

2023

 **mdia** MALTA
DIGITAL
INNOVATION
AUTHORITY

Annual Report & Financial Statements

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Minister's Foreword

As Malta continues to strengthen its position as a trusted and forward-looking digital nation, I am pleased to present the Malta Digital Innovation Authority's Annual Report for 2025. This publication reflects not only a year of significant progress but also the MDIA's steadfast commitment to shaping a digital ecosystem that is competitive, resilient, and rooted in the responsible use of technology.

Throughout 2025, the MDIA has remained central to the Government's vision of driving sustainable digital transformation across every sector of society. The Authority's work demonstrates that innovation can flourish when supported by strong governance, clear strategic direction, and a national commitment to skills, inclusion, and security. It is this balance between progress and responsibility that continues to distinguish Malta's approach to digital innovation.

This year saw Malta achieve several important milestones. The full implementation of the EU Artificial Intelligence Act at national level, with the MDIA designated as the lead competent authority, reinforces our country's reputation as a pioneer in trustworthy AI. The establishment of national helpdesks on AI and cybersecurity, alongside extensive stakeholder engagements,

ensured that businesses, educators, and public entities could prepare effectively for the evolving European regulatory landscape.

At the same time, the Authority strengthened its leadership in emerging domains, including data governance, distributed ledger technologies, quantum technology, and cybersecurity certification. Malta's active participation in European and international bodies, ranging from the EU AI Board and ENISA to the Global Partnership on AI, highlights our growing influence in shaping digital policy and reinforces our role as a reliable contributor to global discussions on the future of technology.

2025 also marked a transformational year for Malta's digital infrastructure. The launch of the country's first national High-Performance Computing facility and the selection of Malta as host of the CALYPSO AI Factory Antenna represent landmark achievements. Crucially, the introduction of the HPC has elevated the value proposition of DiHubMT, serving as a catalyst for exponential growth. In 2025 alone, DiHubMT expanded its support from 7 startups to 57, forming part of a vibrant community of over 220 members. These resources democratise access to advanced computing power,

“ 2025 also marked a transformational year for Malta's digital infrastructure. The launch of the country's first national High-Performance Computing facility and the selection of Malta as host of the CALYPSO AI Factory Antenna. ”

enabling startups, SMEs, researchers, and public organisations to accelerate innovation and strengthen Malta's competitiveness in an increasingly data-driven and AI-driven world.

Equally important were the Authority's sustained efforts to develop the nation's digital talent pipeline. The integration of the eSkills Malta Foundation into the MDIA, expanded digital skills bootcamps, increased scholarship opportunities, and national participation in initiatives such as EU Code Week and All Digital Weeks reaffirm the Government's commitment to ensuring that technological growth translates into opportunities for all. These initiatives reflect our belief that digital inclusion, education, and lifelong learning are essential pillars of a thriving digital society.

The MDIA continued to deepen collaboration with national and international partners through new Memoranda of Understanding, stakeholder engagements, and participation in global events. These partnerships strengthen Malta's digital ecosystem, support innovation in key sectors such as tourism, cybersecurity, manufacturing, and education, and help ensure that our policies remain aligned with global best practices.

As we look ahead to the next Strategic Plan covering 2026–2030, the work carried out in 2025 serves as a strong foundation for the future. The MDIA's efforts this year demonstrate Malta's determination to lead with purpose, uphold the highest standards of governance and security, and ensure that innovation continues to serve the well-being of our people, businesses, and communities.

I commend the Authority's leadership and dedicated team for their professionalism, vision, and unwavering commitment. I also extend my appreciation to the many public and private stakeholders who collaborated with the MDIA to advance Malta's digital transformation agenda.

Together, we will continue to build a digitally empowered nation, one that embraces opportunity, safeguards trust, and positions Malta as a beacon of innovation in the Mediterranean and beyond.

Hon. Silvio Schembri
Minister for Economy, Enterprise and Strategic Projects



Chairperson's Address

The year 2025 marks a period of continued progress for the Malta Digital Innovation Authority. Throughout the year, the Authority strengthened its institutional maturity, expanded its scope of impact and reinforced its position as a central pillar within Malta's digital governance and innovation ecosystem. As Chairperson, I am confident in the Authority's direction and in the role it is increasingly being called upon to fulfil.

The MDIA has evolved significantly since its establishment. Originally focused on the certification of Innovative Technology Arrangements, it now occupies a broader and more strategic position at the centre of national efforts relating to digital trust, innovation enablement and the governance of emerging technologies. This evolution reflects both the pace of technological change and the growing level of trust placed in the Authority by Government and stakeholders.

A key milestone in 2025 was the commissioning of Malta's High-Performance Computer, CALYPSO (Computational AI Factory for Learning, Yielding Performance, Services and Outreach). This investment strengthens the island's digital infrastructure and reinforces the MDIA's role as an enabler of innovation.

