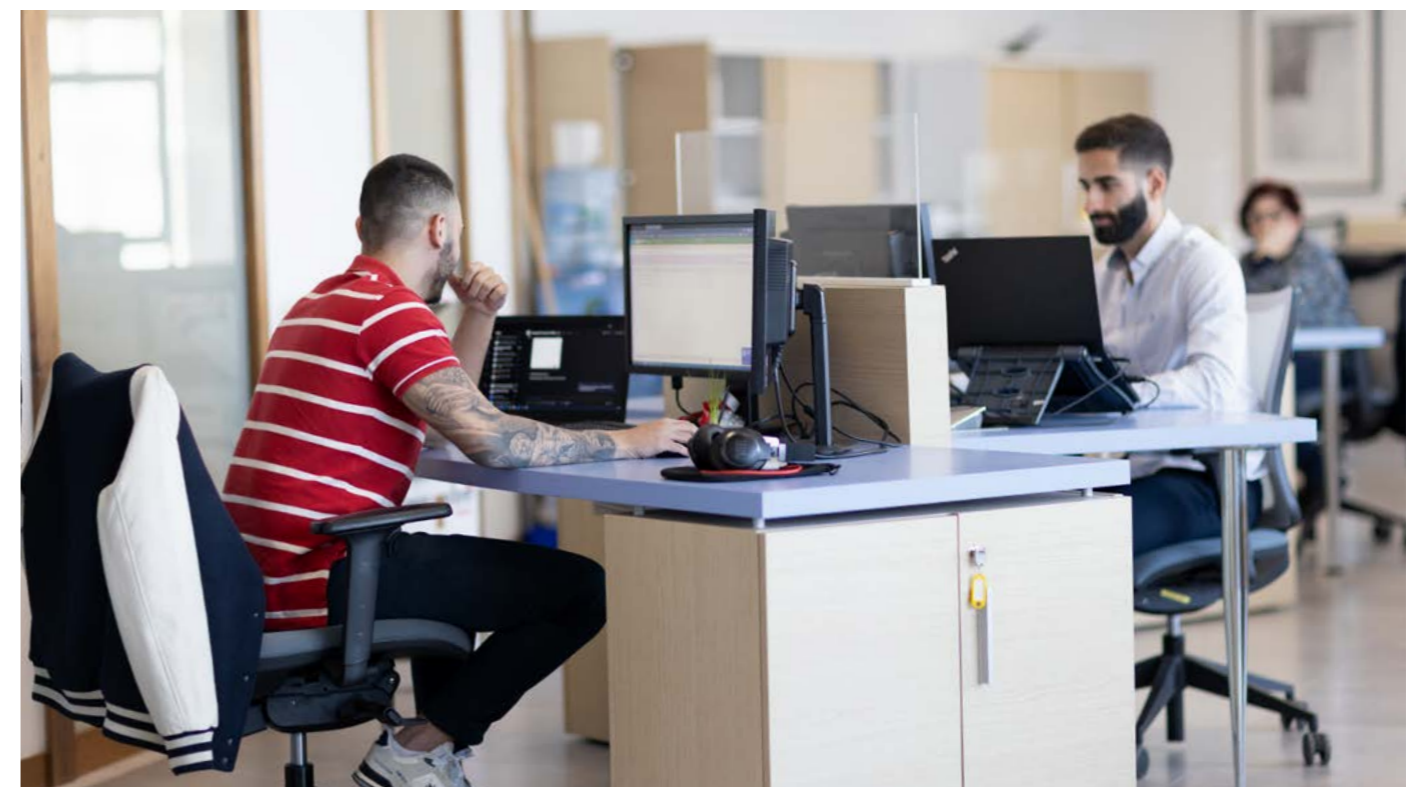
- Approved
- Conditionally approved
- Rejected



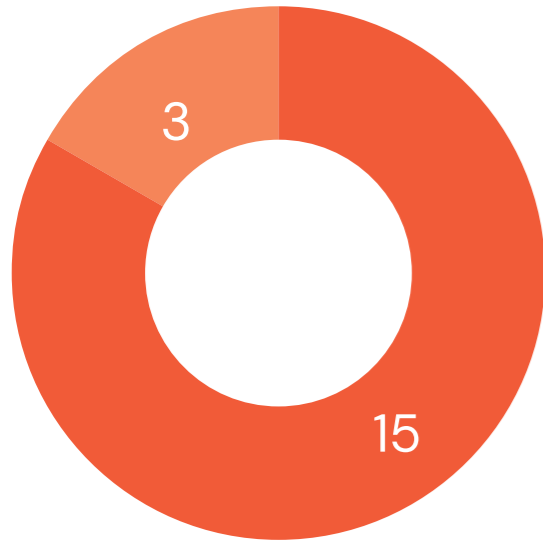
48
Total MLRO interviews

During 2022, a total of 27 AML/CFT Compliance Examinations were carried out on licensees, out of which 13 were carried out by the MGA, eight by the FIAU and five in joint collaboration between the two authorities. Moreover, a total of 25 licensees were subject to remediation and/or administrative measures by the FIAU, based on shortcomings and breaches identified during examinations carried out by either the MGA or the FIAU in previous years. In total, administrative penalties amounted to just over €738,000.

Moreover, a total of 48 Key AML/CFT & MLRO interviews were carried out to assess the applicants' competence and knowledge and understanding of the Maltese AML/CFT legal framework. Out of these 60.4% were approved, 29.2% were conditionally approved, and the remaining candidates were rejected.



475 Suspicious Betting Reports from licensees



18 Contributor to 18 investigations across the globe on manipulation of sports competitions or breaches in sports rules

- Direct investigations
- Indirect investigations

224 Alerts shared with licensees

44 Requests for information from sports agencies & bodies

25 Instances of data exchange

Sports Betting Integrity Reporting

The Authority safeguards the integrity of sports betting markets through a dedicated reporting system to identify suspicious betting and contribute to the battle against sports manipulation.

Licensees and other concerned partners submitted 475 suspicious betting reports split between accounts and events, which were forwarded to the appropriate body. Reports were received concerning various sports, such as football, tennis, and esports.

As a result of the suspicious betting reports, the Authority has taken part in 18 investigations into the possible occurrence of manipulation of sporting events, of which 15 were direct, implying that the report came from MGA licensed operators, and thus betting data was shared. The remaining three were initiated by operators forming part of other jurisdictions, reporting events that concern Maltese players. The Authority assists such investigations without sharing betting data directly.



The Authority communicated 224 alerts with its licensees as part of its compliance process, 167 of which were also sent to the appropriate Sports Governing Bodies. Additionally, by responding to numerous requests for information regarding sports activity, the Authority collaborates with enforcement authorities, sports governing bodies, integrity units, and other regulatory entities worldwide.



Ongoing Supervision of the Land-based Sector

The Authority supervises the operation of the local land-based operators to ensure that all licensed gaming activities follow the pertinent rules and regulations.

As a result, 2,738 inspections of land-based establishments took place in 2022, in addition to the 24/7 inspectorate presence in the licensed casinos and the scheduled presence at all the National Lottery licensee's drawing operations. The inspections were conducted in places that offer traditional forms of gaming, such as bingo halls, National Lottery outlets, and controlled gaming premises. Furthermore, ad hoc inspections are also carried out during non-profit tombola events.

Type of inspection	2020	2021	2022
Controlled gaming premises	2,400	2,215	1,943
National lottery outlets	907	1,573	474
Commercial bingo	182	92	214
Non-profit tombola	62	64	107

Table 2: Number of Inspections in Land-based Gaming Premises 2022

Enforcement Actions and Legal Updates

The Authority ensures that its enforcement and investigative mechanisms are in place so that we can act and take any required action when a natural or legal person violates the rules emanating from the Maltese regulatory framework. In total, the Authority issued a total of €179,150 in administrative penalties comprising of penalties imposed on its licensees and also on unauthorised entities which were offering licensable services without being duly authorised.

The Compliance and Enforcement Committee

The MGA's Compliance and Enforcement Committee identifies and decides the appropriate enforcement measure to be meted out when an authorised or unauthorised person is found in breach of the regulatory framework.

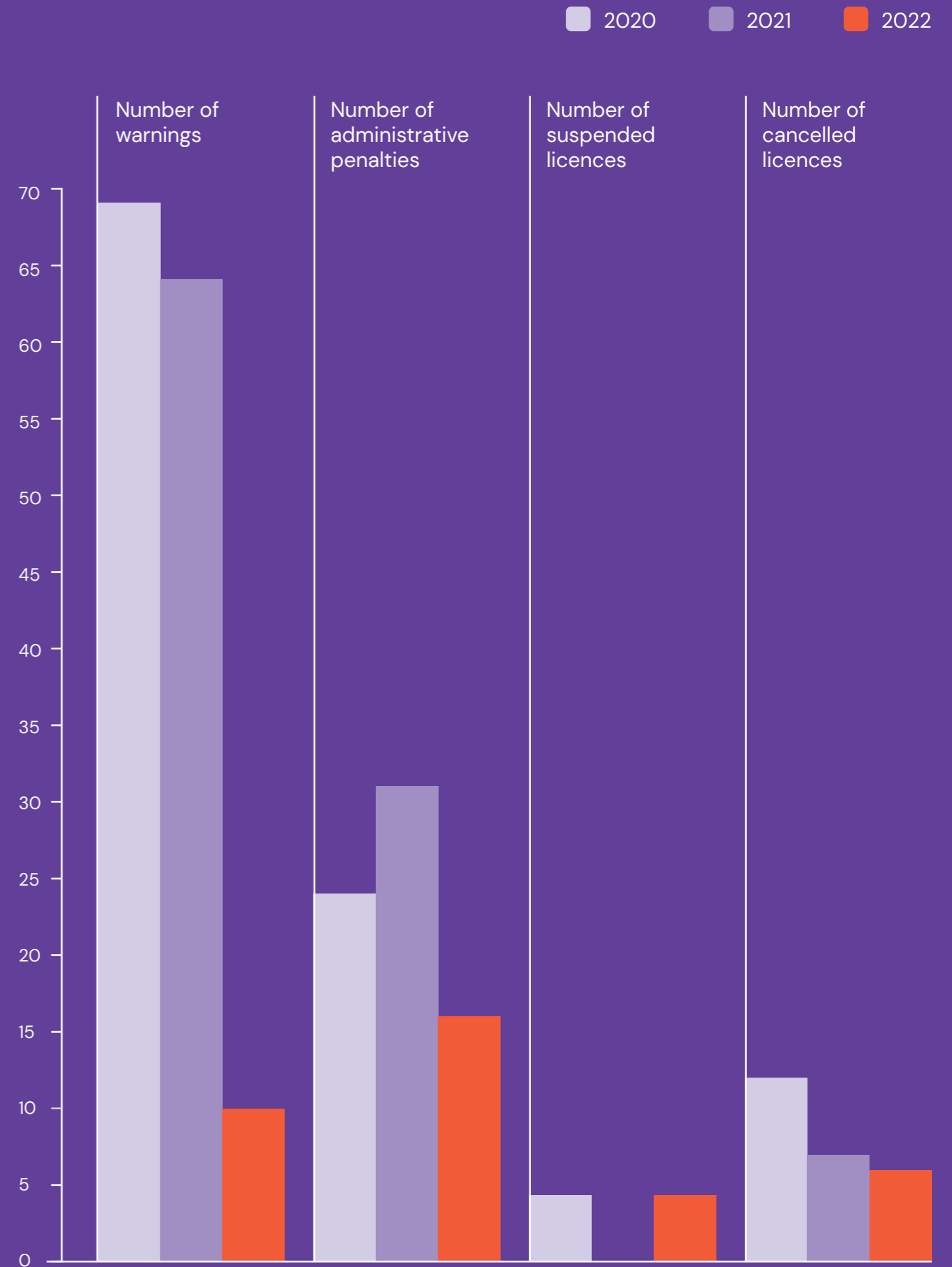
During the 20 sessions held by the Committee in 2022, 82 decisions were taken, 37 of which resulted in an enforcement action. Three regulatory settlements concerning the provision of unlicensed gaming activities were issued, amounting to a total of €123,450.

Type of Enforcement Action	2020	2021	2022
Number of warnings	69	64	10
Number of administrative penalties	24	31	16
Number of suspended licences	4	0	4
Number of cancelled licences	12	7	6

Table 3: Number of Enforcement Actions 2022

Legal Updates

Throughout 2022, the Authority acted as advisor to the Ministry for the Economy, European Funds and Lands on the technical aspects related to the Concession for the Rights of the National Lottery of Malta. Pursuant to the signing of the Concession, the Authority drafted and introduced the National Lottery Ruling (Directive 1 of 2022) and issued the National Lottery Licence to the National Lottery Concessionaire, valid for a ten-year period. Amendments were also made to the Gaming Tax Regulations (S.L. 583.10) to align the legislative framework with the Concession and Ruling.



Player Protection and Responsible Gambling

One of our main regulatory goals is to protect customers. To do this, the Authority ensures that licensees provide a safe and secure gaming environment and have the appropriate controls in place to allow players to wager responsibly and safely while protecting minors and other vulnerable individuals. The Player Protection and Responsible Gambling departments support players who contact us regarding responsible gambling issues and investigate such cases to ensure that our licensees conduct business in compliance with the law. In 2022, we received 5,095 requests for assistance, whilst 5,280 requests were closed off in the same period.

5,095

Requests for assistance received

5,280

Requests for assistance resolved (including spill-over from 2021)

30

Player data extractions

Protecting Player Funds

The MGA prioritises the examination of the financial standing of licensed operators to ensure the continued viability of the business and, even more importantly, safeguard player funds – one of the principal regulatory objectives entrusted to the Authority.

B2C licensees must have sufficient funds to cover the total player and jackpot funds, with at least 90% of the funds required to cover player funds continuously held at EU/EEA-licensed credit, financial, or payment institutions. The Authority ascertains this through monthly Player Funds Reports (PFR), of which it received 2,272 during 2022.

The MGA also audits player and jackpot funds held by licensees, as well as the accounts held with credit, financial, or payment institutions to cover such liabilities.

In the event of a licence surrender or cancellation, the licensee is subject to data extraction, giving the Authority visibility of players who are still owed funds by the licensee and have not been responsive in collecting their dues before the closure of the gaming operation. Throughout 2022, a total of 30 data extractions were conducted.



Responsible Gambling Checks and Reviews

The MGA conducts responsible gambling audits and analyses licensee websites to ensure licensees adhere to the requirements outlined in the Player Protection Directive (Directive 2 of 2018). The emphasis is on the interactions between licensees and players as well as the responsible gambling-related features available on the website of the B2C operator. To this end, 85 responsible gambling-themed website checks occurred, finding 38 URLs possessing misleading information. Following this, 17 notices were published on the MGA website to inform the general public and players of such instances. Thirty observation letters were sent to the licensees outlining the responsible gambling issues and instructing them to comply with the set regulations whilst explaining how we expect them to do so to be fully compliant.

85

Responsible gambling website checks



Commercial Communications Committee

The Commercial Communication Committee evaluates all commercial gaming communications brought to its attention, whether externally or via internal escalation mechanisms, to determine whether the communications comply with the provisions set out in the Gaming Commercial Communications Regulations (S.L. 583.09). The Committee also publishes anonymised decisions to provide further clarity to licensees on how to be compliant on an ongoing basis.

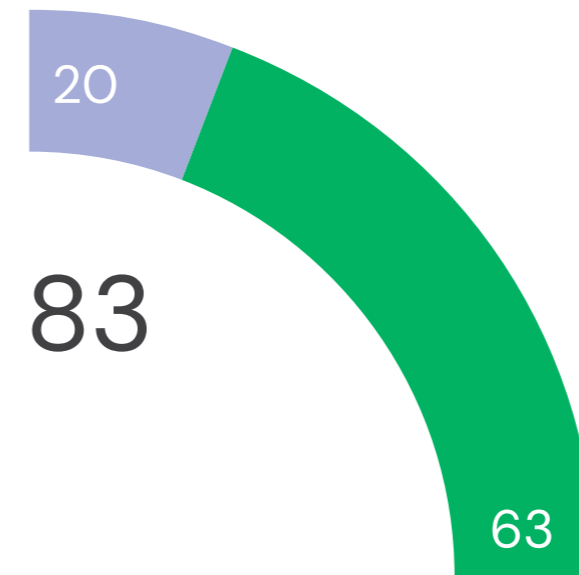
During the year under review, the Commercial Communications Committee took nine decisions regarding possible breaches of the Commercial Communications Regulations. The Committee found authorised persons to be in breach of regulations including, but not limited to, unsolicited commercial communications, commercial communications which do not clearly display the requested information, and communications which did not include educational responsible gambling messaging. Furthermore, some commercial communications were presented such that the web-portal address of any entity devoted to responsible gambling was not clearly legible. Some commercial communications also did not prominently indicate the minimum age to participate in the promoted game.

The Committee communicated with third parties to notify them about breaches and advised them to rectify these to comply with the law and, where required, forwarded the cases to the Compliance and Enforcement Committee for enforcement measures to ensue.

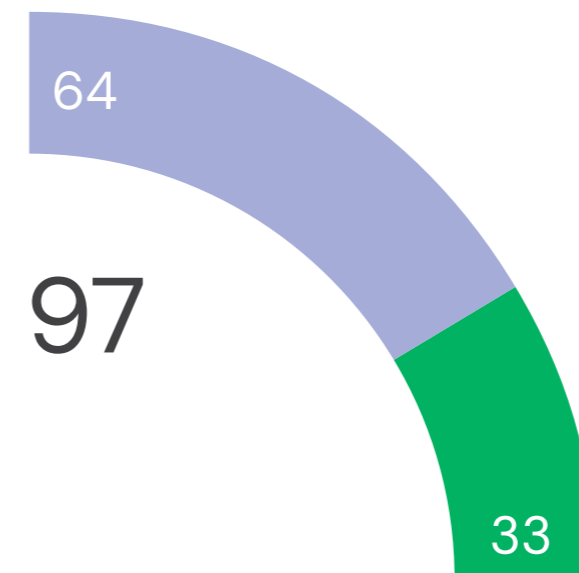
Collaboration

■ EU ■ Non-EU

Incoming requests



Outgoing requests



The Authority has endeavoured to build relationships and ongoing interactions with key local and international stakeholders throughout the years with the goal of exchanging ideas and best practices for regulating the gaming industry. In this light, the MGA entered into several data-sharing agreements, which ensure that when data is shared, there is an adequate legal basis for doing so.

International Cooperation

The MGA firmly believes that exchanging best practices and learning from one another's experiences is essential to regulate a cross-border industry effectively. To achieve this, we maintain an open communication channel with our counterparts and respond to calls for collaboration, such as those outlined in the Cooperation Agreement between the gaming regulatory authorities of the EEA Member States regarding online gaming services, exchanging relevant information and discussing experiences and challenges.

In 2022, the MGA received 83 cooperation requests from various countries, of which 75.9% were from non-EU countries. In addition, 97 cooperation requests were sent out to various countries, 66.0% of which were sent to EU countries.

Incoming Requests	2020	2021	2022
Generic request for cooperation	21	15	3
Information about the local regime	4	6	6
Request for information about unlicensed persons/entities or cancelled licences	1	3	0
Request for background checks as part of an authorisation process	35	55	67
Regulatory assistance on a locally licensed operator	1	1	3
Informing other regulators of illegalities, including criminal activity by players	4	3	3
Sports integrity*	1	6	1
Total	67	89	83

Table 4: Number of International Cooperation Requests Received 2022

Outgoing Requests	2020	2021	2022
Generic request for cooperation	0	8	1
Information about the local regime	0	0	0
Request for information about unlicensed persons/entities or cancelled licences	0	5	2
Request for background checks as part of an authorisation process	43	61	87
Regulatory assistance on a locally licensed operator	2	1	0
Informing other regulators of illegalities, including criminal activity by players	2	0	7
Sports integrity*	0	0	0
Total	47	75	97

Table 5: Number of International Cooperation Requests Sent 2022

*The requests above refer solely to those received from other international gaming regulators and exclude any request from other international entities and agencies.

177 Letters of good standing issued

The MGA also worked closely with other authorities by providing an official reply on the regulatory standing of our licensed operators. We confirm their good standing when this is the case and share relevant information and any adverse remarks regarding the licensees or associated persons where required.

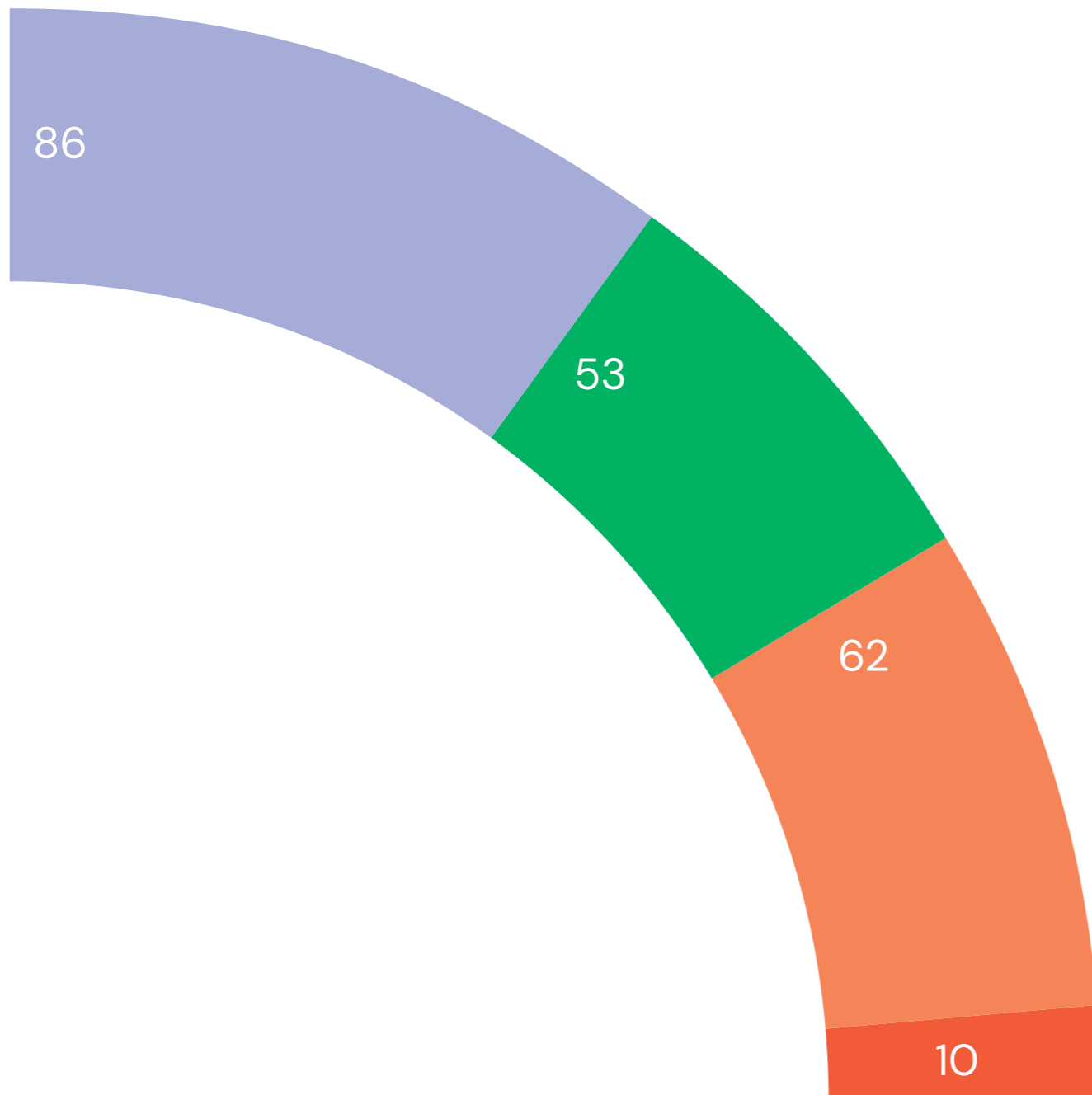


211 Requests for Information

- Asset Recovery Bureau
- Malta Police Force
- Sanction Monitoring Board
- Financial Intelligence Analysis Unit

Collaborations with Local Entities

The MGA works with other local regulatory authorities and stakeholders to regulate the Maltese gaming industry efficiently and effectively. This is reflected through responses furnished by the MGA to requests for information made by the Asset Recovery Bureau (ARB), the FIAU, as well as the Malta Police Force (MPF) on the gaming sector. Additionally, the relevant information is provided to the Sanction Monitoring Board (SMB) to assist in issuing penalties to legal and natural persons in case of failure to adhere to sanctions screening obligations.





Gaming Industry Performance in 2022

The following section presents the performance of the gaming industry regulated by the MGA during 2022. This is presented in terms of the economic value added, employment and other results attained by the operators licensed under the Maltese jurisdiction.



Methodology

1. These statistics relate to the proportion of the Maltese gaming industry comprising companies that the MGA licenses. The sources used for statistical compilation are:

- Industry Performance Returns (IPR/Return) submitted by operators in terms of Article 7(2)(d) of the Gaming Act;
- Information provided by operators through specific questionnaires and correspondence with the MGA;
- Financial information provided by operators to the MGA.

2. Unless otherwise stated, figures represent the performance between January and December 2022.

3. The data in this report is based on the IPRs, which were disseminated amongst all MGA-licensed companies. To collect this data, licensed companies were asked to answer questions on the Maltese-licensed activity. The response rate for compiling the review was 98% at the cut-off date. The Authority has estimated the remaining data to provide a clear picture of the gaming industry operating in Malta.

4. A data cleaning process followed the data collection exercise to ensure the consistency of the results. In some cases, operators were contacted to clarify their responses. Omitted data was imputed through the appropriate techniques, and the answers to every question were analysed. Several imputation methodologies and weighting techniques were adopted to 'fill in' any missing information. Initial sample results were grossed up to obtain population data for all Maltese-licensed activities through appropriate weighting techniques.

5. The framework in place distinguishes between a "B2C – Gaming Service Licence" and a "B2B – Critical Supply Licence" as follows:

- B2C – Gaming Service Licence: Authorisation to a Maltese or EU/EEA entity to offer a gaming service from Malta, to a Maltese person or through a Maltese legal entity.
- B2B – Critical Supply Licence: Authorisation to provide or carry out a critical gaming supply from Malta, to a Maltese person or through a Maltese legal entity.

6. The Gaming Act specifies four game types, while the Gaming Authorisations and Compliance establishes the verticals as follows:

- Type 1 – Games of chance played against the house, the outcome of which is determined by a random generator, which includes casino-type games, such as roulette, blackjack, baccarat, poker played against the house, lotteries, secondary lotteries, and virtual sports games.

The verticals falling under this type are the following:

Casino Games, including Live Casino – This vertical includes a variety of games of chance and skill that are commonly played within the premises of a casino, but are also offered online through various virtual platforms. These online casino games often use similar gambling equipment and mechanics to their physical counterparts and are accessible from anywhere with an internet connection. Live Casino games are played in real-time with a live dealer or croupier, either physically or remotely through a live stream. In the case of remote games, players can participate remotely from their computers or mobile devices and place bets on the

outcome of the game, which is being broadcast live from either a dedicated studio or a land-based casino. The live dealer or croupier manages the game and interacts with the players, making it a more immersive and engaging experience compared to traditional online casino games that use a random number generator.

Lotteries – This vertical includes any game of chance where prizes are distributed by lot or chance among participants in the game.

Secondary Lotteries – This vertical includes games where players bet on the outcome of an official third-party lottery draw, rather than participating directly in the lottery itself.

- Type 2 – Games of chance played against the house, the outcome of which is not generated randomly, but is determined by the result of an event or competition extraneous to a game of chance, and whereby the operators manage their own risk by managing the odds offered to the player. One vertical falls under this type, as follows:

Fixed Odds Betting, including Live Betting – This vertical includes games in which a type of wagering is such that the payout for a winning bet is predetermined and fixed at the time the bet is placed. Live betting allows bettors to place bets on various outcomes during a game, match or event.

- Type 3 – Games of chance not played against the house wherein the operator is not exposed to gaming risk but generates revenue by taking a commission or other charge based on the stakes or the prize, and which include player-versus-player games such as poker, bingo, betting exchange, and other commission-based games.

- The verticals falling under this type are the following:

Pool Betting, including Betting Exchange – This vertical includes betting in which all bets on a particular event are placed into a pool, and the winning bettors share the pool proportionally according to the amount they have bet and the odds of their chosen outcome. A betting exchange is a type of online gambling platform where bettors can place bets against each other, rather than against the house or bookmaker.

Peer-to-Peer Poker – This vertical includes games of poker in which the players play against each other, and derive revenue by way of charge.

Peer-to-Peer Bingo, and other Peer-to-Peer Games – This vertical includes games of bingo or other games where players play against each other.

Lottery Messenger Services – This vertical includes types of online services that allow users to purchase lottery tickets from around the world through a third-party provider.

- Type 4 – Controlled skill games as per Regulation 8 of the Gaming Authorisations Regulations. One vertical falls under this type, as follows:

Controlled Skill Games – This vertical includes skill games, that are deemed as licensable games, the outcome of which is determined by the use of skill alone or predominantly by the use of skill.

7. Gaming operators are requested to submit to the Authority the GR data as defined by the Gaming Licence Fees Regulations (S.L. 583.03) and the Directive on the Calculation of Compliance Contribution (Directive 4 of 2018), instead of the Gross Gaming Revenue (GGR).

8. In terms of the compliance contribution figures reported in this document, the following should be noted:

- For the land-based sector (excluding the National Lottery), the compliance contribution for 2019 to 2022 included the licence fees and levies and a 5% consumption tax on customers located in Malta, in line with the Gaming Tax Regulations (S.L. 583.10).
- For the National Lottery:

For Malta Lotteries Limited (Maltco), the gaming tax was reported in line with the relevant regulations for 2019, 2020, 2021 and 2022 until 4 July 2022.

For National Lottery plc, the gaming tax was reported per the relevant regulations effective from 5 July 2022. This changed under the new concession to include compliance contribution, levies, and a 5% consumption tax, in line with the Gaming Tax Regulations (S.L. 583.10).

- For online gaming, the compliance contribution for 2019 to 2022 included the licence fees and a 5% consumption tax on customers located in Malta, in line with the Gaming Tax Regulations (S.L. 583.10).

9. Unless otherwise stated, the employment figures detailed in this report refer to Full-Time Equivalent (FTE) jobs as at the end of each reporting period provided by the gaming operators (including both land-based and online companies holding B2C and B2B licences) in the IPRs submitted to the MGA. The online gaming figures relate to employees working directly on MGA-licensed activities. The methodology for collecting the employment figures for the online gaming sector has been revised from 2018. For this reason, the employment figures should not be compared with those published in previous years since the number of online gaming employees reported before 2018 also includes the number of outsourced/self-employed individuals directly engaged by gaming companies.

10. The direct contribution of the gaming industry to the Maltese economy relates to gambling and betting activities (NACE 92) following the European industrial activity classifications. The economic contribution is derived from the NSO data covering businesses operating in the Maltese territory, which would also include firms the MGA does not license. At the industry level, gambling and betting activities in Malta comprise land-based casinos, gaming parlours, lotto receivers, the National Lottery operator, and online gaming companies (excluding activities of B2B operators).

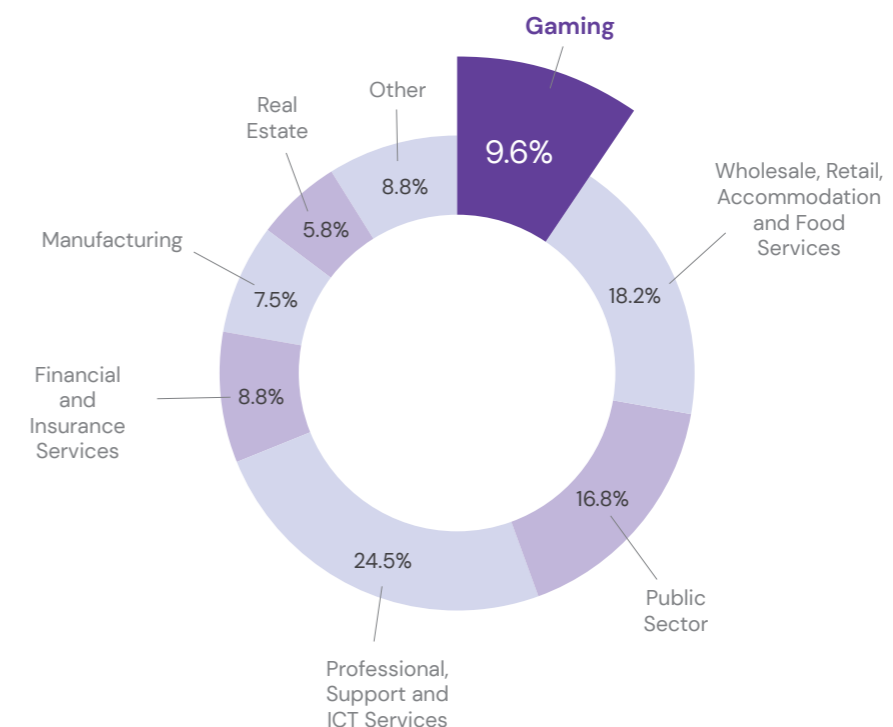
11. The statistical figures reported for the previous periods have been revised to reflect any changes reported after publication. Figures have also been reported for 2019 to facilitate comparison with activities occurring before the COVID-19 pandemic.

Overview of the Maltese Gaming Industry

The gaming industry in Malta sustained its contribution towards the economy's growth during 2022 in the context of headwinds coming from international geopolitical tensions, which disrupted the global economic recovery from the COVID-19 pandemic, and an intensification of regulatory developments across several jurisdictions. The latter impacted the industry's overall activity in Malta, but the growth in the value added to the sector progressed at a steady pace.

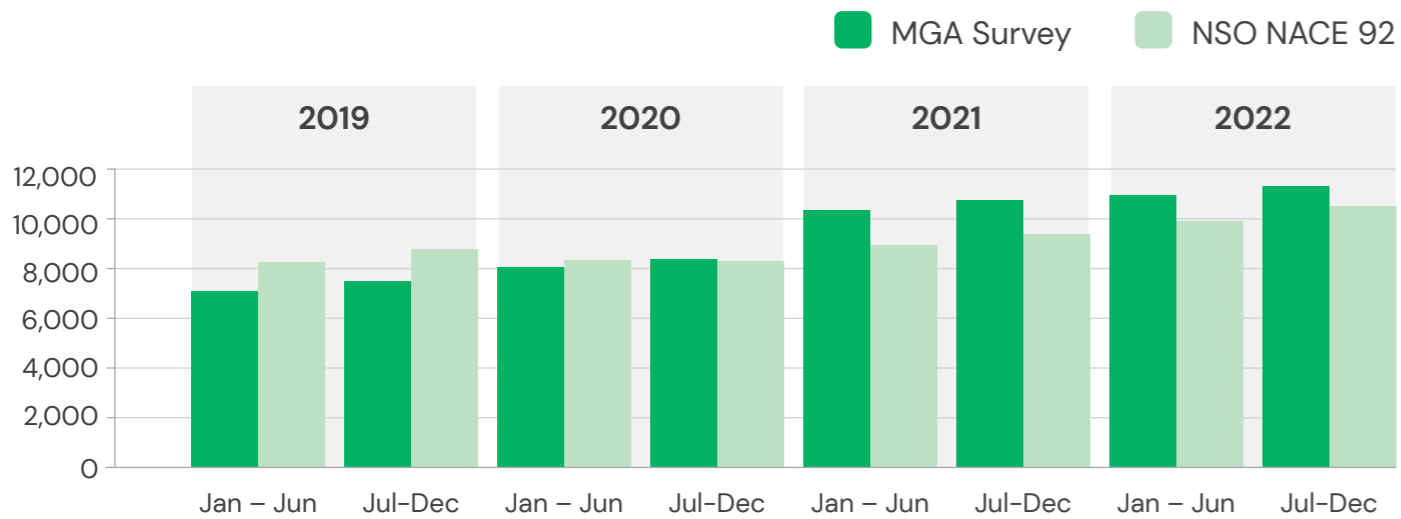
The total Gross Value Added (GVA) generated by the gaming industry during 2022 stood at €1,495 million*, representing around 9.6% of the economy's GVA. When the indirect effects are included, the industry's contribution to the economic value added amounts to just over 12.4%. The gaming industry is estimated to have registered a value growth added equal to 5.8%* compared to 2021.

Furthermore, it is estimated that by the end of December 2022, 11,245 persons were employed with MGA-licensed companies on activities covered by the Authority's licence, with 92.2% of these employees engaged in the online sector. In addition, when considering the employment generated by activities in or associated with the gaming industry, the total employment in the gaming sector in Malta at the end of 2022 is estimated to be 15,774, representing approximately 5.5% of the total workforce*. These indirect activities include FTEs who were working in Malta either on the activities licensed by another jurisdiction, with MGA-licensed firms, or that are employed with companies which service the gaming industry, such as Law Firms, Consultancy Firms, Audit Firms, Data Centres, Translators, Software/IT Companies and Gaming Platforms.



Source: National Statistics Office

Chart 1: Contribution of the Gaming Industry to Value Added



Note: NSO NACE 92 data refers to the mid-point period. MGA survey data refers to the end-of-period point. Enterprise coverage varies slightly between the two sources.

Chart 2: Gaming Industry Employment (FTE)

At the end of 2022, the number of companies licensed by the MGA and operating in Malta – including online and land-based entities – stood at 350. Gaming licences issued by the MGA amount to 358, as well as 329 approvals to offer various types of games under the B2C licence, and 206 approvals to offer services under the B2B licence.

Throughout 2022, the MGA collected €78.7 million in compliance contribution fees, levies, and consumption tax. This represented continued growth over 2021, and especially over 2020, when activity had been affected by the pandemic.

	2019	2020	2021	2022
Number of licences (Note 1)	298	328	351	358
Number of companies in operation (Note 1)	294	323	341	350
Gross Value Added (€m) (Note 2)	1,081	1,247	1,413	1,495
Employment (FTE jobs)	7,417	8,292	10,685	11,245
Online	6,593	7,557	9,919	10,365
Land-Based	824	735	766	880
Compliance contribution, licence fees, levies, and consumption tax (€m)	80.4	73.5	77.9	78.7

Note 1: The number of licences, companies in operation (incl. both online and land-based), and employment figures relate to stock as of the end of December and refer solely to MGA-licensed entities.

Note 2: The GVA figures are being updated in line with the revision made during 2022 in the computation of GVA for NACE 92 by the National Statistics Office.

Table 6: Headline Indicators of Gaming Industry Activity

Gaming Industry Outlook



Despite three years of unprecedented uncertainty, the Maltese gaming industry has continued to register positive performance through the global turmoil. This is witnessed by the steady growth in industry activity during 2022, both in terms of value added and employment. The resilience of the Maltese gaming industry during these challenging times is largely attributed to its ability to remain flexible and adapt to change.

This positive outlook is also reflected in the expectations of online gaming operators, whereby around 65% of those who submitted a valid response in the Industry Performance Return expect gaming revenue to increase in 2023. This share of operators increases to 74% when expressing their expectations for 2024. There are also positive expectations for employment, such that 59% to 60% of operators that provided a valid response indicated that they expect employment within the gaming industry to increase from 2023 to 2024. Nevertheless, most operators also expect a surge in the costs incurred by the industry. Most operators expect to increase costs, including legal and professional expenses and marketing costs. Several operators have continued to engage in mergers and acquisitions to avert such cost pressures and consolidate their performance during 2022.

The increased regulatory and compliance requirements resulting from the wave of national regulation sweeping across Europe and beyond are also likely to contribute to higher consolidation in the industry. The lack of harmonisation in the gaming regulatory landscape has led to a situation where the markets available to operators, particularly B2C casino and sportsbook operators, have become more restricted. This implies that while markets can be accessed, operators would require a licence specifically from the jurisdiction concerned. From a cost perspective, this also forces companies to strengthen their compliance teams, which continues to pressure their margins¹.

Within the international corporate tax framework, global minimum taxation is set to be introduced in 2024. Large international groups of companies with a combined annual turnover of more than €750 million are subject to a minimum income tax of 15% from 2024. Given that the tax reform is applied globally, the responsiveness of gaming operators in terms of possible relocations to other jurisdictions is projected to be limited. Nevertheless, the MGA has intensified its efforts, together with other national stakeholders, to ensure that a sustainable strategy for the gaming sector is in place to mitigate any potential difficulties and ultimately safeguard Malta's competitiveness as a jurisdiction.

¹ [Gambling Insider: Malta Focus 2022 and iGaming Capital 2023](#)

The MGA also remains committed to safeguarding Malta's reputation internationally. It aims to ensure that a robust regulatory framework is in place to sustain the development of the gaming sector, particularly within the context of the Financial Action Task Force (FATF)'s decision to remove Malta from the grey list in June 2022, which has raised the bar in terms of Malta's pledge to maintain the rigorous standards it has committed itself to. From a policy-making perspective, the Maltese Government continues to strengthen its efforts to ensure that Malta remains attractive compared to other competing jurisdictions.

In recent years, gaming technology has experienced a surge in new trends that are anticipated to impact the market going forward. From a European perspective, the share of Europe's online activity taking place on mobile devices (phones and tablets) continued its growth trend in 2022, with 53% of online bets placed on mobile devices and 47% of online bets placed from desktops². Other key trends which will characterise the coming year include the continued integration of augmented reality and virtual reality in gaming, a greater emphasis on personalisation during gaming experiences, growth in cross-platform gaming and the development of metaverse and blockchain in gaming, where the MGA has similarly positioned itself as a thought leader in the regulatory space by means of its finalised Policy on the use of Distributed Ledger Technology by Authorised Persons.

Overall, the outlook for the Maltese gaming industry remains positive. While industry players are to remain on the lookout for the impacts of international regulatory developments and the trends that will characterise the future of gaming and entertainment, the gaming industry in Malta is expected to continue thriving and evolving, also backed by a strong and balanced regulatory regime as well as the necessary human resources and operational infrastructures.



² [EGBA \(European Gaming and Betting Association\), European Online Gambling Key Figures 2022](#)

Detailed Statistical Report on the Land-Based Gaming Activities

Gaming Premises – Distribution of B2B Licences by Game Type

At the end of 2022, all B2B Land-Based licensees were approved to offer Casino games, including Live Casino Setup under Type 1 games³.

Gaming Premises – Casinos

There are four licensed casinos in Malta: Dragonara Casino, Portomaso Casino, and Casino Malta, located in the central part of the country, and Oracle Casino, located in the north.

Gaming Premises – Casinos: Game Types

The current licensing regime categorises all games the licensees can offer into four game types⁴. An operator can offer one or multiple game types. At the end of December 2022, all casinos had approval to offer Type 1 and Type 3 games, while three of the four casinos had Type 2 approval. Each game type is then classified into the verticals offered for each type, as presented in the table below⁵. To date, no licensed casinos provide games of skill under Type 4.

Type 1	
Casino Games, including Live Casino	4
Type 2	
Fixed Odds Betting, including Live Betting	3
Type 3	
Peer-to-Peer Bingo/Poker	4

Table 7: Gaming Premises – Casinos – Game Types and Verticals (End-Dec 2022)

³ For more information on the game types, please refer to Point 6 of the Methodology.

⁴ For more information on the game types, please refer to Point 6 of the Methodology.

⁵ The table shows an abridged list of the gaming verticals to show only those being used. For a full list of the gaming verticals, please refer to Point 6 of the Methodology.

Gaming Premises – Casinos: Number of Gaming Devices

At the end of December 2022, the total number of gaming devices in the casinos stood at 909, including 897 slot-type gaming machines and 12 sports betting terminals.

	End-2019	End-2020	End-2021	End-2022
Slot-type Gaming Devices	937	913	887	897
Sports Betting Terminals	17	17	17	12
Total	954	930	904	909

Table 8: Gaming Premises – Casinos – Number of Gaming Devices

Gaming Premises – Casinos: New Players' Registrations

Casino operators are required to register every new-to-the-casino player who enters their premises. During 2022, licensed operators reported 170,303 registrations in their establishments, representing multiple registrations by a single player in more than one casino.

	2019	2020	2021	2022
Total	175,443	55,676	75,262	170,303

Table 9: Gaming Premises – Casinos – New Players' Registrations

Gaming Premises – Casinos: Players' Visits

The total number of visits to local casinos in 2022 stood at 790,642, an increase of 65.5% compared with the corresponding period of 2021. This marked increase is attributed to the reopening of casinos following the easing of COVID-19 restrictions still in effect during the corresponding period in 2021.

	2019	2020	2021	2022
Total	940,766	471,862	477,776	790,642

Table 10: Gaming Premises – Casinos – Players' Visits

As presented in the chart below, when analysing the number of reported monthly visits, it could be noted that the number of visits recorded during the first two months of 2022 was in line with those recorded during the corresponding months in 2021. Given the pandemic restrictions imposed on casino establishments between March and June of both 2020 and 2021, the number of casino visits recorded from March 2022 onwards can only be compared with those recorded in 2019. Based on this analysis, it could be noted that while the number of visits rose between March and June 2022, these had still not reached the levels recorded before the pandemic. Visits between July and December followed the 2019 fluctuations but did not reach 2019 figures.

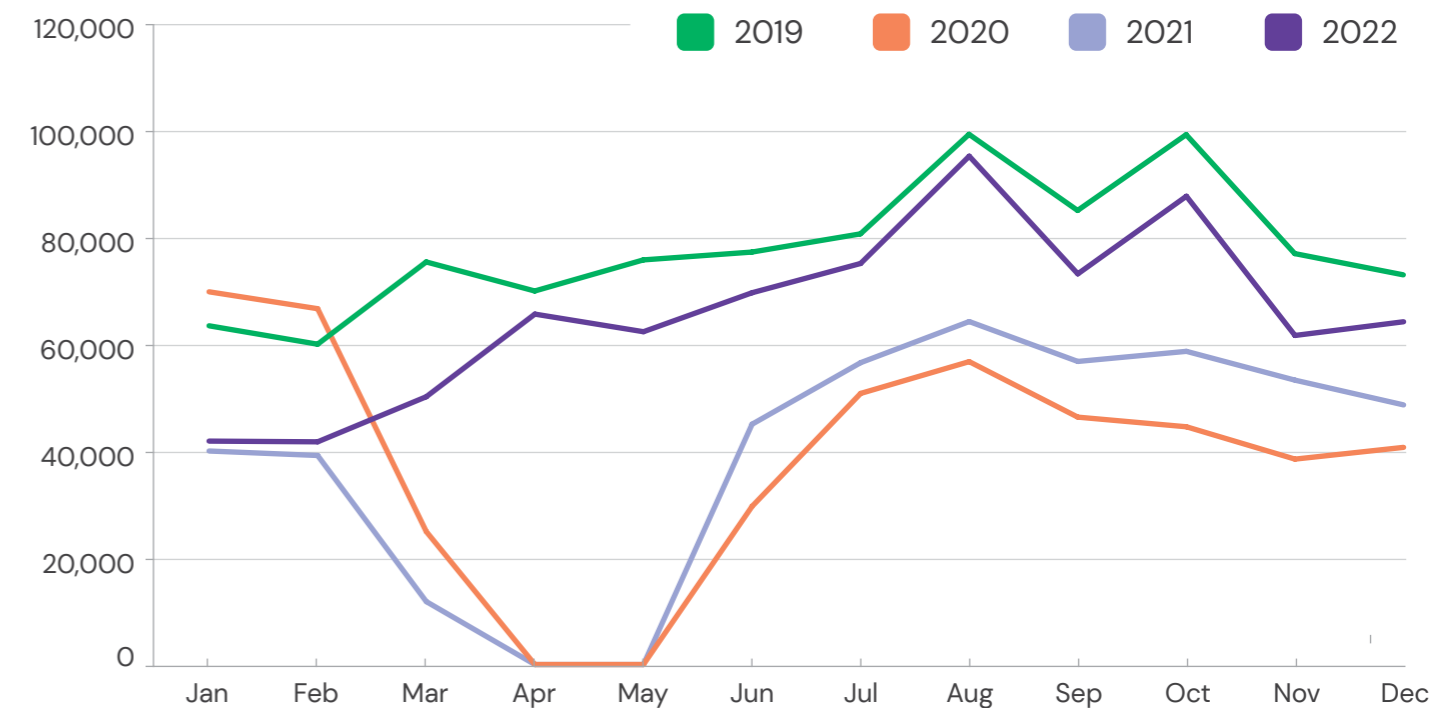


Chart 3: Gaming Premises – Casinos – Players' Visits

Junket Players

During the period under review, local casinos hosted 1,346 junket players⁶. An increase in junket activity could be noted, resulting in figures similar to those reported for 2019. Of all junket players hosted by casinos during the period under review, 31.9% referred to the in-house junkets, whilst the remaining players were brought to the casinos by junket leaders.