Together with the continued development of DiHubMT, it is supporting startups, SMEs, researchers and public entities in accessing advanced capabilities and enhancing competitiveness.

During the year, the Authority's mandate continued to expand. The MDIA assumed a leading role in areas including AI, cybersecurity and data governance. Its designation in relation to the implementation of the EU AI Act at national level represents a significant milestone. It affirms Malta's ambition to remain at the forefront of responsible and trustworthy technology governance while reinforcing the Authority's responsibility to ensure that innovation develops within clear and robust frameworks.

The MDIA's role within the national agenda also continued to strengthen. The integration of the eSkills Foundation represents an important step towards a more coherent and integrated approach to digital capability building. Initiatives such as the "AI for All" further demonstrate the Authority's capacity to support national priorities that extend beyond regulation into policy, inclusion and empowerment.

“ During the year, the Authority's mandate continued to expand. The MDIA assumed a leading role in areas including AI, cybersecurity and data governance. ”

At policy level, 2025 was a year of consolidation and repositioning. Malta is increasingly adopting a broader definition of progress that balances economic growth with quality of life, wellbeing, sustainability, inclusion and opportunity. This approach is reflected in the realigned National AI Strategy and the MDIA Strategic Plan 2026-2030, both aligned with Malta Vision 2050. The Authority is therefore contributing not only to technological advancement but also to the broader policy direction shaping Malta's future.

The MDIA Strategic Plan provides a clear framework for the Authority's continued development. It is structured around four core pillars, regulation, policy, digital skills and innovation, supported by key enablers including enhanced outreach, stronger international engagement and continued organisational strengthening. These elements position the Authority to remain effective and resilient in a rapidly evolving environment.

Organisationally, the Authority continued to strengthen its foundations. The recognition of the MDIA as the "Best Overall Achiever in the HR Quality Mark" reflects a sustained commitment to governance, employee

wellbeing and professional development. Ongoing improvements in communication and outreach are also contributing to greater institutional clarity and visibility.

Looking ahead, emerging technologies will continue to present both opportunities and challenges. The MDIA is well positioned to ensure that Malta advances its digital transformation responsibly, strengthens national capabilities and maintains a clear focus on trust, resilience and inclusion.

Wayne Grixti
Chairperson
Malta Digital Innovation Authority



CEO's Message

2025 was a milestone year for the Malta Digital Innovation Authority. It was a year in which the Authority continued to expand its responsibilities while continuing to deliver on its mission: ensuring that digital innovation in Malta grows in a safe, trusted, and forward-looking environment.

This year's annual report places a strong focus on people. While technology continues to evolve at an outstanding pace, our experience consistently reminds us that innovation is irrevocably about people - the individuals who develop technology, the organisations that apply it, and the citizens whose lives it aims to improve. This also starts from within our own organisation. The work of the MDIA is driven by the dedication and expertise of our employees, whose commitment allows the Authority to deliver on its growing responsibilities. Our continued investment in our people was recognised this year through the renewal of the HR Quality Mark and the achievement of the Highest Overall Achiever Award, reflecting the strong organisational culture that underpins our work.

Throughout 2025, our efforts remained focused on striking the right balance between enabling innovation and presenting strong regulatory

oversight. This balance is essential if Malta is to continue positioning itself among the countries that lead in responsible digital transformation.

One of the most significant developments this year was the launch of Malta's first national High-Performance Computing facility. This infrastructure provides advanced computing power that can now be accessed by startups, researchers, industry, and public entities. By making high-level computing resources available locally, we are enabling new opportunities in artificial intelligence, advanced data analysis, and research that would otherwise remain out of reach.

Malta was also selected to host CALYPSO, an AI Factory Antenna linked to Europe's supercomputing network. This initiative connects Malta to a wider European ecosystem supporting the development of trustworthy artificial intelligence and strengthens our role as a regional hub for advanced digital capabilities.

These developments have also strengthened the impact of DiHubMT, Malta's European Digital Innovation Hub, which continued to grow throughout the year and now brings together more than 220 members from across Malta's digital ecosystem.

“ Our continued investment in our people was recognised this year through the renewal of the HR Quality Mark and the achievement of the Highest Overall Achiever Award, reflecting the strong organisational culture that underpins our work. ”

Another important milestone was Malta becoming the first EU Member State to publish national legislation fully implementing the EU AI Act, with MDIA designated as the lead competent authority. This step reflects Malta's proactive approach in preparing for emerging technologies and ensuring that innovation develops within a clear and trusted regulatory framework.

Looking ahead, the Authority is also preparing to deepen its work in new frontier areas. In particular, 2026 will see the start of dedicated initiatives to support the advancement of Quantum Technologies in Malta, helping the country prepare for the next generation of digital capabilities.