	2019	2020	2021	2022
In-house	567	183	190	429
With junket leader	923	459	519	917
Total	1,490	642	709	1,346

Table 11: Gaming Premises – Casinos – Number of Junket Players

⁶ The purpose of this arrangement is to induce persons residing outside Malta, selected or approved for participation, to travel and come to a gaming establishment in possession of a concession issued by the Government to play licensable games. To this end, any or all costs of the transportation, food, lodging, and entertainment are directly or indirectly paid for by the authorised person operating the gaming premises.

Gaming Premises – Casinos: Players’ Profile

Nationality

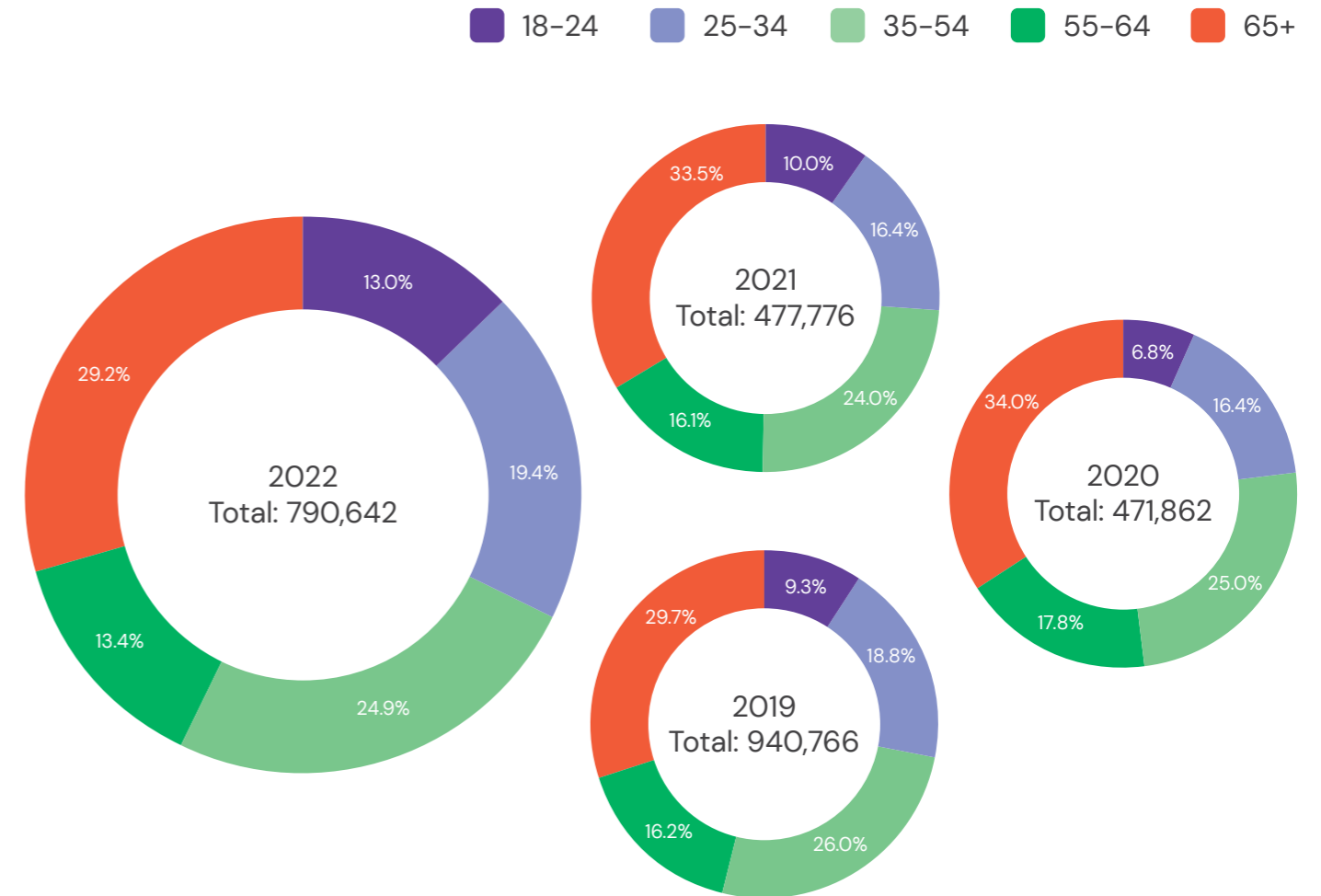
Past trends indicate that the casino sector depends on the tourist market since the share of the visits is almost equally split between Maltese and non-Maltese players. During 2022, visits by non-Maltese players accounted for 59.2% of casino visits registered during the period under review. Such a share is in line with the same trend before 2020. This correlates with the increase in junket activity observed in 2022.



Chart 4: Gaming Premises – Casinos – Players’ Profile by Nationality

Demographic Group

Visits by players of all age groups increased in line with the overall increase in the number of visits, with the distribution between age groups following that registered in the past reporting periods. Visits by persons aged 65 and over continued to constitute the largest demographic category of visitors to casinos, accounting for 29.3% of the total visits. Visitors from the 35–54 age bracket constituted 24.9% of the visits, with this being the second largest category. Visits by players from the 25–34, 55–64 and 18–24 age brackets accounted for 19.4%, 13.4%, and 13.0% of the total visits, respectively.



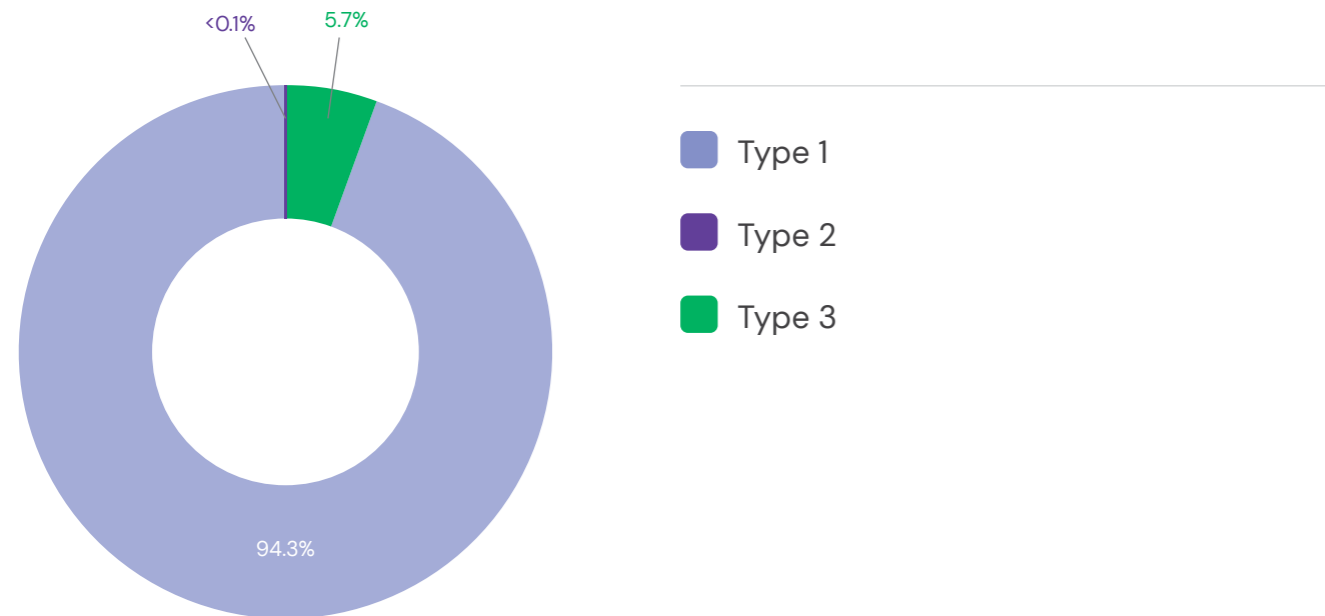
Note: The legal age to enter casinos in Malta is 25 for Maltese and 18 for non-Maltese players.
 Note: The total percentage does not equal 100% due to the rounding of figures.

Chart 5: Gaming Premises – Casinos – Players’ Profile by Age Group Distribution

It is worth noting that visits by female players accounted for 39.4% of all visits, a decrease of 5.2 percentage points compared to the same reporting period of 2021.

Gaming Premises – Casinos: Gaming Revenue

The return of casino operations during 2022 also resulted in a substantial increase in the GR generated by the sector compared with the corresponding period of 2021, which was in line with the figures generated before 2020. Almost the entire GR was generated from Type 1 games, as shown in the chart below.



Note: The total percentage does not equal 100% due to the rounding of figures.

Chart 6: Gaming Premises – Casinos – GR Distribution by Game Type

The GR from the limited junkets activity stood at 12.6% of the total GR reported in 2022. Even though this followed the trends recorded before the COVID-19 pandemic, this is the highest yearly percentage ever reported regarding junket activity.

Average Gaming Revenue per Visit

Despite the increase in both visits and GR, the average GR per visit remained unchanged from the previous year's value, standing at €63.7.

	2019	2020	2021	2022
Total [€]	55.1	63.9	63.7	63.7

Table 12: Gaming Premises – Casinos – Average GR per Visit

Gaming Premises – Casinos: Compliance Contribution

The MGA collected a total of €16.7 million in dues (including compliance contribution, licence fees, levies, and a 5% consumption tax on customers located in Malta) owed by the casino operators.

	2019	2020	2021	2022
Total [€]	17,403,045	10,486,001	10,583,430	16,692,937

Note: The above figures include the compliance contribution fee, licence fees, and 5% consumption tax on customers located in Malta in line with the Gaming Tax Regulations (S.L. 583.10).

Table 13: Gaming Premises – Casinos – Compliance Contribution

Gaming Premises – Casinos: Employment

At the end of 2022, the total number of FTE direct employees working in casinos stood at 533, an increase of 7.5% compared with the figure reported at the end of 2021.

	End-2019	End-2020	End-2021	End-2022
Total	582	489	496	533

Table 14: Gaming Premises – Casinos – Employment (FTE)

The proportion of male employees increased by just under 2.5 percentage points over the figure reported at the end of 2021, reaching 63.9% at the end of December 2022. Furthermore, the share of non-Maltese employees increased by over three percentage points to 69.0% from 65.9%, as reported at the end of 2021.



Gaming Premises – Controlled Gaming Premises

Gaming Premises – Controlled Gaming Premises: Number of Outlets

During 2022, the land-based controlled gaming premises experienced a change in the overall operations of this sub-sector since mid-way through the year, one of the major operators diverted towards offering such gaming activity through a different land-based business model. By the end of the year, it ceased all its business activity. To this end, the results presented for the controlled gaming premises in the following section should not be compared with those of previous years since this data does not capture the business activity of one of the major operators for the entire twelve months under review.

By the end of 2022, the number of approved controlled gaming premises⁷ in Malta totalled 28 spread across 17 localities in Malta and Gozo. The highest number of outlets are located in the Northern Harbour and Southern Harbour Districts (as defined in Appendix 1), which have 11 and 10 approved premises, respectively. These regions also feature a relatively high population value and density, and significant commercial activity that is also of a touristic nature.

There are no specific limits on controlled gaming premises per locality, but the Authority ensures that approvals of licences and premises are in line with legal restrictions to safeguard and protect minors and the general public. The following table presents the total number of gaming premises for all the licensed operators.

	End-2019	End-2020	End-2021	End-2022
Total	56	60	64	28

Table 15: Controlled Gaming Premises – Number of Outlets

⁷ Controlled gaming premises are premises intended to host or operate one or more gaming devices. These do not include premises in which gaming is carried out in virtue of a concession by the Government, or premises in which the only gaming that is carried out consists of tombola games.

Gaming Premises – Controlled Gaming Premises: Game Types

By the end of 2022, all six licensees operating the controlled gaming premises had approval to offer Type 1, whereas five of the six operators had a Type 2⁸ game approval. Furthermore, some of the licensed operators had Type 3 approvals. Each game type is subdivided into verticals, as presented in the table below⁹.

Type 1	
Casino including Live Casino Setup	6
Type 2	
Fixed Odd Betting, including Live Betting	5
Type 3	
Peer-to-Peer Bingo/Poker	2

Table 16: Controlled Gaming Premises – Game Types and Verticals (End-Dec 2022)

Gaming Premises – Controlled Gaming Premises: Number of Gaming Devices

The number of licensed gaming devices amounted to 235 at the end of 2022. This brought the average number of gaming devices per outlet to 8.4, the same as reported in the previous year and in line with the regulations limiting the number of devices per outlet to no more than 10.

	End-2019	End-2020	End-2021	End-2022
Total	474	521	540	235
Average per Controlled Gaming Premises	8.5	8.7	8.4	8.4

Table 17: Controlled Gaming Premises – Gaming Devices

⁸ For more information on the game types, please refer to Point 6 of the Methodology.

⁹ The table shows an abridged list of the gaming verticals, to show only those that are being used. For a full list of the gaming verticals, please refer to Point 6 of the Methodology.

Gaming Premises – Controlled Gaming Premises: Players’ Visits

The number of visits to controlled gaming premises decreased by 24.5% compared to 2021's, to stand at 505,013.

	2019	2020	2021	2022
Total	799,420	632,533	668,703	505,013

Table 18: Controlled Gaming Premises – Number of Visits

The chart below presents the monthly visits registered in the gaming parlour sector between 2019 and 2022. One may note that the number of visits between August and December 2022 decreased substantially as one of the leading operators ceased its business through controlled gaming premises and shifted to a different mode of operation.

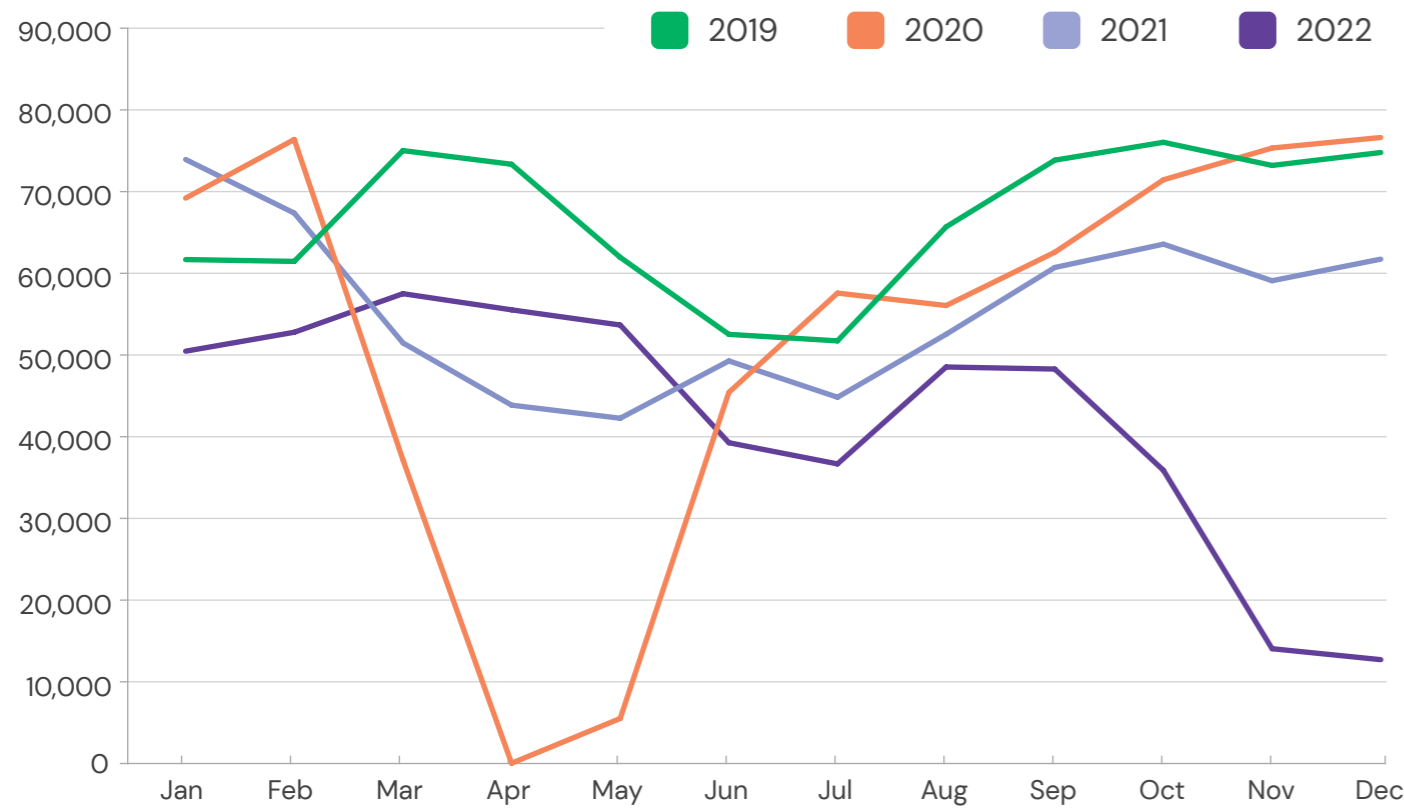


Chart 7: Controlled Gaming Premises – Number of Visits

Number of Visits by Locality

As specified in Appendix 1, for statistical purposes, the Maltese Islands are divided into six districts: Southern Harbour, Northern Harbour, South Eastern, Western, Northern, and Gozo and Comino.

The highest number of players’ visits occurred in the Northern Harbour and Southern Harbour districts, accounting for 34.1% and 25.6% of all visits, respectively. These two districts are also characterised by the highest number of outlets, 11 and 10 respectively, which explains the concentration levels of visits. The remaining visits were distributed between the remaining districts, that is, Northern (19.3%), South Eastern (10.9%), Gozo and Comino (6.1%) and Western (4.0%).

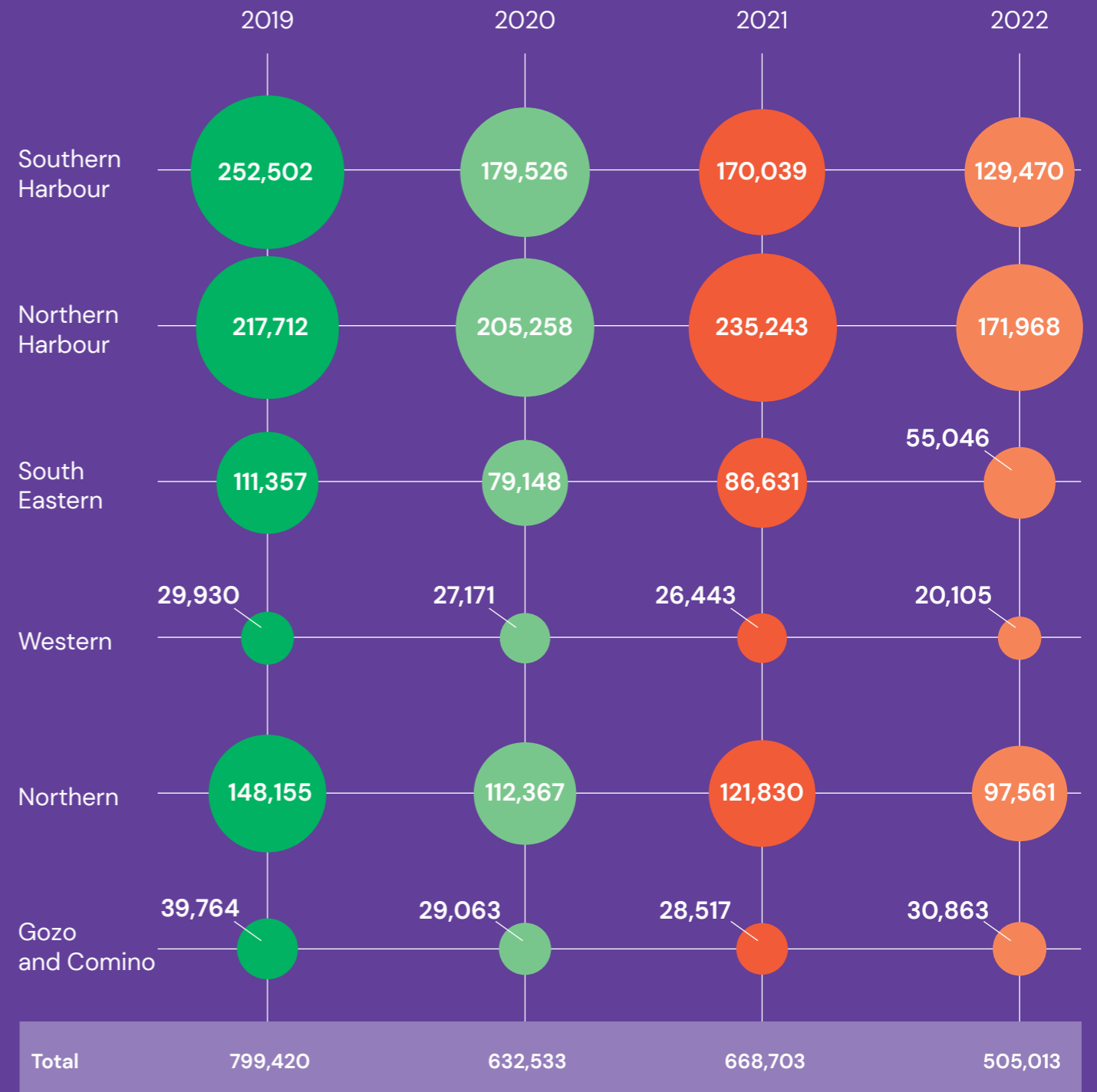


Chart 8: Controlled Gaming Premises – Number of Visits by District

Gaming Premises – Controlled Gaming Premises: New Players’ Registrations

A total of 7,790 new registrations were recorded at the controlled gaming premises. This marks an increase of 13.5% compared to the same reporting period in 2021.

	2019	2020	2021	2022
Total	8,804	5,601	6,866	7,790

Table 19: Controlled Gaming Premises – New Players’ Registrations

Gaming Premises – Controlled Gaming Premises: Players’ Profile

Nationality

The share of visits to gaming parlours by Maltese players continued to decline and stood at 48.1% in 2022, resulting in an overall drop of 9.6 percentage points from the level recorded in 2019. This trend reflects the changing demographic composition of the resident population in Malta.

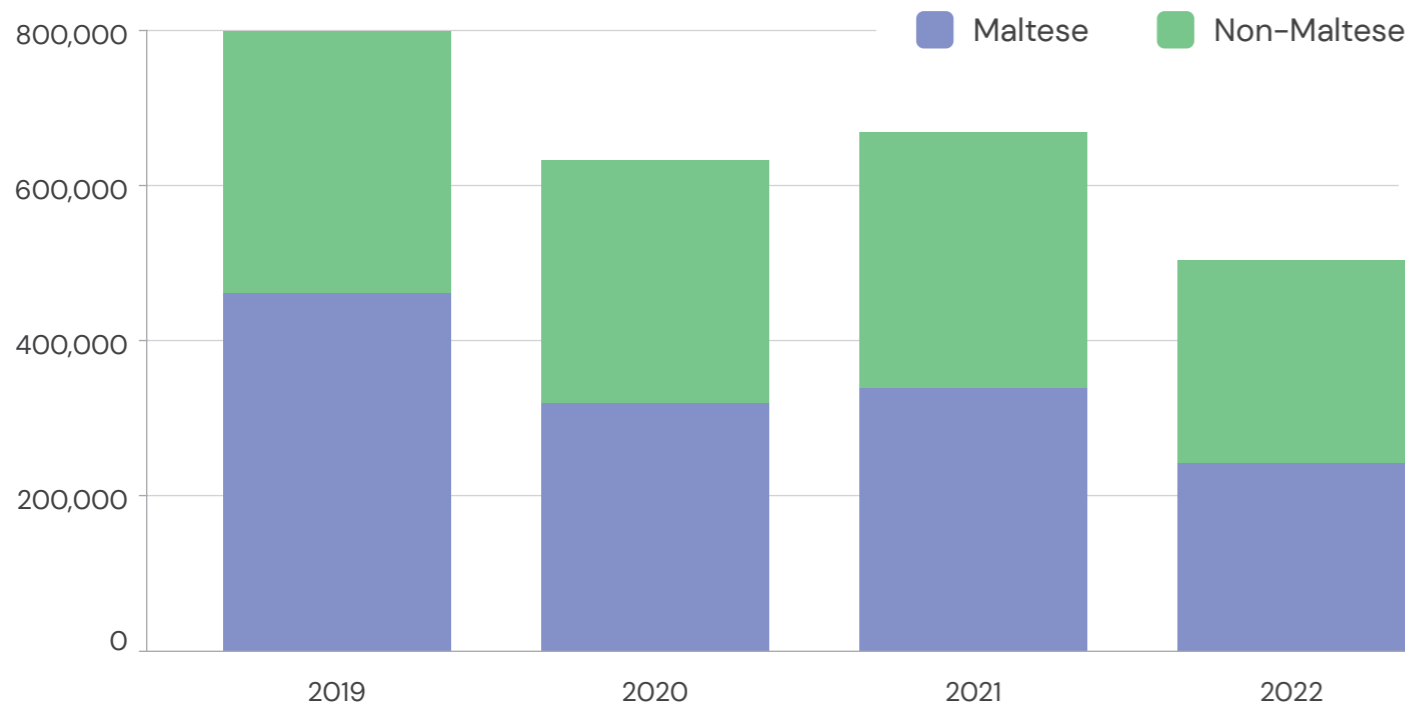
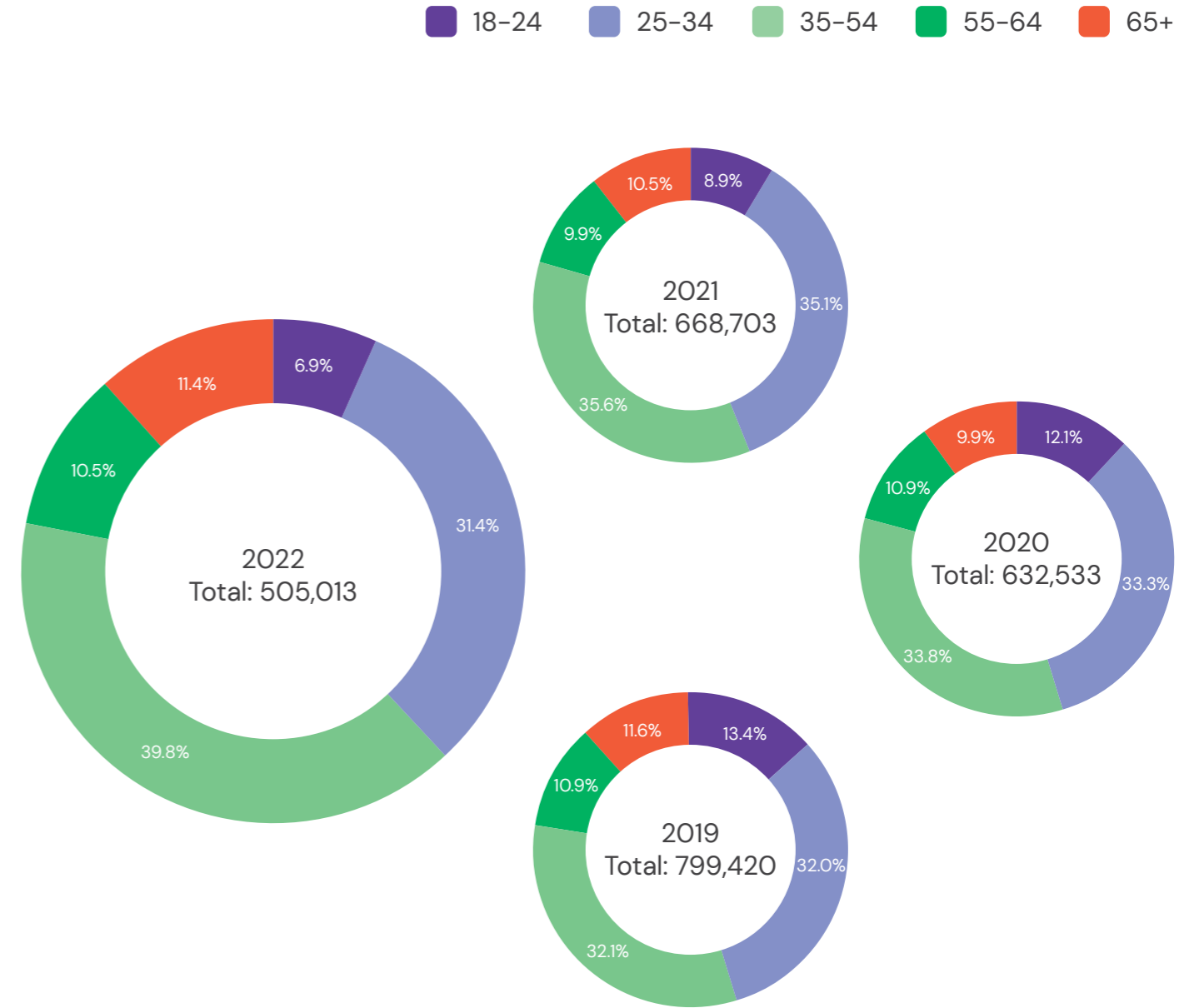


Chart 9: Controlled Gaming Premises – Players’ Profile by Nationality

Demographic Group

Visits by players from the 35–54 and 25–34 age brackets continued to constitute the largest demographic category of visitors to gaming premises, accounting for 39.8% and 31.4% of all visits, respectively. Visits by players from the 65+, 55–64 and 18–24 age brackets accounted for 11.4%, 10.5% and 6.9% of the total visits registered in 2022, respectively.



Note: The total percentage does not equal 100% due to the rounding of figures.

Chart 10: Controlled Gaming Premises – Players’ Profile by Age Group Distribution

Furthermore, controlled gaming premises are mostly popular with males, whose visits accounted for 91.2% of the total visits registered during 2022.

Gaming Premises – Controlled Gaming Premises: Gaming Revenue

The GR generated by controlled gaming premises reported an increase of 9.3% compared to the same period in 2021, notwithstanding that the number of visits has experienced a decline. This can be attributable to the fact that players have increased their average spending, which could, in this case, reflect, to some extent, a change in the demographic composition of players, which in turn reflects population movements caused by the COVID-19 event. Out of the total GR generated during 2022, 57.6% was generated from Type 1 games, 41.5% from Type 2 games, and 0.9% from Type 3 games.

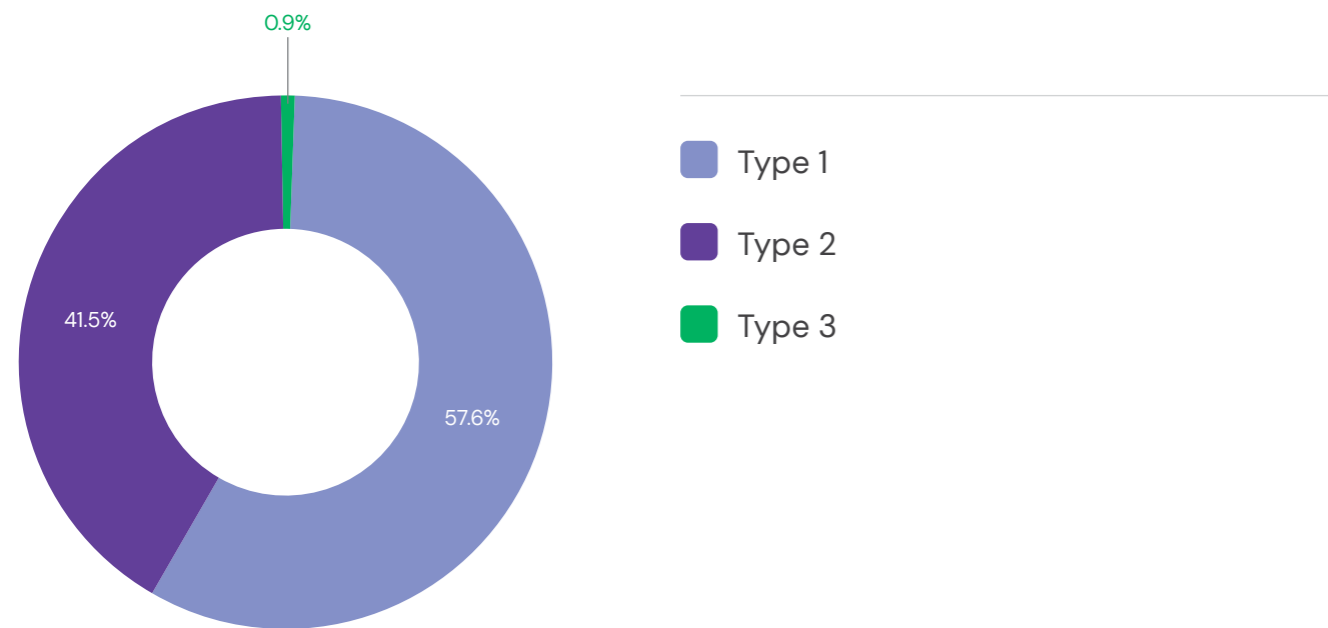


Chart 11: Controlled Gaming Premises – GR Distribution by Game Type

Average Gaming Revenue per Visit

The average GR per visit to controlled gaming premises stood at €20.3, with the increase in the average GR per visit reflecting the higher average spend by players visiting controlled gaming premises.

	2019	2020	2021	2022
Total [€]	16.6	15.5	13.7	20.3

Table 20: Controlled Gaming Premises – Average GR per Visit

Gaming Premises – Controlled Gaming Premises: Compliance Contribution

The MGA collected a total of €2,526,350 (including compliance contribution, licence fees, levies, and a 5% consumption tax on customers located in Malta) from the operators of controlled gaming premises.

	2019	2020	2021	2022
Total [€]	3,228,577	2,441,156	2,375,831	2,526,350

Note: The above figures include the compliance contribution fee, licence fees, and 5% consumption tax on customers located in Malta in line with the Gaming Tax Regulations (S.L. 583.10).

Table 21: Controlled Gaming Premises – Compliance Contribution

Gaming Premises – Controlled Gaming Premises: Employment

By the end of 2022, the number of FTE direct employees working in the controlled gaming premises amounted to 83. This decrease is mainly due to the change in operations of one of the leading operators.

	End-2019	End-2020	End-2021	End-2022
Total	144	153	177	83

Table 22: Controlled Gaming Premises – Employment (FTE)

At the end of 2022, 54.5% of all controlled gaming premises' employees were male, a decrease of 14.1 percentage points when compared to the ratio reported in December 2021. On the other hand, the ratio between Maltese and non-Maltese employees decreased by 16.8 percentage points when compared with the figures reported in December 2021, with the figure for Maltese employees standing at 62.5% at the end of 2022.

Gaming Premises – Commercial Bingo

Gaming Premises – Commercial Bingo: Number of Establishments

Four commercial bingo halls had an MGA licence during the period under review, located in Birkirkara, Qawra, Valletta, and Paola.

Gaming Premises – Commercial Bingo: Game Types

At the end of 2022, all commercial bingo licensees were approved to offer peer-to-peer bingo/poker under Type 3 games¹⁰.

Gaming Premises – Commercial Bingo: New Players’ Registrations

The commercial bingo sector reported 1,232 new registrations, a considerable increase over the figure reported in the previous year. This was expected since commercial bingo halls were temporarily closed during the first half of 2021.

	2019	2020	2021	2022
Total	2,887	719	647	1,232

Table 23: Gaming Premises – Commercial Bingo – New Players’ Registrations

Gaming Premises – Commercial Bingo: Players’ Visits

From January to December 2022, the number of players’ visits to commercial bingo halls increased by 37.0% compared with the corresponding period of 2021. This increase is attributed to the reopening of commercial bingo halls following the easing of COVID-19 restrictions which were still in effect during the corresponding period in 2021. However, players’ visits have not reached the levels recorded before 2020.

	2019	2020	2021	2022
Total	166,562	89,734	83,160	113,899

Table 24: Gaming Premises – Commercial Bingo – Number of Visits

¹⁰For more information on the game types, please refer to Point 6 of the Methodology.

For a better comparison, the chart below presents the number of visits by month registered in the commercial bingo sector between 2019 and 2022.

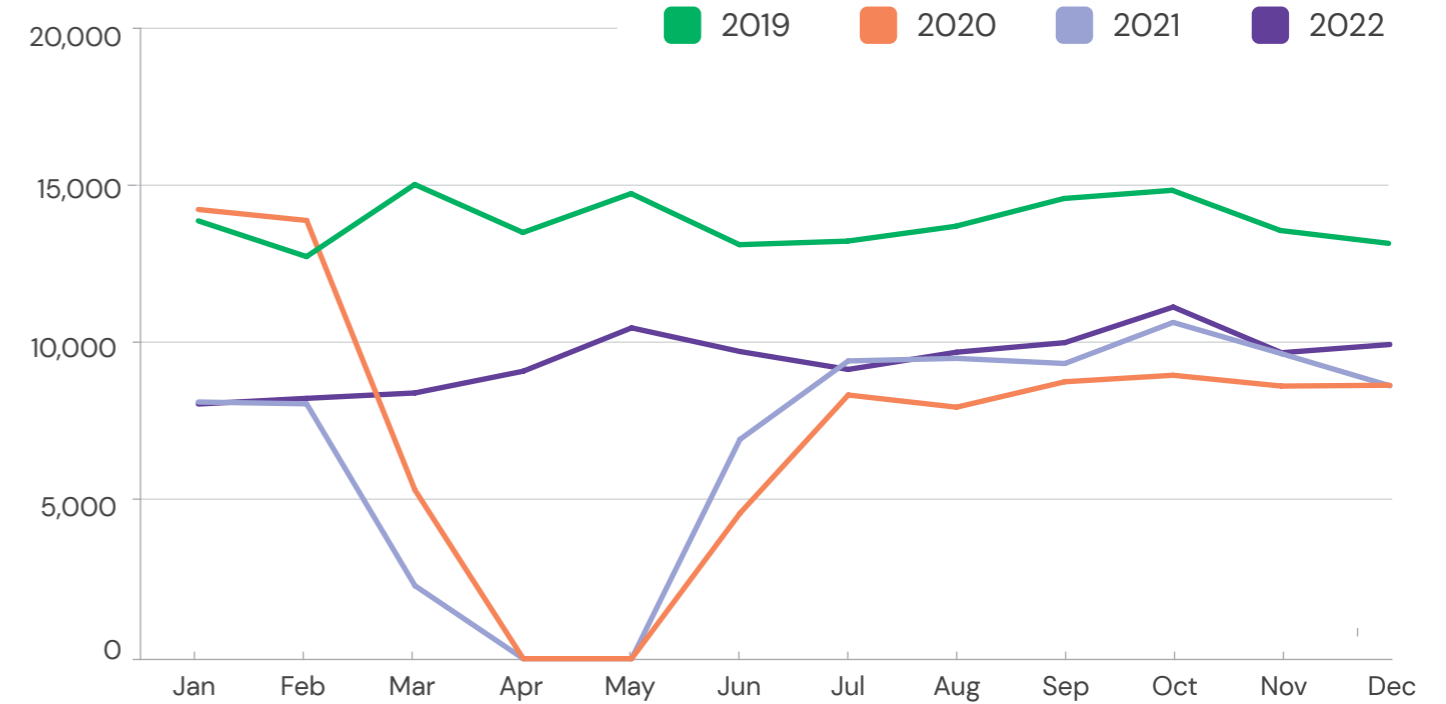


Chart 12: Gaming Premises – Commercial Bingo – Number of Visits

Gaming Premises – Commercial Bingo: Players’ Profile

Nationality

Visits to commercial bingo halls were predominantly made by Maltese residents, constituting 97.8% of the total visits reported. This is in line with the trends observed in the previous reporting periods.

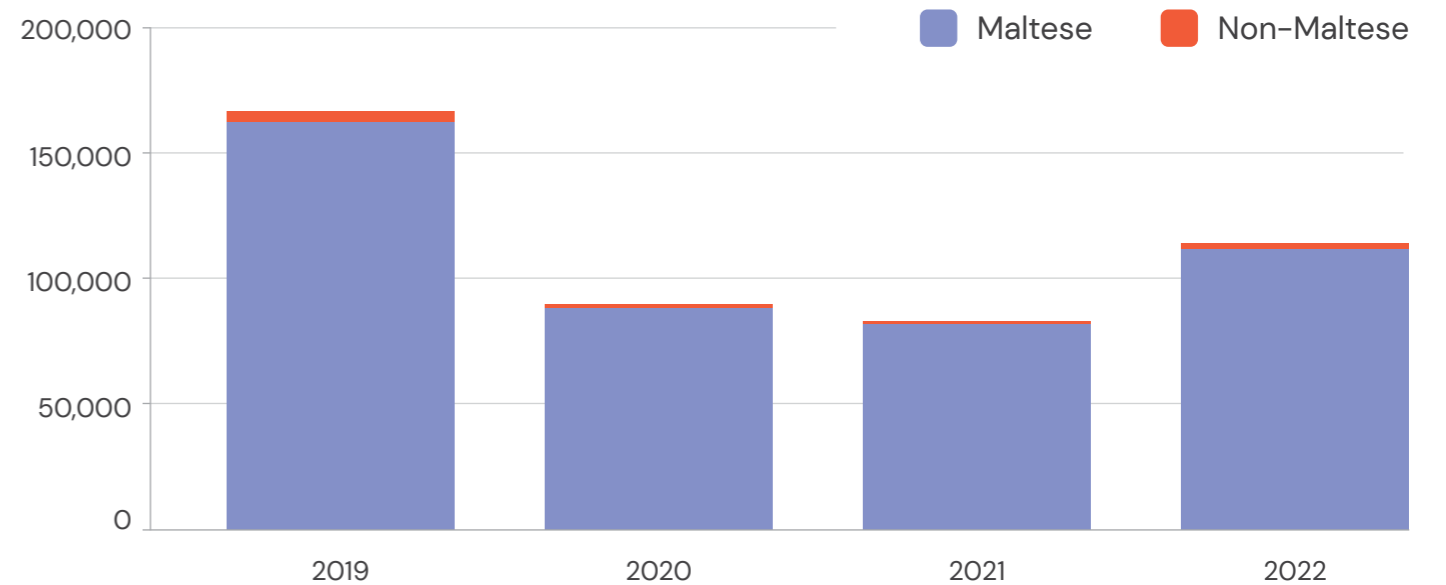
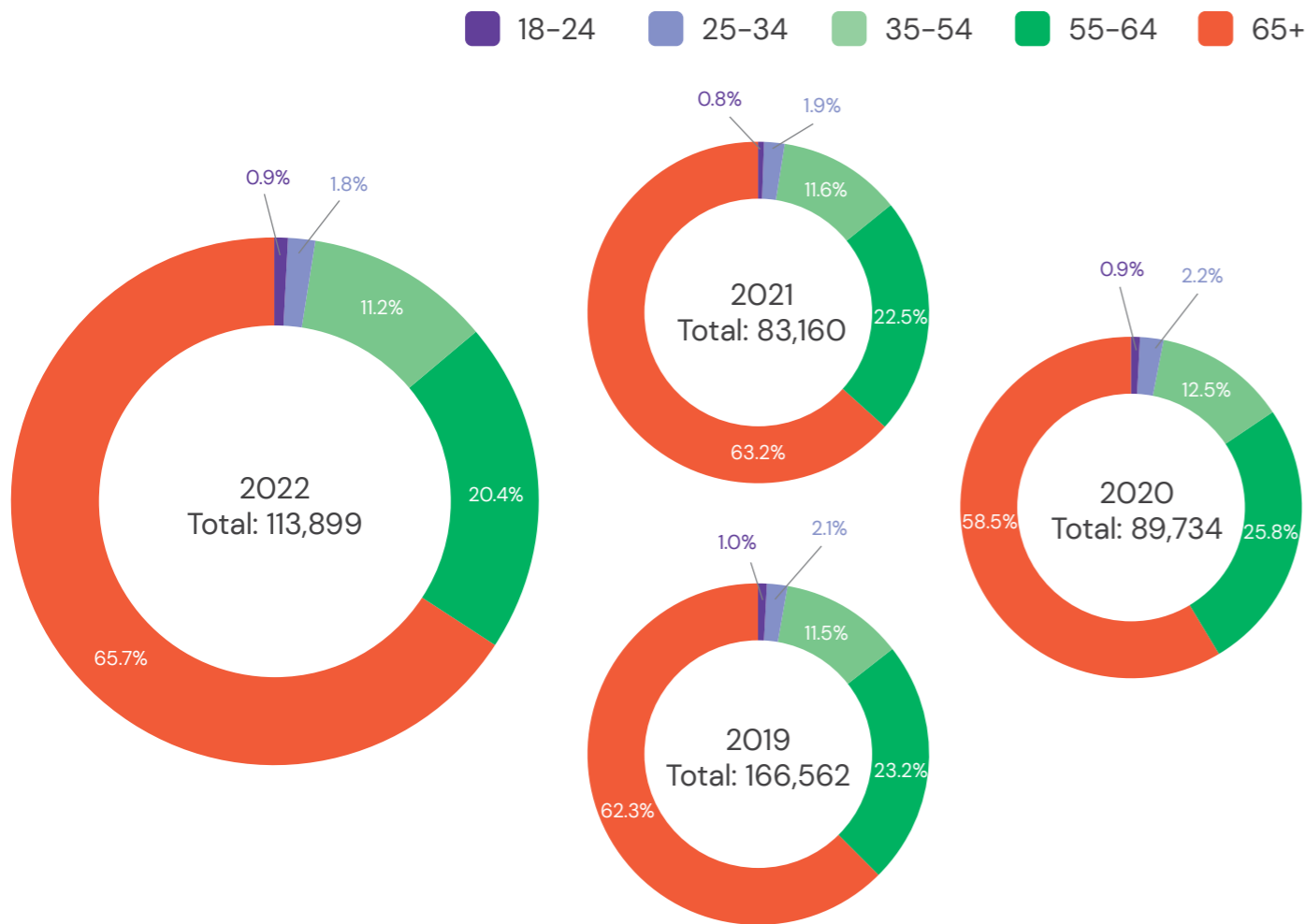


Chart 13: Gaming Premises – Commercial Bingo – Players’ Profile by Nationality



Demographic Group

Visits by players aged 65 years or over continued to represent the highest share (65.7%) of the total visits registered by the commercial bingo sector. Visits by players from the 18–24, 25–34, 35–54 and 55–64 age brackets accounted for 0.9%, 1.8%, 11.2% and 20.4% of total visits registered during the reporting period, respectively.