At the same time, we remain strongly committed to developing Malta's digital talent. The integration of the eSkills Malta Foundation within the MDIA has strengthened Malta's national efforts to develop digital skills, while Malta's strong participation in EU Code Week continue to encourage citizens of all ages to engage with technology and prepare for the opportunities of the digital future.

As we conclude the current strategic cycle, we are preparing for the next phase of our journey through the development of the Strategic Plan 2026–2030. Our role is evolving. From primarily establishing the regulatory framework to actively enabling a Digital State by Design, supporting the wider ambitions of Malta Vision 2050.

I would like to take this opportunity to express my sincere gratitude to the Minister, the Permanent Secretary, and the MDIA Board of Directors for their continued guidance and support. I would also like to thank all our partners and stakeholders who collaborate with us in shaping Malta's digital future.

Finally, a very special thanks goes to the entire MDIA team. Their dedication, professionalism, and shared commitment are the foundation of the Authority's achievements and will continue to drive our work in the years ahead.

Kenneth Brincat
Chief Executive Officer
Malta Digital Innovation Authority

Our Identity & Commitment



Mission

To lead as the national focal point that directs and facilitates the secure and optimal uptake of digital innovation



Vision

To be the forward-looking Authority that fosters trust in innovative technologies



Values

Quality-driven

The Authority continuously strives to deliver high-quality service provisions. Looking ahead, this will continue to be achieved by adding value to stakeholders and fostering an entrepreneurial culture, as well as by having the flexibility to respond to shifts in the industry.

Knowledgeable

The Authority strives to grow internal employee capabilities through continuous professional development and industry training so as to be the centre of expertise on emerging and innovative technologies.

Transparent

The Authority aims to carry out all activities with openness, integrity, diligence, expertise, and objectivity, while maintaining the highest professional standards. It also acknowledges the trust its numerous and diverse stakeholders have in it to deliver high standards of transparency.

Collaborative

The Authority wants to serve as a point of reference for digital innovation. In this respect, collaboration means being able to willingly share ideas and disseminate information with stakeholders. Additionally, the Authority strives to be responsive to queries from other entities and the public.

Reliable

The MDIA fosters a culture of productivity to pave the way for new opportunities. In so doing, it seeks to be a reliable body for the various internal and external stakeholders that require the Authority's services in any capacity.



Quality Policy

The Quality Policy of the Malta Digital Innovation Authority (MDIA) is to provide services that satisfy the responsibilities falling under its remit by virtue of relevant legislation. This is carried out by establishing, implementing and maintaining updated processes that are efficient and effective, whilst ensuring service conformity and enhanced customer satisfaction.

The MDIA shall endeavour to satisfy the applicable requirements of its interested parties and the ever-increasing expectations of society through a process of continual improvement in the services and support it provides and its quality management system.