Note: The total percentage does not equal 100% due to the rounding of figures.

Chart 14: Gaming Premises – Commercial Bingo – Players’ Profile by Age Group Distribution

Similar to what was recorded in previous reporting periods, most players who visited commercial bingo halls during this reporting period were women, accounting for 88.4% of all the visits made.

Gaming Premises – Commercial Bingo: Gaming Revenue

During the period under review, the GR of the commercial bingo sector increased by 41.2% compared with the corresponding period of 2021. This is mainly due to the increase of 38.7% in the number of players’ visits to commercial bingo halls. However, it has not reached the levels recorded before 2020.

Average Gaming Revenue per Visit

The average GR per visit from January to December 2022 increased slightly from €15.0 in 2021 to €15.5 in 2022.

	2019	2020	2021	2022
Total [€]	13.2	15.9	15.0	15.5

Table 25: Gaming Premises – Commercial Bingo – Average GR per Visit

Gaming Premises – Commercial Bingo: Compliance Contribution

The MGA collected a total of €351,070 by way of dues (including compliance contribution, licence fees, levies, and a 5% consumption tax on customers in Malta) owed by the commercial bingo hall operators in terms of the applicable legislation.

	2019	2020	2021	2022
Total [€]	448,353	294,050	249,784	351,070

Note: The above figures include the compliance contribution fee, licence fees, and 5% consumption tax on customers located in Malta in line with the Gaming Tax Regulations (S.L. 583.10).

Table 26: Gaming Premises – Commercial Bingo – Compliance Contribution



Gaming Premises – Commercial Bingo: Employment

By the end of December 2022, the commercial bingo sector directly employed 29 FTE employees.

	End-2019	End-2020	End-2021	End-2022
Total	40	32	33	29

Table 27: Gaming Premises – Commercial Bingo – Employment (FTE)

At the end of 2022, 75.8% of all commercial bingo hall employees were female, an increase of 2.8 percentage points compared to the figures reported at the end of 2021. The ratio of Maltese nationals employed in the bingo sector went down to 66.7%, 6.3 percentage points less than that recorded at the year-end of 2021.

National Lottery

In 2022, there was a change in the National Lottery Operator. Malta Lotteries Limited (Maltco Lotteries) ceased its operations as of 4 July 2022, while National Lottery plc started its operations as of 5 July 2022.

For statistical purposes, the two entities will be taken into account separately. The first section presents the data for the entire operations of Maltco Lotteries until 4 July 2022, and the second section presents data for National Lottery plc as of 5 July 2022 up until end of year.

All data quoted in the following section covers the period 1 January – 4 July 2022, the latter being the last day of operations for Maltco Lotteries.

Maltco: Points of Sale

Maltco offered its services through an extensive network of lotto booths (Points of Sale) where one can participate in games. By the end of its operations, the number of Points of Sale amounted to 202 outlets spread across the Maltese Islands.

	End-2019	End-2020	End-2021	As at 4 Jul 2022
Total	215	203	206	202

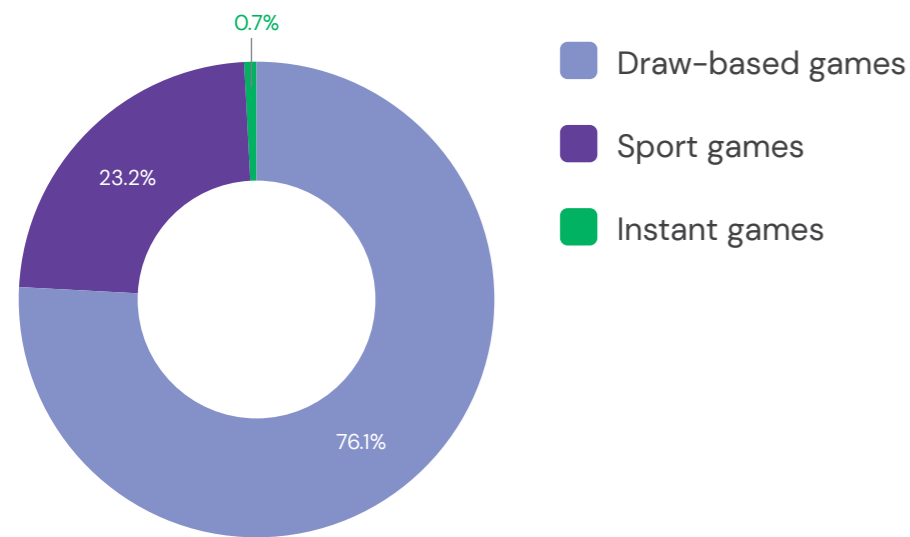
Table 28: Maltco – Points of Sale

Maltco: Turnover by Game Category

The total turnover of Maltco stood at €43.7million, measured in sales across three game categories: draw-based, instant, and sports. This also encompasses the turnover made through the online games offered to online players for Super 5, Lotto and Quaterno+, SUPERSTAR, and Quick Keno. The turnover made through the online website stood at just above 1% of the total turnover stated above.

Compared to the same period in 2021, an overall decrease of 5.3% was reported. Turnover from draw-based games increased by 2.7%, while that from sports games and instant games decreased by 22.4% and 56.6%, respectively.

When analysing the split in turnover between the three game categories, sales of draw-based games accounted for 76.1% of Maltco's total sales, sports games accounted for 23.2%, whilst instant games accounted for 0.7% of the total sales.



Source: Maltco Lotteries Limited
Chart 15: Maltco – Turnover by Game

Maltco: Tax

The total gaming tax payable by Maltco during 2022 stood at €5.5 million.

	2019	2020	2021	Jan-Jul 2022
Total [€]	11,923,090	10,018,111	12,254,589	5,542,862

Table 29: Maltco – Gaming Tax

Contribution to the Social Causes Fund

In addition to gaming tax, per law and concession conditions, Maltco contributed to the Social Causes Fund, which during the period under review amounted to €340,987.

	2019	2020	2021	Jan-Jul 2022
Total [€]	712,205	573,919	853,980	340,987

Table 30: Maltco – Contribution to the Social Causes Fund

All data quoted in the following section covers the period 5 July – 31 December, the former being National Lottery plc's first day of operations.

National Lottery: Number of Outlets

At the end of the reporting period, the total number of National Lottery Outlets (NLOs) across Malta and Gozo stood at 198. Before 5 July, the previous operator referred to these as Points of Sale (POS).

	End-2022
Total	198

Table 31: National Lottery – Outlets

National Lottery: Game Types

As at the end of 2022, National Lottery was in possession of an approval to offer Type 1, Type 2 and Type 3¹¹ games. Each game type is subdivided into verticals, as presented in the table below¹².

Type 1	
Lotteries	1
Type 2	
Fixed Odd Betting, including Live Betting	1
Type 3	
Pool Betting, including Betting Exchange	1

Table 32: National Lottery – Game Types and Verticals

National Lottery: Number of Gaming Devices

As at the end of December 2022, the total number of gaming devices at NLOs stood at 458, including 211 sports-betting terminals and 247 electronic gaming machines.

	End-2022
Sports Betting Terminals	211
Electronic Gaming Machines	247

Table 33: National Lottery – Number of Gaming Devices

¹¹ For more information on the game types, please refer to Point 6 of the Methodology.

¹² The table shows an abridged list of the gaming verticals, to show only those that are being used. For a full list of the gaming verticals, please refer to Point 6 of the Methodology.

National Lottery: Gaming Revenue

Out of the total GR generated since its inception, 82.6% was generated from Type 1 games such as Lottery games and Casino Type games, while the remaining 17.4% was generated from Type 2 games.

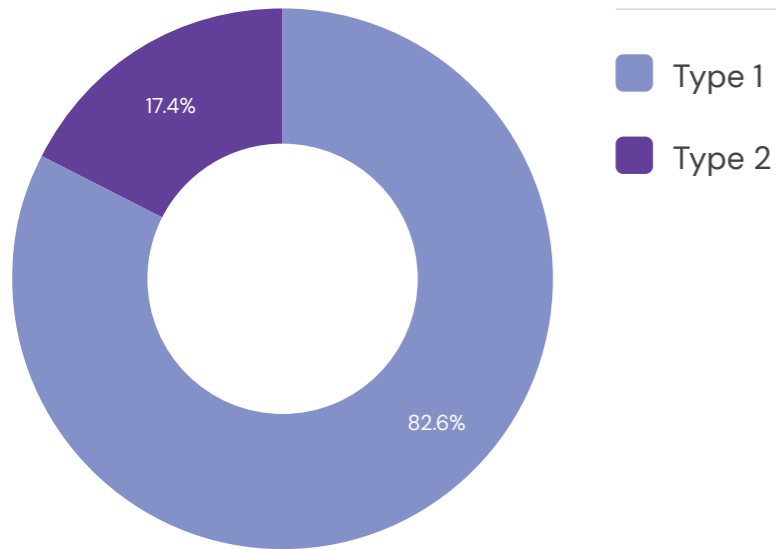


Chart 16: National Lottery – GR by Game

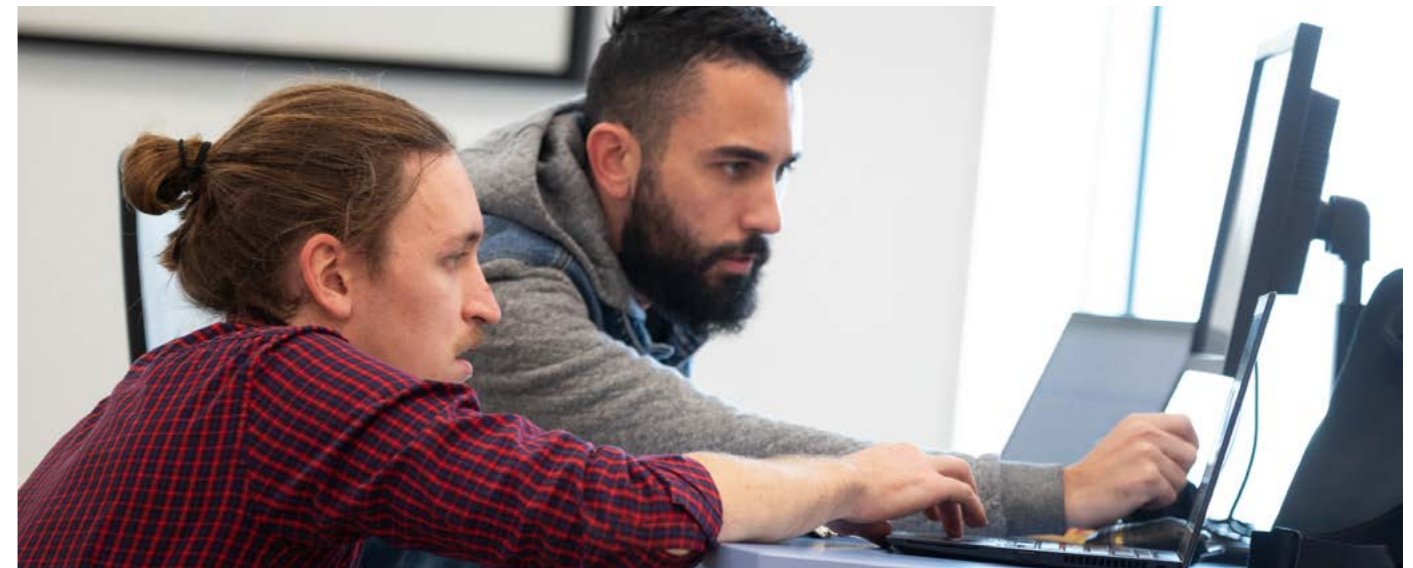
National Lottery: Taxation

The MGA collected a total of € 6.7 million by way of dues (including compliance contribution, licence fees, levies, as well as a 5% consumption tax on customers located in Malta) owed by the National Lottery operator in terms of the applicable legislation.

	End-2022
Total [€]	6,704,979

Note: The above figures include the compliance contribution fee, licence fees, and 5% consumption tax on customers located in Malta in line with the Gaming Tax Regulations (S.L. 583.10).

Table 34: National Lottery – Taxation



Contribution to the Social Causes Fund

In addition to gaming tax, per law and concession conditions, National Lottery plc also contributes to the Social Causes Fund, which during the period under review amounted to €190,914.

	End-2022
Total [€]	190,914

Table 35: National Lottery – Contribution to the Social Causes Fund

National Lottery: Employment

As at the end of 2022, the total number of FTE direct employees working in National Lottery plc stood at 235.

	End-2022
Total	235

Table 36: National Lottery – Employment (FTE)

The proportion of male employees reached 63.1% as at the end of December 2022. Furthermore, the share of Maltese employees stood at 85.9%.

Land-Based Gaming: Self-Exclusion

The legislative framework enables players to voluntarily exclude themselves from gambling activities for an indefinite or definite period. Players who avail themselves of the self-exclusion programme will be refused services in land-based casinos, commercial bingo halls, or controlled gaming premises for the applicable self-exclusion period.

Those players who opt to exclude themselves for a definite period, either six months or a full year, can re-engage in gambling activities upon the expiry of the pre-set period. However, players who are confirmed as pathological gamblers by competent medical professionals are self-excluded indefinitely. Such self-exclusion can only be revoked if a medical certificate is presented, indicating that the person is no longer a pathological gambler.

Number of Self-Exclusion Requests

In 2022, 1,531 players requested to be excluded from land-based outlets, an increase of 284 (22.8%) from the previous year. This increase may be partially explained by the closure of commercial bingo halls and casinos between 11 March and 7 June 2021 to combat the spread of COVID-19.

	2019	2020	2021	2022
6 months	780	577	509	659
12 months	819	680	738	871
Indefinite	3	1	0	1
Total	1,602	1,258	1,247	1,531

Table 37: Land-Based – Number of Self-Exclusion Requests

Of the 1,531 players who requested a self-exclusion, 59.2% opted for a one-year period, while 40.8% applied for an exclusion period of six months. A single player requested an indefinite self-exclusion period.

When considering the age demographics of players who requested to be self-excluded, the most common bracket remained the 35–54 age group, constituting 38.2% of all requests. The 55–64 age group rose to 33.9%, an increase of 15.5% from 2021. Of the age groups, 23.1% were between 25 and 34, 3.3% between 18 and 24, and 1.6% were above 65. Regarding the genders of those who requested self-exclusion, the vast majority remained men, with 75.5% of all requests.

Other Land-Based Games

Low-Risk Games

The regulatory framework classifies non-profit, commercial communication, and limited commercial communication games as low-risk, per the Fifth Schedule of the Gaming Authorisations Regulations 2018. Low-risk games require a permit valid only for a singular event and expires when the event is concluded.

Non-Profit Games

A non-profit game is a licensable game wherein the stake cannot exceed €5 per player, and over 90% of the net proceeds are forwarded to an entity with a charitable, sporting, religious, philanthropic, cultural, educational, social, or civic purpose.

	2019	2020	2021	2022
Non-profit lottery	34	6	16	18
Non-profit tombola	1,830	867	743	1,312

Table 38: Non-Profit Games – Permits Issued

Notably, non-profit tombolas organised by political candidates' during the first half of 2022, before the General Election, did not require authorisation due to the exemption granted through Directive 1 of 2021, 'The Non-Profit Games during Political Events Ruling'. This could have contributed to the lower number of permits issued during 2022 compared to 2019.

Commercial Communication Games

A commercial communication game is a game that does not cumulatively exceed €100,000 in prizes during any calendar month and not more than €500,000 during any calendar year. The game is organised to promote or encourage the sale of goods or services and does not constitute an economic activity in its own right. Any payments required of the participant serve only to acquire the promoted goods or services and not to participate in the game, although it may be a condition that a person purchases the promoted goods or services to participate in the game. In 2022, the MGA issued 57 certificates for commercial communication games.

Limited Commercial Communication Games

A limited commercial communication game is a game that includes a stake and a prize. For a game to qualify as a limited commercial communication game, the value of the stake cannot exceed €2 per player. The MGA has not received any permit applications for such games yet.

Detailed Statistical Report on the Online Gaming Activities

Online Gaming: Number of Companies

As at the end of December 2022, the number of gaming companies offering online services stood at 338, as shown in the following table. In 2018, the Gaming Act introduced the concept of a corporate group licence, which allows multiple companies to be covered by one group licence. Entities falling under a corporate licence are jointly considered by the Authority to be one licensed entity and, for the purposes of these statistics, are considered one operating company. At the end of 2022, 44 companies held corporate group licences, with 134 entities forming part of the respective groups.

	2019	2020	2021	2022
Number of companies	284	314	332	338
Additional companies falling under the Corporate Group Licence	86	141	165	134

Table 39: Online Gaming – Number of Companies

Online Gaming: Distribution of Licences by Category

Under the current licensing regime, operators do not require multiple licences to offer different games unless they wish to offer both B2C and B2B services. As at the end of December 2022, the B2C group of licences accounted for 53.9% of the total licence base.

Out of the 44 corporate group licences active up to the end of 2022, 29 referred to B2C-related operations, whilst the remaining 15 were for B2B-related activity.

	2019	2020	2021	2022
B2C – Gaming Service Licence	195	196	197	187
of which are the B2C – Corporate Licences	14	24	27	29
B2B – Critical Supply Licence	92	122	144	160
of which are the B2B – Corporate Licences	9	11	13	15

Table 40: Online Gaming – Distribution of Licences by Category



Online Gaming: Distribution of B2C Licences by Game Type

The current licensing regime categorises all the games the licensees can offer into four game types¹³. An operator can offer one or multiple game types. Each game type is further subdivided into several game categories, known as verticals. The following table shows that operators most commonly offer Type 1 and Type 2 games, as in previous years.

	2019	2020	2021	2022
Type 1	152	164	167	155
Type 2	118	118	125	117
Type 3	41	38	47	44
Type 4	12	10	13	13

Table 41: Online Gaming – B2C – Game Types

¹³ For more information on the game types, please refer to Point 6 of the Methodology.

Online Gaming: Distribution of B2C Licences by Game Type and Vertical

The following chart indicates the game-type approvals and verticals possessed by the B2C licensees at the end of 2022. A licensee may occupy approval to offer services of more than one vertical within a game type. The number of verticals reported under each type does not represent a share of the total type approvals but rather the frequency of the vertical that falls under that type.

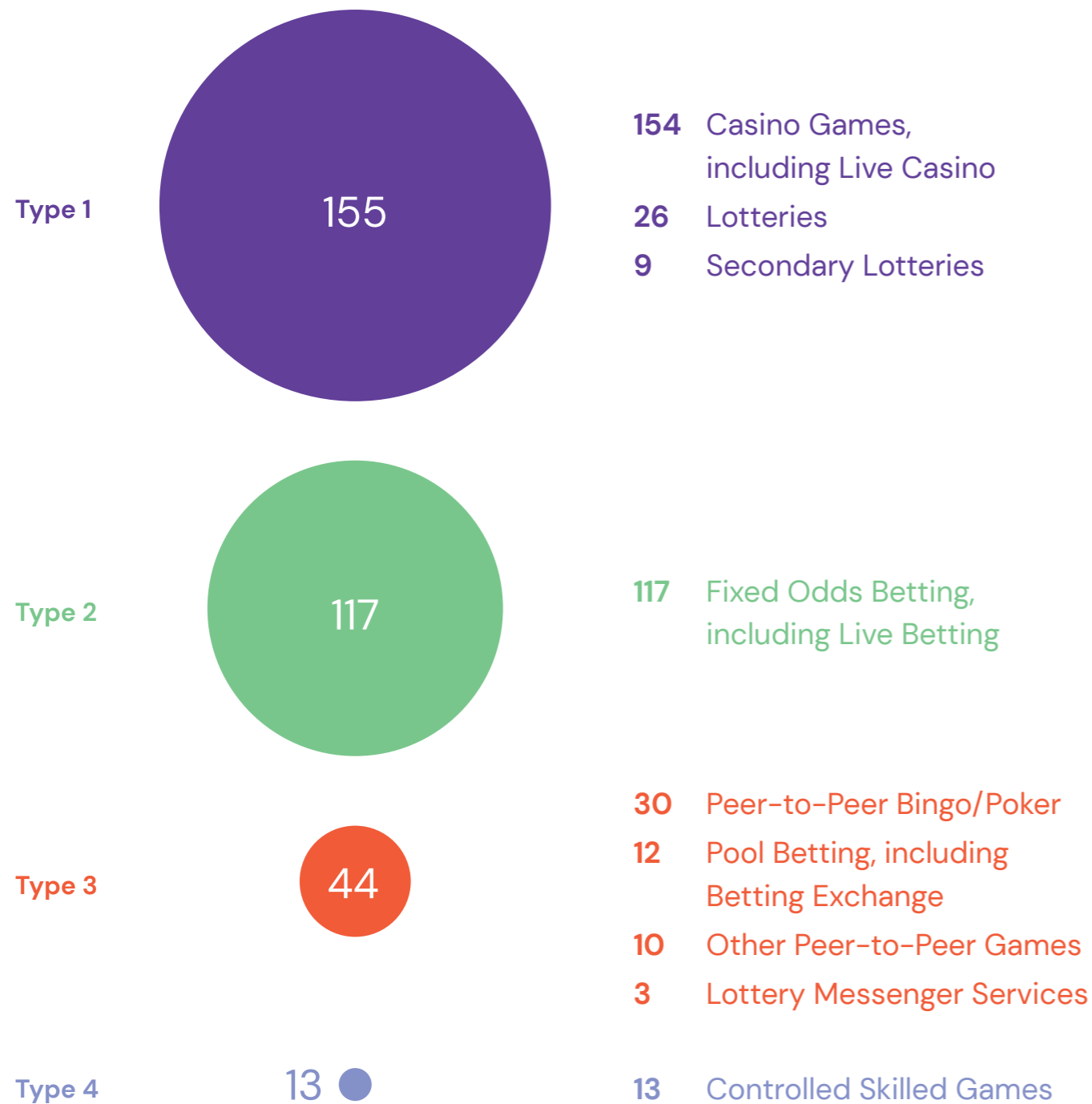


Chart 17: Online Gaming – B2C – Game Types and Verticals as at End 2022

Online Gaming: Distribution of B2B Licences by Game Type and Vertical

The following chart indicates the game-type approvals and verticals the B2B licensees possessed at the end of 2022. A licensee may occupy approval to offer services of more than one vertical within a game type. The number of verticals reported under each type does not represent a share of the total type approvals but rather the frequency of the vertical that falls under that type.



Chart 18: Online Gaming – B2B – Game Types and Verticals as at End 2022

Online Gaming: Customer Accounts

Active Player Accounts

The number of active player accounts registered on the websites licensed by the MGA grew by 2.6% compared to 2021, reaching an unprecedented 36.4 million accounts.

	2019	2020	2021	2022
Total	30,647,212	36,196,001	35,459,498	36,388,607

Table 42: Online Gaming – Active Player Accounts

New Active Player Accounts

The estimated number of new active player accounts stood at 18.1 million, representing a growth of 9.7% when compared to 2021.

	2019	2020	2021	2022
Total	13,797,091	15,938,919	16,498,630	18,095,980

Table 43: Online Gaming – New Active Player Accounts

Contrastingly, the number of new registrations decreased yearly by 3.7% from 2021.

Online Gaming: Players' Profile

Demographic Group

As in previous years, the 25–34 age group constituted the largest category of players, accounting for 37.9% of the players using websites regulated by the MGA in 2022. The 35–54 and 18–24 age groups also constituted a significant amount, with 31.3% and 24.0% respectively. Players aged between 55 and 64 comprised 4.6% of players, while the 65+ group represented 2.2% of the population.

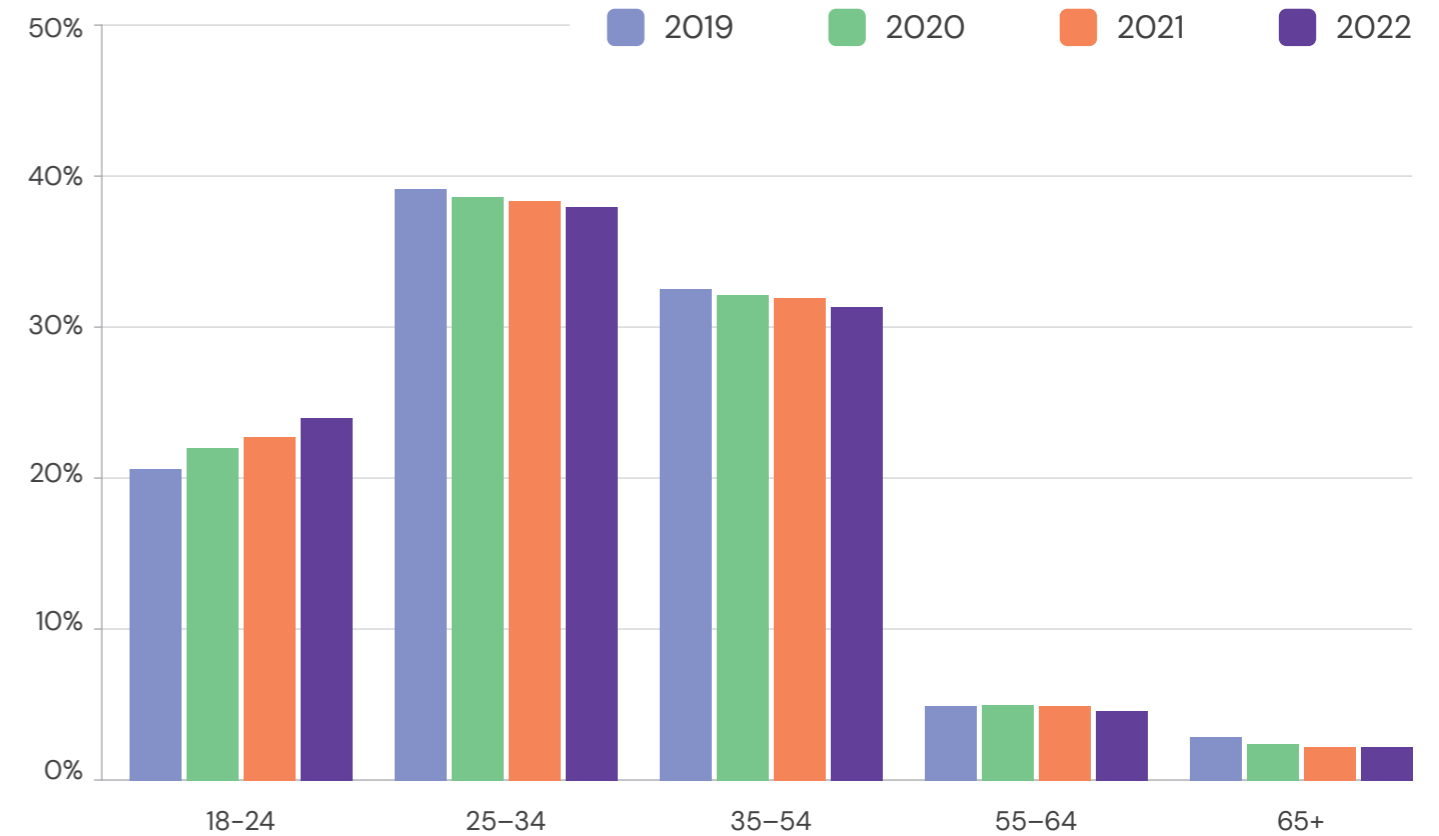


Chart 19: Online Gaming – Players' Profile by Age Group Distribution

Regarding gender distribution, males continued to constitute the majority of players, accounting for 71.4% of the total player base.

Number of Self-Exclusion Requests

All B2C licensees are obliged to have systems in place which offer online gamblers the possibility to self-exclude themselves for a definite or indefinite period. While requests can be made by the players within the online gaming market, there is the possibility that exclusions are imposed on a player by the operator itself, particularly in cases where there are sufficient reasons to indicate that the player may have gambling issues.

The estimated number of self-exclusion requests (sign-ups) by online players amounted to more than 1.9 million, part of which may represent the self-exclusion of a single player across multiple websites. The number of exclusions imposed on a player by the online licensees amounted to 1 million.

The number of exclusions imposed by the B2C licensees increased significantly by 148.8% since 2021. The total number of self-exclusion requests (sign-ups) by online players continued to decrease, dropping by 24.1% in 2022.

Contrary to previous years, the largest portion of players opted for an indefinite exclusion period (34.1%). Of those who chose a definite period, the most popular time period was up to one month, constituting 33.5% of all self-exclusions. During 2022, 6.1% of players requested a reversal or cancellation of their self-exclusion request, not accounting for the instances where the self-exclusion was removed upon the expiry of the exclusion term.

In the case of those exclusions imposed by the online operator, the absolute majority (91.8%) were imposed indefinitely, in line with previous trends.

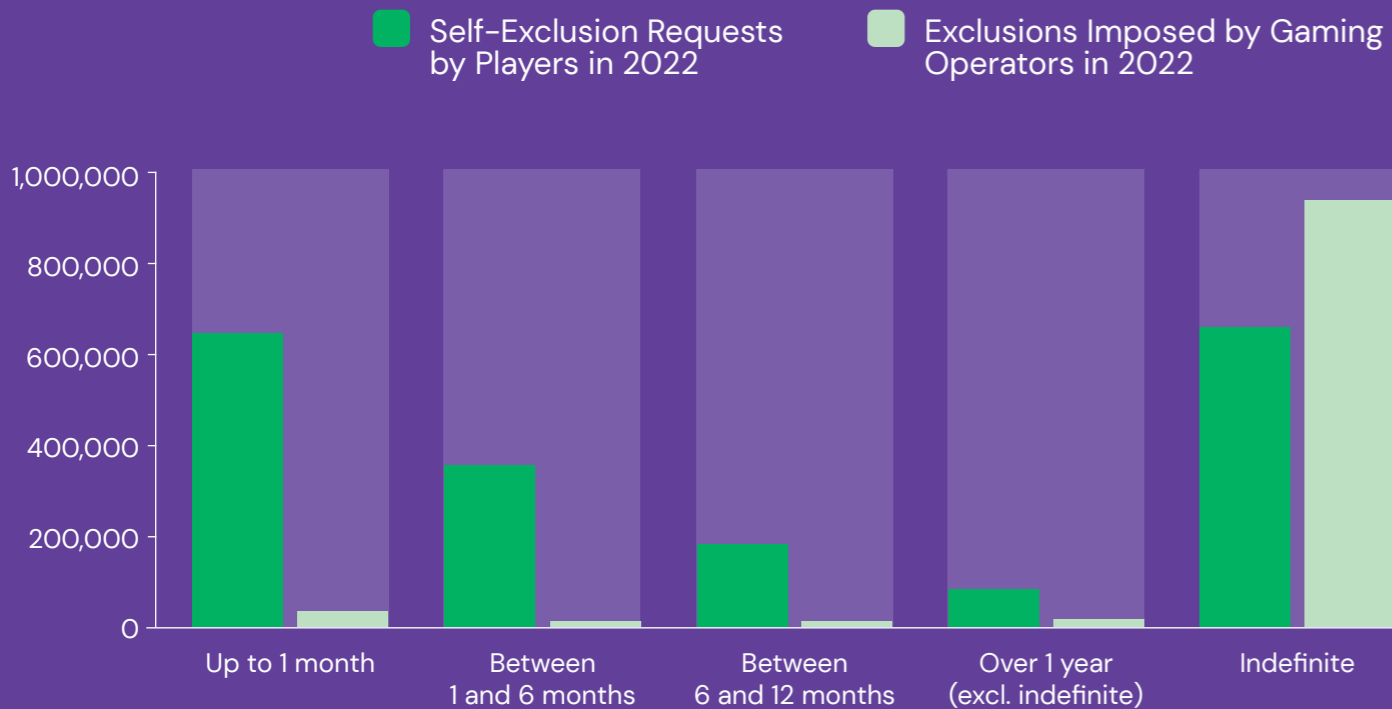


Chart 20: Online Gaming – Number of Self-Exclusion Requests

Number of Limits Set and Hit

Players can impose limits on their gaming activity as a form of additional responsible gambling measure to reduce gambling addiction and further protect themselves. Any limit set can only be amended or removed upon the relevant player’s request or upon the set duration’s expiry. These measures are intended to empower players by granting them increased control over time or money spent on gaming activities.

In 2022, the total number of limits set by players surpassed 13.3 million, with the majority (92.0%) being deposit limits. Of these 13.3 million limits set, 1.1 million were hit, amounting to 8.1%.

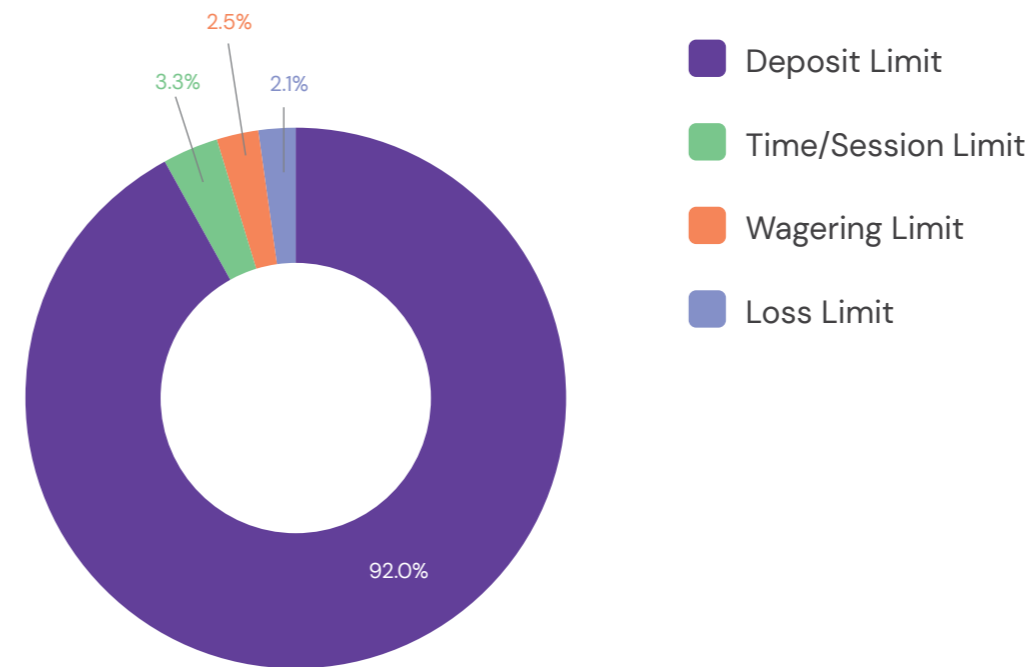


Chart 21: Online Gaming – Limits Set Distribution



Methods of Deposits

Accounting for 47.1% of all deposit methods, bank transfers continued to be the most common deposit method used by clients of MGA-licensed companies. For comparison, deposits made through credit/debit cards accounted for 29.7% of all payments and deposits made through e-wallets and online accounts constituted 12.4% of the total deposits. 10.7% of payments were made through other methods.

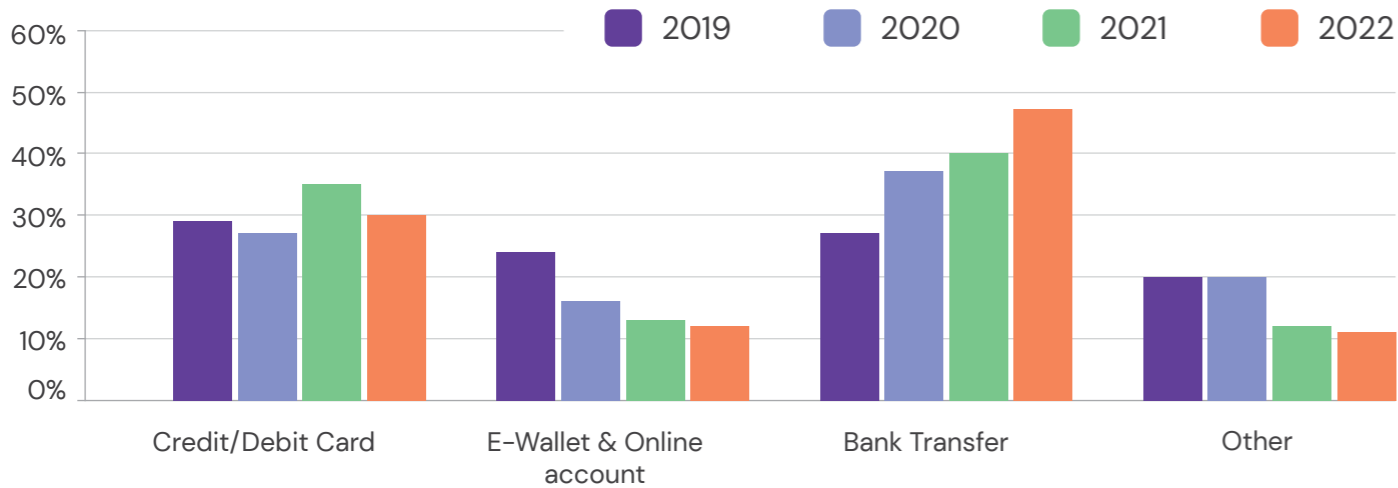


Chart 22: Online Gaming – Methods of Deposits

Methods of Withdrawal

As with methods of deposits, bank transfers were the preferred means of withdrawal in 2022, constituting 69.0% of all withdrawals. Online gaming operators indicated that e-wallets, online accounts, and credit/debit cards were the chosen method for 14.3% and 13.3% of withdrawals, respectively. All other methods of withdrawal accounted for 3.3%.

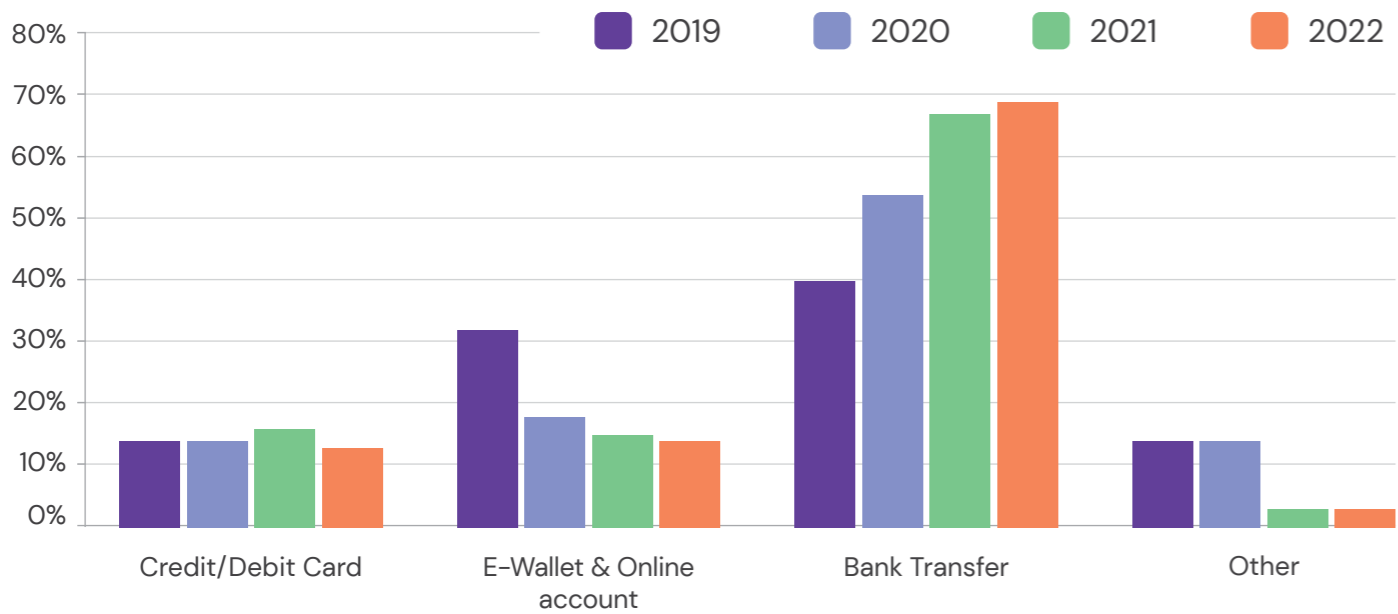


Chart 23: Online Gaming – Methods of Withdrawals

Online Gaming: Gaming Revenue from Customer Gaming Activities

Yet again, the percentage of gaming revenue generated from Type 1 games continued to increase, constituting 73.0% of the total gaming revenue generated by B2C licensees in 2022. In comparison, the percentage of GR generated from Type 2 and Type 3 continued to shrink, from 22.3% to 20.5% and from 7.1% to 6.5%, respectively.

The activity reported for the controlled skill games classified under Type 4 was minimal compared to other game types and accounted for less than 1% of the total GR generated in 2022.

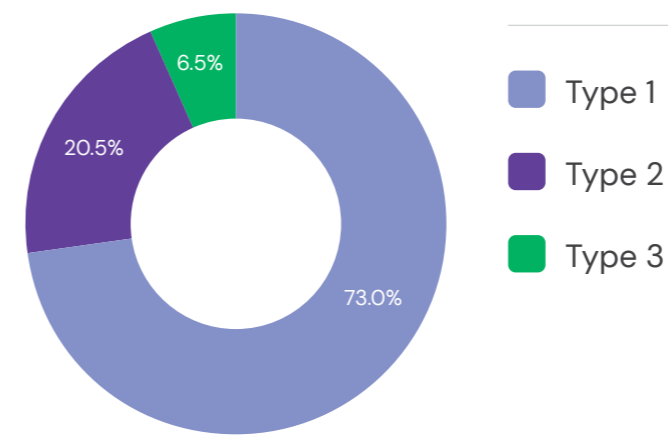


Chart 24: Online Gaming – GR Distribution by Game Type

The shift towards Type 1 games described above can be seen more evidently in the chart below. COVID-19 intensified this shift in 2020 due to the complete cancellation of national leagues and major sporting events during that time, causing players to shift their interest to different game types.

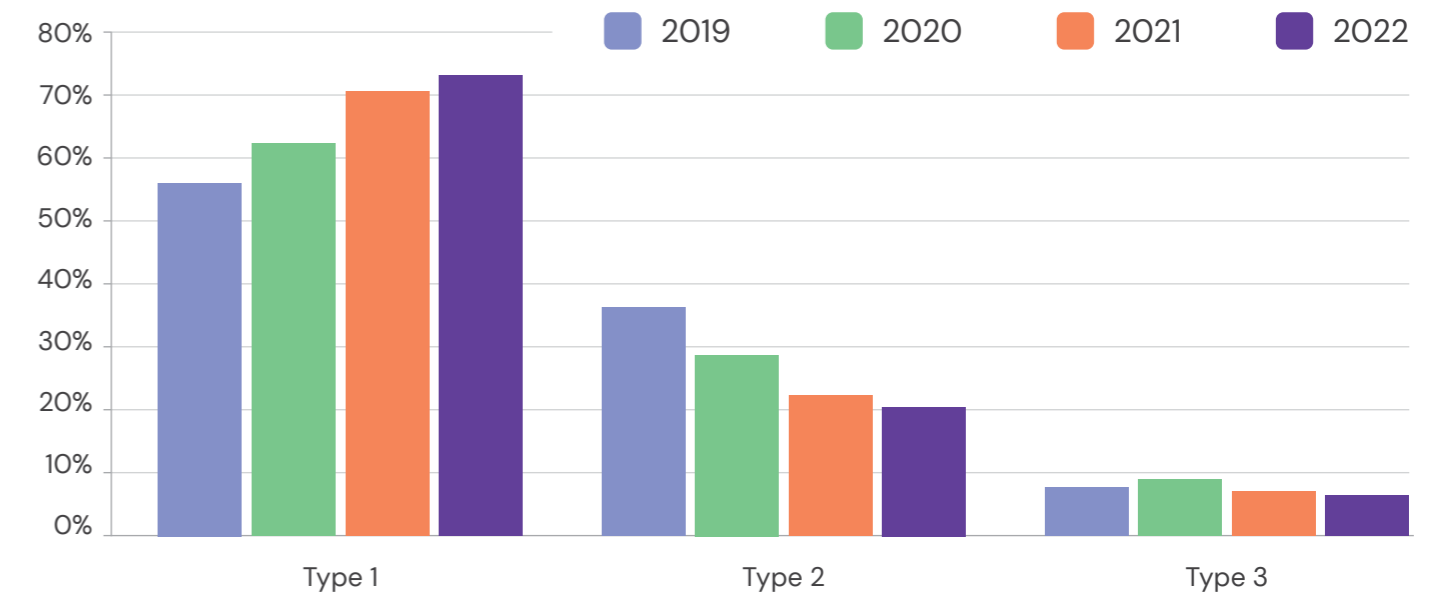


Chart 25: Online Gaming – GR Distribution by Game Type

Type 1 Games

Regarding GR generated through Type 1 games, 80.5% was attributed to slot games, whilst 13.7% was generated through table games. The remaining 5.8% of the GR for the Type 1 group was generated through other games, the most popular of which were secondary lotteries and virtual sports games.

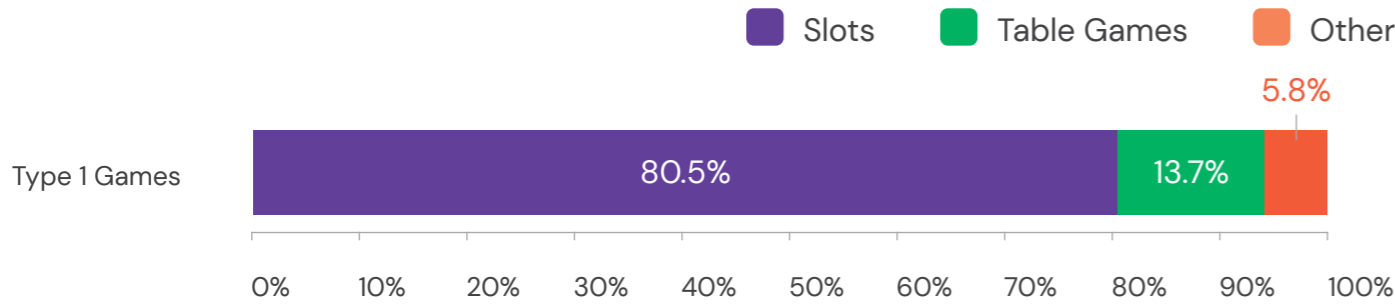


Chart 26: Online Gaming – Type 1 Games – GR Distribution

Type 2 Games

When considering the GR generated from Type 2 game categories, the most popular type of sports remained football, generating the vast majority of GR from Type 2 games, standing at 70.2%. Tennis accounted for 7.3% of the GR from Type 2 games, followed by 6.1% from basketball. Cricket bets generated 5.4% of the GR, while the remaining 11.0% was generated through other bets, including esports, betting on horses, golf and motorsports.

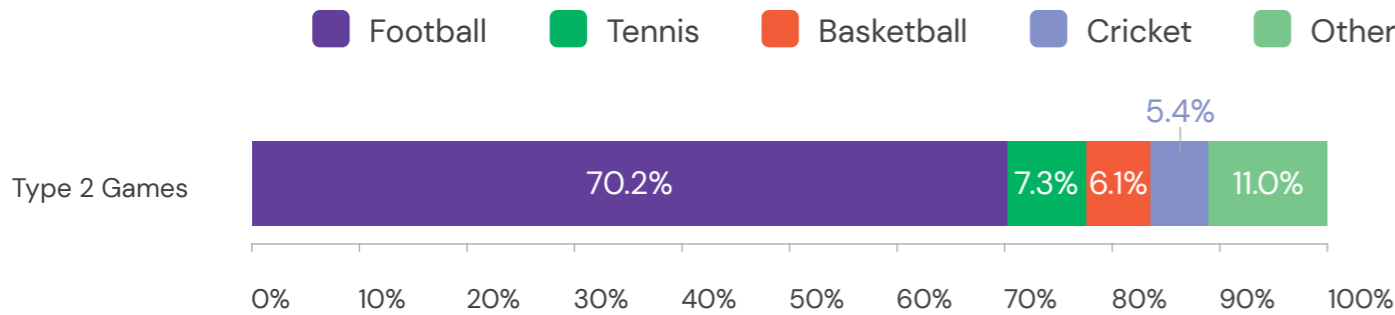


Chart 27: Online Gaming – Type 2 Games – GR Distribution

Type 3 Games

Peer-to-peer (P2P) poker once again generated the highest GR of all Type 3 games, covering 84.1%. Betting Exchange was again the second highest, generating 9.1% of all Type 3 gaming revenue. Lottery Messenger and P2P Bingo generated 3.5% and 2.8%, respectively, while the remaining 0.5% was generated through other Type 3 games.

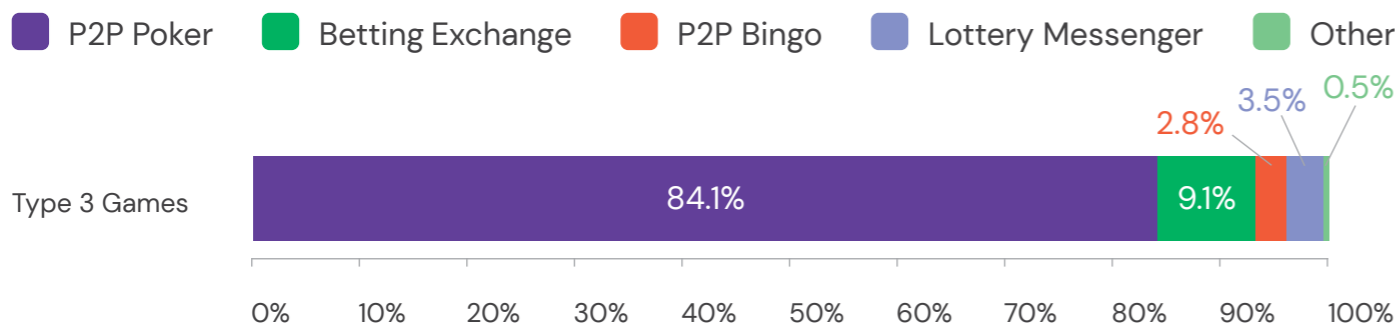


Chart 28: Online Gaming – Type 3 Games – GR Distribution

Online Gaming: Compliance Contribution

The amount of compliance contribution payable by the operators depends on the approval the Authority issued, and it is strictly correlated with the GR generated during the licence period. The MGA collected dues owed in terms of the applicable legislation, which amounted to €46.8 million for 2022.

	2019	2020	2021	2022
Total [€]	47,255,180	50,103,870	52,304,032	46,767,079

Note: The above figures include the compliance contribution fee, licence fees, and 5% consumption tax on customers located in Malta in line with the Gaming Tax Regulations (S.L. 583.10).

Table 44: Online Gaming – Compliance Contribution

Online Gaming: Employment

The number of FTE employees directly working with online gaming companies licensed by the MGA on the activities covered by the Authority’s licences at the end of December 2022 stood at 10,365¹⁴.

	2019	2020	2021	2022
Total	6,593	7,557	9,919	10,365

Table 45: Online Gaming – Employment (FTE)

Similar to the levels reported in previous reporting periods, as at the end of December 2022, 58.1% of all employees within the online gaming industry in Malta were male. Of all the employees in the gaming sector, 70.0% of the workers are non-Maltese, further highlighting the need for expatriate workers to sustain the industry’s growth.

¹⁴This number refers to direct employees working on MGA-licensed activities. Kindly refer to Point 9 of the Methodology for more information.

Appendix 1

List of Training Courses, Conferences, and Events

Training Courses/Workshops

Accounting and Finance for non-Accountants – KPMG Learning Academy

Addressing the Risks – Biennial Conference – Information Systems Audit and Control Association (ISACA)

AML Considerations for the Auditor: What? How? When? – Zampa Debattista

AML Onboarding Training – Malta Gaming Authority (MGA)

AML Roundtable XVII 2021–2022 – KPMG Learning Academy

Analysing and Visualising Data with Power BI – PwC Malta

Analysts Training – Malta Gaming Authority (MGA)

Arriving at the Tax Change – Society Education

Assertive Communication and Conflict Management – Malta Gaming Authority (MGA)

Award in Customer Care – Online Live Casino Academy (OLCA)

Award in Responsible Gaming – Online Live Casino Academy (OLCA)

AWS Fundamentals – Amazon

AWS Training – Amazon

AZ-900: Microsoft Azure Fundamentals – Microsoft

Basic to Advanced Training on Microsoft Power BI – Udemy

Budget Overview 2023 – Malta Institute of Accountants (MIA)

Business Plans – Society Education

Business Risk Assessment: The Foundation of the Risk-Based Approach – Society Education

Cisco CCNA – Cisco

CJEU Cases 2021/2022 – Society Education

Cloud Storage Session – Malta Information Technology Agency (MITA)

Clue Audit Functionality – Clue

Clue Charting Functionality – Clue

Company Liquidations – Society Education

Compliance Training – Malta Gaming Authority (MGA)

Consolidations & Business Combinations – Society Education

Continuous Development in Public Procurement – Institute for the Public Service

Corporate Structures Training – EY Malta

Cost Benefit Analysis – Malta Institute of Accountants (MIA)

Court-Related Matters – Financial Intelligence Analysis Unit (FIAU)

Creativity and Problem Solving – Malta Gaming Authority (MGA)

Customer Due Diligence Training – Society Education

Cyber Security Training Modules – Malta Gaming Authority (MGA)

Data Management & Quality – KPMG Learning Academy

Day with the Inspector – Malta Gaming Authority (MGA)

Debt Collection – Society Education

Deferred Taxation – Society Education

Dynamics 365 Customer Relationship Management (CRM) Fundamentals Training – Malta Gaming Authority (MGA)

ECDL – TCTC

Effective Public Speaking Skills – Malta Gaming Authority (MGA)

Embracing Change and Adaptability at Work – Malta Gaming Authority (MGA)

Equality and Diversity Training – National Commission for the Promotion of Equality

ESG is Here to Stay: Leveraging on the Opportunities that ESG Creates for the Gaming Industry – KPMG Learning Academy

Evaluators Training for E-Tenders – Institute for the Public Service

FinCrime and Fintech Trends in Europe – Digital Identity, Sanctions Challenges, and More – Association of Certified Financial Crime Specialists (ACFCS) FinCrime Virtual Week



First Aid Course – First Responder Centre Malta (FRCM)

Following Mule Tracks – A Case Study of Money Muling from Detection to Law Enforcement – Association of Certified Financial Crime Specialists (ACFCS) FinCrime Virtual Week

Gaming Act Legislative Framework Training – Malta Gaming Authority (MGA)

Gaming Licence Application Internal Training – Malta Gaming Authority (MGA)

Gaming: Accounting & VAT Considerations – Society Education

GDPR 4 Years Later – Society Education

Get Started with Microsoft SharePoint Online – Malta Information Technology Agency (MITA)

Get started with the Microsoft Power BI Service – Malta Information Technology Agency (MITA)

Go Further with SharePoint Online – Malta Information Technology Agency (MITA)

Goal Setting Training – EY Malta

Group Taxation – Society Education

How to Integrate Performance and Engagement for Big Business Benefit – Lattice

Humans Can't be Patched – An Interactive Adventure to Find the Fraudster – Association of Certified Financial Crime Specialists (ACFCS) FinCrime Virtual Week

IAS 1 – Presentation of Financial Statements & IAS 7 Statements of Cash Flow – Society Education

Illuminating the Shadow Economy: Using Publicly Available Data to Gain Visibility into Financial Crime – Association of Certified Financial Crime Specialists (ACFCS) FinCrime Virtual Week

Income Tax, VAT & Stamp Duty Implications of Cryptocurrency Transactions – Society Education

Information Sessions – Data Protection – Malta Gaming Authority (MGA)

Information Sessions – Operational Excellence – Malta Gaming Authority (MGA)

Integrity and Ethics Awareness Program – Integrity and Ethics Awareness–Learning Programme

Introduction to iGaming: Online Course – iGaming Academy

ISO 31000 Certification – GNIC® CRMF® Certification

Leadership Training and Coaching – Mdina Partners

Leading in a Fast-Changing Environment – Mdina Partners

Lean Six Sigma Green Belt for Service Industry Professionals – Udemy

Live Tables Training – Malta Gaming Authority (MGA)

M22023 – Accounting for Cryptographic Assets – Malta Institute of Accountants (MIA)

M22025 – The Intrastat Declaration System (Online) – Malta Institute of Accountants (MIA)

M22052 – Beneficial Ownership – Meeting Your AML Obligations – Malta Institute of Accountants (MIA)

M22064 – Forthcoming Reporting Obligations – Malta Institute of Accountants (MIA)

M22083 – Accounting for Receipt of Government Grants – Malta Institute of Accountants (MIA)

M22087 – Accounting for Intangible Assets: IAS38 – Malta Institute of Accountants (MIA)

M22096 – The Financial Statements of an iGaming Entity – What to Look For – Malta Institute of Accountants (MIA)

M22097 – IFRS in 2023: The IASB's Amendments to Existing Standards – Malta Institute of Accountants (MIA)

M365 Online Training: Microsoft PowerPoint – Malta Information Technology Agency (MITA)

Maltese CSP's and the Proposed Unshell Directive – Society Education

Mental Health Week – Emotional Strength Workshop – Malta Gaming Authority (MGA)

Mental Wellness at the Workplace – Working Town® Events in Partnership with the Richmond Foundation, the Malta Chamber, the General Workers' Union, the Malta Employers' Association, and We Connect

Microsoft Certified: Azure Data Engineer Associate – Microsoft

Microsoft Certified: Azure Data Fundamentals – Microsoft

Microsoft Dynamics 365 Fundamentals (CRM) Certification – Microsoft

Microsoft Excel for Professionals: An Introduction to Formulas and Functionalities – KPMG Learning Academy

Microsoft Power Platform Foundation – Malta Information Technology Agency (MITA)

Microsoft Power Platform: Microsoft Power BI Desktop – Malta Information Technology Agency (MITA)

Microsoft Teams Voice Service Online Training Session – Malta Information Technology Agency (MITA)

OD1318 – Electronic Public Procurement – Institute for the Public Service

Online Gaming and Betting – Safer Gambling Opportunities – International Association of Gaming Regulators (IAGR)

Online Microsoft 365 Training: Microsoft Modern Desktop – Malta Information Technology Agency (MITA)

Online Microsoft 365 Training: Microsoft Project for the Web – Malta Information Technology Agency (MITA)

Open-Source Intelligence Training – Malta Gaming Authority (MGA)

Payroll Training – Society Education

Performance Management Training – Malta Gaming Authority (MGA)

Personal Portfolio, EDF and the GACD and Eligibility Criteria Internal Training – Malta Gaming Authority (MGA)

Policy & International Affairs Training – Malta Gaming Authority (MGA)

Presentation on the US Market – Malta Gaming Authority (MGA)

Presentation Requirements and Disclosures in Financial Statements – KPMG Learning Academy

Project and Stakeholder Management Skills – MadeYou

Project Management Training – MadeYou

Provisions and Contingencies Training – KPMG Learning Academy

Public Consultation Management System – Exigy Consultants

Public Procurement Certification – Institute for the Public Service

Register of Beneficial Owners and MBR's onsite Inspections – Society Education

Regulatory Workshops – Malta Gaming Authority (MGA)

Report Writing Training – Mdina Partners

Rug Pulls, Hacks and Ponzis – Inside the Wild World of Frauds and Scams in Crypto and NFTs – Association of Certified Financial Crime Specialists (ACFCS) FinCrime Virtual Week

Sanctions In a Time of Crisis – Latest Developments, Lessons Learned and Regulatory Insights – Association of Certified Financial Crime Specialists (ACFCS) FinCrime Virtual Week

Self-Exclusion Training – Malta Gaming Authority (MGA)

Slots Training – Malta Gaming Authority (MGA)

Sports Betting Integrity Training – Malta Gaming Authority (MGA)

Strategic Thinking – Mdina Partners

Stress Management and Resilience Training – SMART

Stress Management Techniques – Malta Gaming Authority (MGA)

Submission & Filing Docs to the MBR – Society Education

Tackling the Threat of Terrorism and Terrorism Financing – National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) and Financial Intelligence Analysis Unit (FIAU)

Tax Measures Announced in the Budget Speech – Society Education

Conferences/Webinars

Termination of Employment – Society Education

Terrorism Financing: How to Assess, Investigate and Report on TF Risks – GRC World Forums

The 5 Steps to Revenue Recognition – KPMG Learning Academy

The Crypto Explosion- Crime Financing, and the Looming Threat for the Financial System – Guidehouse

The Hunt for Kleptocrat Assets – The Shift in Combating Corruption and What it Means for FinCrime Compliance – Association of Certified Financial Crime Specialists (ACFCS) FinCrime Virtual Week

The Prevention of Money Laundering and Financial Crime 2022 – Society Education

The Role of the Company Secretary (Online) – Malta Institute of Accountants (MIA)

Time Management, Planning and Setting Boundaries – Malta Gaming Authority (MGA)

Transfer Pricing – Society Education

Ultimate Beneficial Ownership – Regulatory Requirements, Key Challenges and Industry Best Practices – Sigma Risk

Understanding Emotional & Social Intelligence – Malta Gaming Authority (MGA)

VAT Compliance Obligations – Society Education

Virtual Assets Analysis – ECOFEL

Watch List Training – Malta Gaming Authority (MGA)

Web3 and FinCrime – A Crash Course on FinCrime Risks in NFTs, Metaverse, and More – Association of Certified Financial Crime Specialists (ACFCS) FinCrime Virtual Week

Webinar on Beneficial Ownership Transparency of Legal Persons – Financial Action Task Force (FATF)

What is an NFT – PwC Malta

Why Customer Onboarding is Foundational to Effective Financial Crime Risk Management – RiskScreen

20 Years of iGaming in Malta: Are We At a Crossroads? – The Malta Chamber, in collaboration with WH Partners

5th Safer Gambling Conference – National Betting Authority Cyprus

6th Global Conference on Criminal Finances and Cryptocurrencies – Europol

Addressing the Risks Biennial Conference – Information Systems Audit and Control Association (ISACA)

Aligning Growth Strategies with the National Financial Crime Compliance Agenda – ARQ Group – Malta Bankers' Association

Clue User Conference – London – Clue

Data Protection Day – Ministry for Justice and Governance

Digital Strategy Conference – Ministry for the Economy, Investment and Small Businesses

EASG Conference | 13th European Conference on Gambling Studies and Policy Issues – European Association for the Study of Gambling (EASG)

Employment issues – Society Education

Fighting Corruption in Sports- Why We Need a New International Agency – Sport Corruption in Sports EU

Fraud within the Remote Gaming Industry & its Implications on AML Compliance – KPMG Learning Academy

GRAF Conference – Wiesbaden, Germany – Gambling Regulators European Forum (GRAF)

IAGR Conference – Melbourne, Australia – International Association of Gaming Regulators

ICT Solutions Conference – ICT Solutions

Identifying the Beneficial Owner and AML/CFT Obligations – National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) and Financial Intelligence Analysis Unit (FIAU)

IMGL Conference 2022 – International Masters of Gaming Law

Incident Response Management... Doing It Right! – Information Systems Audit and Control Association (ISACA)

IntegriSport Conference (Malta) – IntegriSport

IntegriSport Conference (Netherlands) – IntegriSport

Kindred Sustainable Gambling Conference (Amsterdam) – Kindred Group plc

Malta Future Realised 2022 – EY Malta

Master's in Accountancy Conference – Malta Institute of Accountants (MIA)

Online Gaming and Betting – Safer Gambling Opportunities – International Association on Gaming Regulators

OSINT: A Game-Changer for Private Investigators – National Coordinating Committee on Combating Money Laundering and Funding of Terrorism (NCC) and Financial Intelligence Analysis Unit (FIAU)

Protecting Sport with Proactive Counter Corruption Strategy – Clue

Recent VAT Development and Anticipating Future VAT Changes – 14th VAT & EU Conference – The Malta Academy for Taxation Studies, in collaboration with the Malta Institute of Management

Regulating the Game – Regulating the Game

SIGA Sport Integrity Week – Sport Integrity Global Alliance (SIGA)

SME Week 2022 – Malta Chamber of SMEs

State of Identity Verification in the Crypto Industry – Sumsb

The Digital Juncture – Malta Communications Authority (MCA)

The Future of Gambling in the UK – Public Policy Exchange

The Future of KYC and AML: How to Tackle the Challenges and Gain the Opportunities of Perpetual KYC – A-Team Insight Webinars

The Paradox of Blockchain: Understanding IT Risks and Controls – Information Systems Audit and Control Association (ISACA)

The PwC Financial Crime Compliance Conference 2022 – PricewaterhouseCoopers Malta

The PwC Tax Conference 2022 – PricewaterhouseCoopers Malta

Unprecedented Restrictions: Understanding and Complying with Russian Sanctions – Moody's Analytics

Local and Foreign Events

CasinoBeats Summit

Cyber ROOT – Malta Information Technology Agency (MITA)

Dubai Expo 2022

ICE London 2022

KPMG Malta Gaming eSummit

Player Protection Forum – KnowNow Ltd

SBC Summit Barcelona – Sports Betting Community Ltd

SBC Summit North America – Sports Betting Community Ltd

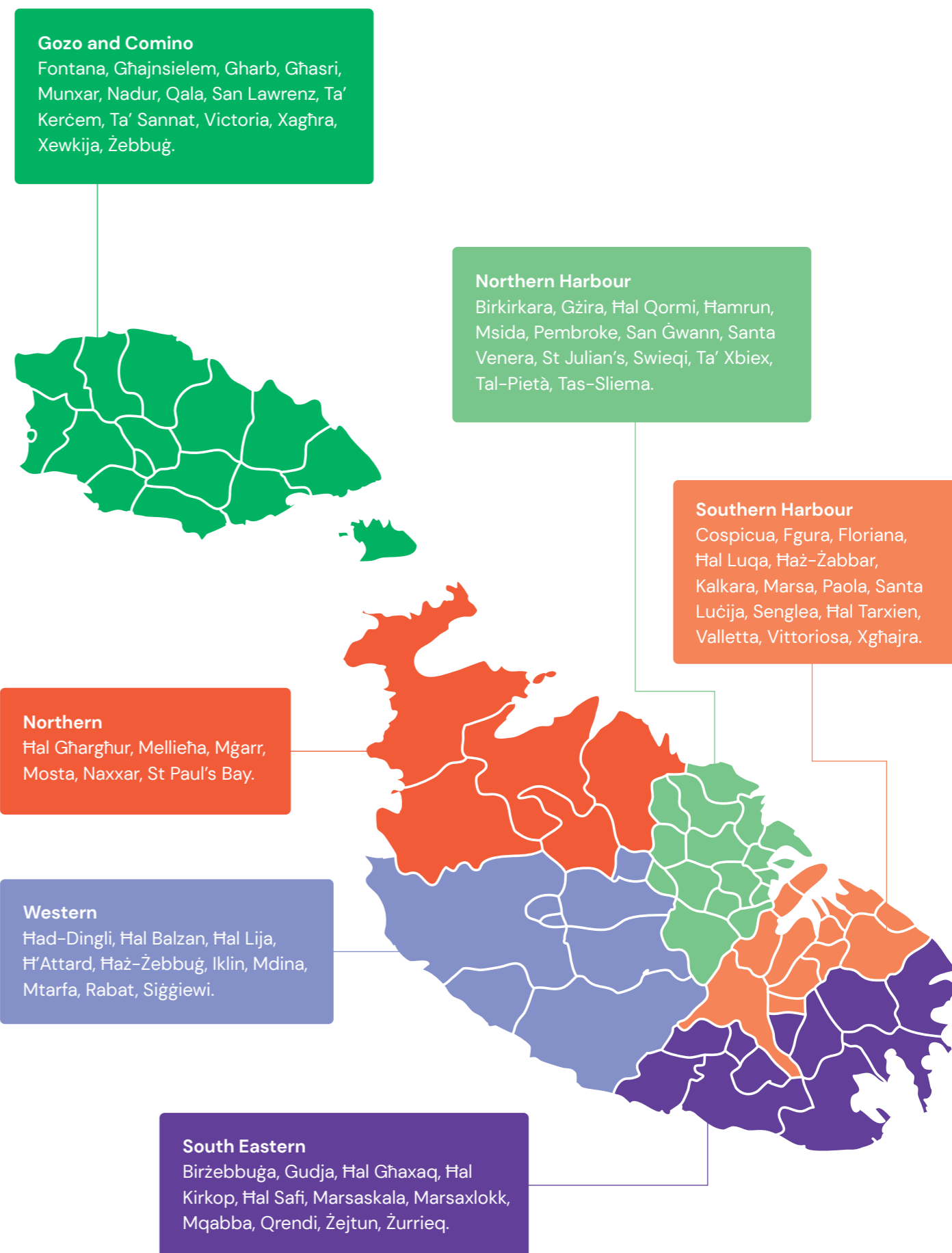
SiGMA 2022, Malta

World Gaming Executive Summit (WGES) Barcelona – Terrapin

EGR Nordics Awards 2022 – eGaming Review

Appendix 2

Statistical Regions and Districts of Malta





Financial Statements 2022

General Information

Registration

The Malta Gaming Authority (hereinafter referred to as the 'Authority') was established by virtue of the Gaming Act, Chapter 583 of the Laws of Malta.

Board of Governors of the Authority

Dr Ryan C. Pace • Chairperson

Carmen Ciantar

Roberto Francalanza

Caesar Grech (resigned November 2022)

Juliana Scerri Ferrante

Ruth Trapani Galea Feriol

Chief Executive Officer

Dr Carl Brincat

Secretary of the Board of the Authority

Adrian Caruana

Head Office

Malta Gaming Authority

Building SCM 02-03, Level 4

SmartCity Malta

Ricasoli SCM 1001

Malta

Auditor

Ernst & Young Malta Limited

Certified Public Accountants

Regional Business Centre

Achille Ferris Street

Msida MSD 1751

Malta



Report of the Board of Governors of the Authority

The Board of Governors of the Authority (hereinafter referred to as the 'Board of the Authority') submit their annual report and the audited financial statements for the year ended 31 December 2022.

Principal activity

The Authority was established by virtue of the Gaming Act, Chapter 583 of the Laws of Malta for the purpose of carrying out the functions defined in the said Act.

Results

The operating revenue including the release of unclaimed player funds generated by the Authority during the year amounted to EUR82,161,044 (2021: EUR81,351,770). After deducting all expenditure the Authority registered a surplus for the year of EUR70,254,221 (2021: EUR69,601,539). The Authority transferred EUR70,418,264 (2021: EUR 71,288,646) to the Government of Malta.

Board of Governors of the Authority

The members of the Board of the Authority who acted in such position during the year under review are listed on page 129.

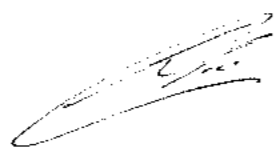
Chairperson

In accordance with Article 6(4) and the First Schedule of the Gaming Act, Chapter 583 of the Laws of Malta, the Chairperson and the other members of the Board of the Authority are appointed by the Minister responsible for the gaming sector.

Auditors

Ernst & Young Malta Limited have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the next meeting of the Board of the Authority.

The Report of the Board of Governors of the Authority is signed on their behalf by:



DR RYAN C. PACE
Chairperson
22 March 2023



CARMEN CIANTAR
Board Member

A member firm of Ernst & Young Global Limited.
Registered in Malta No: C30252

Independent Auditor's Report to the Board of Governors of the Malta Gaming Authority

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Authority, which comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies on pages 139 to 152.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Authority as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the Gaming Act, Chapter 583 of the Laws of Malta.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the International Code of Ethics for Professional Accountants (including international independence standards) as issued by the International Ethics Standards Board of Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act, Cap. 281 of the Laws of Malta, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information obtained at the date of the auditor's report is the 2022 Board of Governors Report. The Board of the Authority is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work 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.

Board of Governors' Responsibility for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Gaming Act, Chapter 583 of the Laws of Malta, and for such internal control as the Board determines 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 Board is responsible for assessing the Authority'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 Board either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Authority's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern; and
- 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 Board of the Authority 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.



The partner in charge of the audit resulting in this independent auditor's report is Shawn Falzon for and on behalf of

Ernst & Young Malta Limited
Certified Public Accountants
22 March 2023

A member firm of Ernst & Young Global Limited.
Registered in Malta No: C30252

Statement of Comprehensive Income for the year ended 31 December 2022

	Notes	2022	2021
		EUR	EUR
Revenue	5	80,167,035	79,509,859
Administrative and other expenses	6	(12,568,976)	(11,611,769)
Operating surplus		67,598,059	67,898,090
Release of unclaimed player funds		1,994,009	1,841,911
Decrease in provision for claims	14	790,000	-
Finance income	8	8	687
Finance costs	17	(127,855)	(139,149)
Surplus for the year		70,254,221	69,601,539

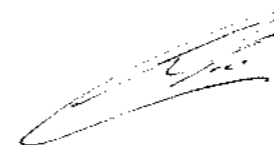
The accounting policies and explanatory notes on pages 139 to 152 form an integral part of the financial statements.

Statement of Financial Position as at 31 December 2022

	Notes	2022	2021
		EUR	EUR
ASSETS			
Non-current assets			
Intangible assets	10	121,533	313,453
Property, plant and equipment	11	5,102,256	5,983,850
		5,223,789	6,297,303
Current assets			
Trade and other receivables	12	5,921,942	4,694,725
Cash at bank and in hand	16	13,117,299	12,530,178
		19,039,241	17,224,903
TOTAL ASSETS		24,263,030	23,522,206
EQUITY AND LIABILITIES			
Equity reserve			
Equity reserve	13	250,000	250,000
Reserve fund	13	3,638,652	3,270,795
Unclaimed Prizes Reserve	13	-	-
		3,888,652	3,520,795
Non-current liabilities			
Provision for claims	14	-	790,000
Finance lease liabilities	17	3,000,026	3,350,115
		3,000,026	4,140,115
Current liabilities			
Trade and other payables	15	17,023,882	15,536,446
Finance lease liabilities	17	350,470	324,850
		17,374,352	15,861,296
Total liabilities		20,374,378	20,001,411
TOTAL EQUITY AND LIABILITIES		24,263,030	23,522,206

The accounting policies and explanatory notes on pages 139 to 152 form an integral part of the financial statements.

The financial statements on pages 133 to 152 have been authorised for issue by the Board of the Authority on 22nd March 2023 and were signed on their behalf by:



DR RYAN C. PACE
Chairperson



CARMEN CIANTAR
Board Member

Statement of Changes in Equity for the year ended 31 December 2022

	Unclaimed prizes reserve	Reserve Fund	Equity Reserve	Total
	EUR	EUR	EUR	EUR
At 1 January 2022	-	3,270,795	250,000	3,520,795
Appropriation from statement of comprehensive income	932,809	69,321,412	-	70,254,221
Unclaimed prizes transferred in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	531,900	-	-	531,900
Payments made to/or on behalf of Government in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	(1,464,709)	(68,953,555)	-	(70,418,264)
At 31 December 2022	-	3,638,652	250,000	3,888,652
At 1 January 2021	-	4,103,922	250,000	4,353,922
Appropriation from statement of comprehensive income	979,026	68,622,513	-	69,601,539
Unclaimed prizes transferred in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	853,980	-	-	853,980
Payments made to/or on behalf of Government in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	(1,833,006)	(69,455,640)	-	(71,288,646)
At 31 December 2021	-	3,270,795	250,000	3,520,795

The accounting policies and explanatory notes on pages 139 to 152 form an integral part of the financial statements.

Statement of Cash Flows for the year ended 31 December 2022

	Note	2022	2021
		EUR	EUR
Operating activities			
Surplus for the year		70,254,221	69,601,539
<i>Adjustment to reconcile surplus for the year to net cash flows</i>			
<i>Non-cash:</i>			
Depreciation of property, plant and equipment		525,234	644,810
Amortisation of intangible assets		197,701	381,079
Grant amortisation		(65,204)	(195,615)
Depreciation of right-of-use asset		362,940	391,869
Increase in provision for doubtful debts		210,059	136,440
Decrease in provision for claims		(790,000)	-
Finance income		(8)	(687)
<i>Working capital adjustments:</i>			
(Increase)/Decrease in trade and other receivables		(1,437,276)	1,315,787
Increase in trade and other payables		1,228,171	57,034
Net cash flows from operating activities		70,485,838	72,332,256
Investing activities			
Purchase of property, plant and equipment		(6,580)	(42,286)
Purchase of intangible assets		(5,781)	(86,555)
Interest received		8	687
Net cash flows used in investing activities		(12,353)	(128,154)

Statement of Cash Flows for the year ended 31 December 2022 (continued)

	Note	2022	2021
		EUR	EUR
Financing activities			
Receipts on behalf of Government		531,900	853,980
Payments made to Government		(70,418,264)	(71,288,646)
Net cash flows used in financing activities		(69,886,364)	(70,434,666)
Net movement in cash and cash equivalents		587,121	1,769,436
Cash and cash equivalents at 1 January		12,530,178	10,760,742
Cash and cash equivalents at 31 December	16	13,117,299	12,530,178

The accounting policies and explanatory notes on pages 139 to 152 form an integral part of the financial statements.

Notes to the Financial Statements

1 CORPORATE INFORMATION

The Authority is established by virtue of the Gaming Act, Chapter 583 of the Laws of Malta. The principal activity of the Authority is to govern and supervise the gaming sector in Malta.

2.1 BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis and are presented in Euro. The financial statements have been prepared on a going concern basis which assumes that the Authority will be able to meet its financial obligations as and when they fall due.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and comply with the Gaming Act, Chapter 583 of the Laws of Malta.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Standards, interpretations and amendments to published standards as endorsed by the EU effective in the current year

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective during the year:

- Amendment to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018–2020 (All issued 14 May 2020)

The adoption of these standards did not have significant impact on the financial statements or performance of the Authority.

Several other amendments and interpretations apply for the first time in 2022, but do not have an impact on the financial statements of the Authority. The Authority has not early adopted

any standards, interpretations or amendments that have been issued but are not yet effective.

Standards, interpretations and amendments to published standards as adopted by the EU which are not yet effective

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet effective for the current reporting year and which the Authority has not early adopted but plans to adopt upon their effective date. The changes resulting from these standards are not expected to have a material effect on the financial statements of the Authority. The new and amended standards follow:

- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)
- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued

Standards, interpretations and amendments that are not yet endorsed by the EU

Up to date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but which are not yet adopted by the EU. The Authority plans to adopt the new standards upon their effective date. The new and amended standards follow:

- Amendments to IAS 1 Presentation of Financial Statements:
- Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020);
- Classification of Liabilities as Current or Noncurrent –Deferral of Effective Date (issued on 15 July 2020); and
- Non-current Liabilities with Covenants (issued on 31 October 2022)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)

3 SUMMARY OF ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are set out below:

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable for licenses, compliance contribution and levies and application fees in the normal course of business. All revenue is recognised on the accrual basis. The following specific recognition criteria must also be met before revenue is recognised:

Licences

Revenue is recognised when the licence becomes due. It is accounted for on a straight-line basis over the term of the licence.

Application fees

Revenue is recognised upon receiving the consideration together with a valid application form.

Compliance contribution and levies

Depending on the type of licence, revenue from compliance contribution and levies is either charged on a fixed fee basis or is based on a percentage of the regulated companies' reported gross gaming revenue, up to a capped amount for remote gaming companies.

Penalties and other fees

Penalties and other fees represent enforcement penalties imposed by the Authority. Penalties and other fees are accounted for on an accrual basis and are recognised when realisation is probable, and the amount can be measured reliably.

Interest income

Interest income is recognised as the interest accrues, unless collectability is in doubt.

Trade and other receivables

Trade receivables are recognised and carried at original amount due less an allowance for any uncollectible amounts. An estimate for impairment is made when collection of the full amount is no longer probable. Impaired debts are derecognised when they are assessed as uncollectible.

Amounts due from related parties are recognised and carried at cost.

Impairment of financial assets

The Authority recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Authority applies a simplified approach in calculating ECLs. Therefore, the Authority does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Cash and cash equivalents

Cash in hand and at banks and term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash in hand and deposits at banks, net of overdrawn bank balances.

Grant

Grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Authority.

Amounts due to related parties are carried at cost.

Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation expense on intangible assets is recognised in the statement of comprehensive income. Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Computer software	25

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and/or accumulated impairment losses, if any. Depreciation is calculated to write off the cost of the property, plant and equipment on a straight-line basis over their expected useful life as follows:

	%
Leasehold improvements	6.67
Furniture and fittings	10 – 16.67
Office equipment	16.67 – 25
Motor vehicles	20
Computer equipment	25

Gains and losses arising on de-recognition upon disposal of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

Leases

The Authority assesses at contract inception whether a contract is, or contains a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Authority applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Authority recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease (i.e. the date the available asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities following any modification of the underlying lease. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease the Authority recognises lease liabilities at the present value of future lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease if the lease term reflects the Authority exercising the option to terminate.

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease

liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of any options related to the lease.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, the Board is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the period the change becomes known.

Provisions for claims and contingent liabilities

Claims have been made against the Authority by third parties. Judgement is required to determine whether these claims will require an outflow of resources and whether these could be reliably estimated. The Authority quantifies the claims based on the damages and determines the probability of the outflow based on the advice provided by the legal counsel.

Where the Authority believes that the claims would probably result in an outflow of resources and can be reliably estimated, a provision is recognised. Where there is a possible obligation, but probably there will not be an outflow of resources, no provision is recognised whilst a contingent liability is disclosed.

In the opinion of the Board, the accounting estimates, assumptions and judgements other than those mentioned above, 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 IAS 1 (revised) – 'Presentation of financial statements'.

5 REVENUE

Revenue comprises the following:

	2022	2021
	EUR	EUR
Licence fees	9,374,368	9,313,516
Application fees	209,970	265,000
Other revenue	1,276,600	1,327,606
Total authority fees	10,860,938	10,906,122
Compliance contribution and levies	69,306,097	68,603,737
Total revenue	80,167,035	79,509,859

As at year ended 31 December 2022, the Authority also issued Notices governing administrative penalties amounting to EUR49,900 (2021: EUR93,000) which became or will become due through the issuance of the subsequent and final enforcement measure. The fees generated will be recognized as income once the Authority's position is confirmed.

Number of licences in issue at end of year:

	2022	2021
	No.	No.
Commercial bingo houses	3	4
Casinos	4	4
Gaming parlours	28	64
National lotteries	1	1
Remote online gaming licences	347	341
Total number of licenses at end of year	383	414

6 EXPENSES BY NATURE

	2022	2021
	EUR	EUR
Auditor's remuneration	26,550	26,550
Chairperson's emoluments and Board honoraria (note 18)	59,416	73,535
Staff costs (note 7)	7,389,318	7,161,461
General administrative expenses	1,788,168	1,050,531
Professional fees	472,387	576,589
Promotional expenses	526,837	128,592
Depreciation and amortisation on property, plant and equipment and intangible fixed assets (notes 10 and 11)	1,020,671	1,222,143
Provision for doubtful debts (note 12)	210,059	136,440
Contributions to other entities	1,075,570	1,235,928
Total administrative and other expenses	12,568,976	11,611,769

7 EMPLOYEE INFORMATION

a. Staff costs

The total employment costs were as follows:

	2022	2021
	EUR	EUR
Salaries	6,583,061	6,412,602
Social security costs	438,365	432,425
Fringe benefits	145,112	163,121
	7,166,538	7,008,148
Other related costs	222,780	153,313
	7,389,318	7,161,461

b. Staff numbers

The number of persons employed by the Authority as at 31 December 2022 and 31 December 2021 were as follows:

	2022	2021
	No.	No.
	171	168

8 FINANCE INCOME

	2022	2021
	EUR	EUR
Interest receivable on bank balances	8	687

9 TAXATION

No provision for Malta income tax has been made in these financial statements as the Authority's income is exempt from any liability to income tax in terms of article 37 of the Gaming Act Cap. 583 of the Laws of Malta.

10 INTANGIBLE FIXED ASSETS

Intangible fixed assets pertain to software costs of the Authority. The movement in intangible fixed assets is as follows:

	Computer Software
Cost	EUR
At 1 January 2021	2,168,155
Additions	86,555
At 31 December 2021	2,254,710
Additions	5,781
At 31 December 2022	2,260,491
Amortisation	
At 1 January 2021	1,560,178
Amortisation for the year	381,079
At 31 December 2021	1,941,257
Amortisation for the year	197,701
At 31 December 2022	2,138,958
Net book value	
At 31 December 2022	121,533
At 31 December 2021	313,453

11 PROPERTY, PLANT AND EQUIPMENT

11.1 Property, plant and equipment owned by the authority

	Leasehold Improvements	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Total
Cost	EUR	EUR	EUR	EUR	EUR	EUR
At 1 January 2021	3,114,396	1,574,722	540,176	288,024	1,159,673	6,676,991
Additions	-	4,524	6,389	-	31,373	42,286
Disposals	-	-	-	(103,296)	(3,733)	(107,029)
At 31 December 2021	3,114,396	1,579,246	546,565	184,728	1,187,313	6,612,248
Additions	-	-	-	-	6,580	6,580
Disposals	-	-	-	-	(3,733)	(3,733)
At 31 December 2022	3,114,396	1,579,246	546,565	184,728	1,190,160	6,615,095
Depreciation						
At 1 January 2021	1,134,993	860,701	501,110	157,970	766,728	3,421,502
Depreciation charge for the year	204,139	173,740	33,278	27,379	206,274	644,810
Release on disposal	-	-	-	(103,296)	(3,733)	(107,029)
At 31 December 2021	1,339,132	1,034,441	534,388	82,053	969,269	3,959,283
Depreciation charge for the year	204,138	134,913	4,890	27,379	153,914	525,234
Release on disposal	-	-	-	-	(3,733)	(3,733)
At 31 December 2022	1,543,270	1,169,354	539,278	109,432	1,119,450	4,480,784
Net book value						
At 31 December 2022	1,571,126	409,892	7,287	75,296	70,710	2,134,311
At 31 December 2021	1,775,264	544,805	12,177	102,675	218,044	2,652,965

11.2 Right-of-use asset – Leasehold property

	2022	2021
	EUR	EUR
Cost at 1 January	4,455,407	4,212,752
Impact of lease modification	-	242,655
Cost at 31 December	4,455,407	4,455,407
Depreciation for the year	362,940	391,869
Accumulated depreciation at 31 December	1,487,462	1,124,522
Net book value at 31 December	2,967,945	3,330,885

12 TRADE AND OTHER RECEIVABLES

	2022	2021
	EUR	EUR
Compliance contribution, levies and licences receivable and accrued income (note i, ii, iii)	5,588,953	4,316,405
Prepaid expenses	160,852	211,439
Deposits and other receivables	172,137	166,881
	5,921,942	4,694,725

- (i) At 31 December 2022, Compliance Contribution, Levies and Licences receivable at nominal value of EUR 3,244,157 (2021: EUR3,034,098) were impaired and fully provided for (Note 12).

	2022	2021
	EUR	EUR
Provision for doubtful debts		
Opening balance	3,034,098	2,897,658
Increase in provision for doubtful debts	210,059	136,440
Closing balance	3,244,157	3,034,098

- (ii) As at the balance sheet date, the ageing analysis of Compliance Contribution, Levies and Licences receivable is as follows:

	Total	Neither past due nor impaired	Past due			
			<30 days	31 – 60 days	61 – 90 days	>90 days
	EUR	EUR	EUR	EUR	EUR	EUR
2022	5,588,953	4,841,429	97,381	46,690	30,400	573,053
2021	4,316,405	3,932,969	86,671	78,781	11,110	206,874

- (iii) Accrued income included with Compliance Contribution, Levies and Licences receivable comprise of compliance contribution payable to the Authority for which no request for payment has been issued yet.

13 RESERVES

a. Equity reserve

Funds for the creation of the Reserve have been retained from the gaming taxes collected. This was transferred to Equity reserve with approval of the Ministry of Finance.

b. Reserve fund

The Reserve Fund represents accumulated excess of revenue over expenditure.

c. Unclaimed prizes reserve

The National Lottery Licensee is to pay funds standing in its unclaimed prizes reserve to the Authority. The Authority shall appropriate such funds in accordance with the Gaming Act (Chapter 583 of the Laws of Malta) and any other applicable regulatory instrument issued thereunder.

14 PROVISION FOR CLAIMS AND CONTINGENT LIABILITIES

Provision for claims

During 2014, a gaming operator initiated, court proceedings against the Authority claiming loss of profits from the Authority in the region of EUR790,000. In May 2019, the court case was decided in favour of the Authority and the gaming operator appealed the decision. In May 2022 the court of appeal confirmed the initial court decision in favour of the Authority. During the year the Authority reversed the provision in relation to these claims.

Contingent liabilities

In 2016, an operator had initiated legal proceedings against the Authority disputing new licences issued by the Authority. This case was decided in the Authority's favour in the first instance on 29 September 2022. The operator appealed this judgement and the appeal date has yet to be set by the Court of Appeal. A reliable estimate of a potential claim against the Authority cannot be made. Accordingly, no provision for any liability has been made in these financial statements.

In 2021, an appeal to revoke the decision of the Authority on due diligence matters was filed with the Administrative Review Tribunal ("Tribunal"). Claims for damages relating to loss from potential profits were included in such appeal. In February 2023, the Tribunal had decided the case in favour of the Authority, but the decision can still be appealed. The Authority continues to contest these claims and to follow the advice of its legal counsel. Any potential claim for damages cannot be reliably estimated and accordingly, no provision for any liability has been made in these financial statements.

Up to the date of the authorisation of these financial statements, there were no other material claims made against the Authority that are expected to lead to a possible obligation.

15 TRADE AND OTHER PAYABLES

	2022	2021
	EUR	EUR
Unclaimed player funds (note i)	9,932,462	8,599,573
Deferred income	4,291,446	4,353,018
Advances received from operators	898,053	962,097
Trade and other payables	902,489	1,110,144
Accruals	999,432	511,614
	17,023,882	15,536,446

i Balance includes unclaimed player funds and dormant accounts from Remote Gaming operators which are passed on to the Authority by the licensee when no transactions have been recorded on players' account for more than thirty months or upon surrender of licence by the operator.

16 CASH AND CASH EQUIVALENTS

Cash and short-term deposits consist of cash in hand and balance with banks. Cash and cash equivalents included in the statement of cash flows reconcile to the statement of financial position amounts as follows:

	2022	2021
	EUR	EUR
Cash at bank and in hand	13,117,299	12,530,178

17 FINANCE LEASE LIABILITIES

	2022	2021
	EUR	EUR
<i>Current</i>		
Finance lease liabilities (i)	350,470	324,850
<i>Non-current</i>		
Finance lease liabilities (i)	3,000,026	3,350,115

(i) Finance lease liabilities bear interest at the rate of 3.6% per annum

18 RELATED PARTY DISCLOSURES

Related party	Year	Total transactions with related parties	Amounts owed to related parties at year end	Type of transaction
		EUR	EUR	
Government of Malta - The Treasury	2022	70,418,264	-	Payments made to/ on behalf of gov
Government of Malta - The Treasury	2021	71,288,646	-	Payments made to/ on behalf of gov

Key management personnel

The Chairperson and the Board of the Authority are considered to be key management personnel. Included in 'Administrative and other expenses' (note 6) are salaries paid to the Chairperson and Board amounting to EUR59,416 (2021: EUR73,535).

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

At the year end, the Authority's main financial assets on the statement of financial position comprise trade and other receivables, and cash at bank and in hand. At the year end, there were no financial assets off the statement of financial position.

At the year end, the Authority's main financial liabilities on the statement of financial position consisted of amounts due to government, other payables, accruals and deferred income.

Contractual maturity profile of financial liabilities

The presentation of the financial assets and liabilities listed above under the current and non-current headings within the statement of financial position is intended to indicate the timing in which cash flows will arise. The maturity profile of the financial liabilities of the Authority as at year end is as disclosed in notes 15 and 17.

Credit risk

The Authority trades only with licensed, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to impaired debts is not significant. Carrying amounts for trade receivables are stated net of any impairment provisions, when necessary, which are prudently made against debts in respect of which management reasonably believes that recoverability is doubtful. Credit risk with respect to debts is limited due to the number of licensees comprising the Authority's debtors' base. The Authority's cash at bank is placed with quality financial institutions. The Authority has no significant concentration of credit risk.

Liquidity risk

Liquidity risk is the risk the Authority will not be able to meet its financial obligations as they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal or stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation.

Fair values

The carrying amounts of cash at bank and in hand, trade receivables, trade payables and accrued expenses approximated their fair values.

Interest rate risk

With the exception of cash and bank balances, the value of the Authority's assets and liabilities are not subject to interest-rate movements.

Supplementary statement for the year ended 31 December 2022

ADMINISTRATIVE AND OTHER EXPENSES

	31 December 2022		31 December 2021	
	EUR	EUR	EUR	EUR
Salaries & National Insurance	7,389,318		7,161,461	
Training	165,930		94,030	
Other staff costs	9,524		22,929	
Staff and ancillary costs		7,564,772		7,278,420
Chairman's emoluments and board honoraria	59,416		73,535	
Telecommunications	30,571		36,930	
IT and Ancillary Costs	768,950		402,381	
Water and Electricity	48,901		39,559	
Insurance and Licences	84,111		80,350	
Postage, stationery and printing	26,388		17,240	
Office expenses	36,803		17,509	
Motor vehicle running expenses	46,084		41,718	
Bank charges	9,043		9,527	
Cleaning expenses	16,120		5,874	
Subscriptions	216,958		133,506	
Repairs and Maintenance	120,574		122,183	
Business development expenses	21,463		6,077	
Overseas travelling	149,353		14,942	
Seminars and conferences	37,395		5,776	
General Administrative expenses		1,672,130		1,007,107
Professional Fees	264,834		199,875	
Auditor's Remuneration	26,550		26,550	
Due Diligence and Consultancy Fees	143,696		344,889	
Legal Fees	63,857		31,823	

	31 December 2022		31 December 2021	
	EUR	EUR	EUR	EUR
Professional Fees		498,937		603,139
Promotional Expenses		526,837		128,592
Depreciation and amortisation		1,020,671		1,222,143
Provision for doubtful debts		210,059		136,440
Contributions to other entities		1,075,570		1,235,928
		12,568,976		11,611,769

Notes