Objectives

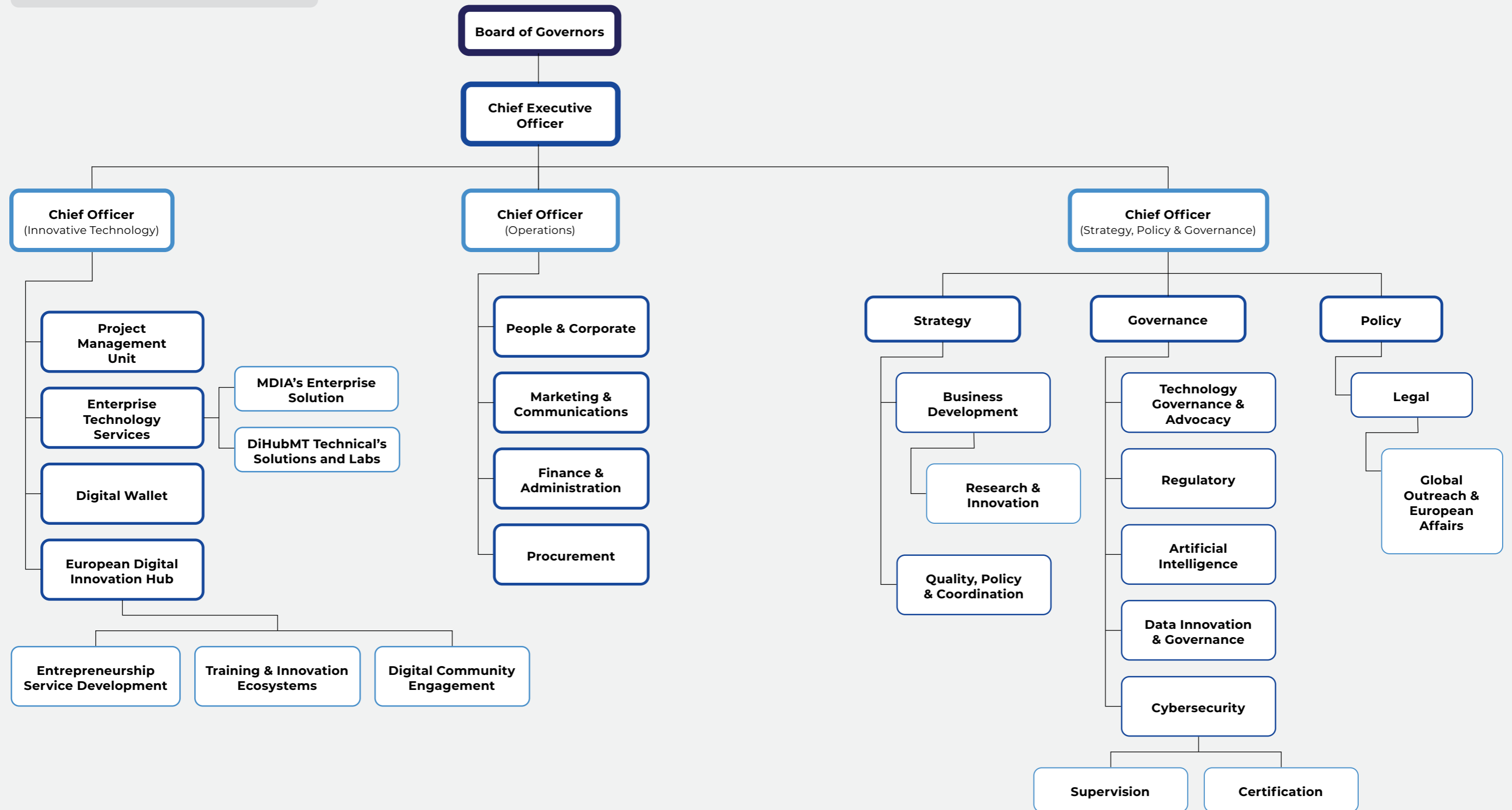
The MDIA establishes quality objectives that are consistent with its mission, vision and strategic direction, and appropriate to its context to achieve the desired results, whilst ensuring service conformity and enhanced customer satisfaction.

To this effect, the MDIA adopts the following quality objectives:

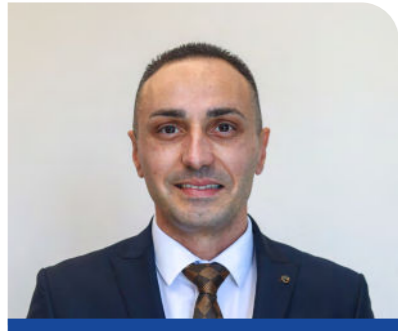
- To support governmental initiatives concerning regulatory compliance using innovative technology.
- To build national trust by fostering a culture of good governance.
- To manage the Authority's finances in an accountable and transparent manner.
- To identify risks associated with innovative technologies and mitigate their impact on the Authority and the wider industry.
- To increase awareness and visibility of the Authority's remit within the technology sector.
- To collaborate with relevant national stakeholders and international counterparts.
- To strengthen digital skills and capabilities of citizens to drive Malta's digital economy in line with Malta's eSkills Strategy.
- To serve as the national advisory and enablement body for innovative technologies.
- To align the Authority's internal operations with its external activities and to continuously improve the quality management system.
- To expand the MDIA's research capacity in innovative technologies to reflect societal needs.
- To be the leading policymaker for innovative technologies on both a national and international basis.

Our People & Organisation

Organisational Structure



Board of Governors



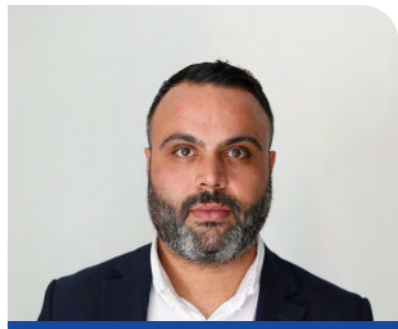
Mr Wayne Grixti
Chairperson



Mr Sandro Micallef
Deputy Chairperson



Dr Ramona Attard
Board Secretary



Mr Daniel Ablett



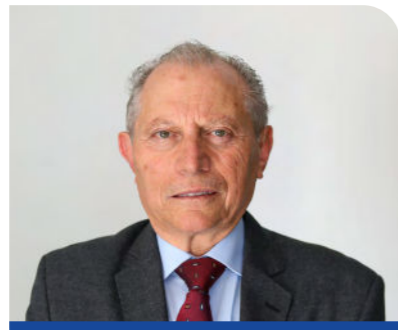
Ms Patrizia Busuttil



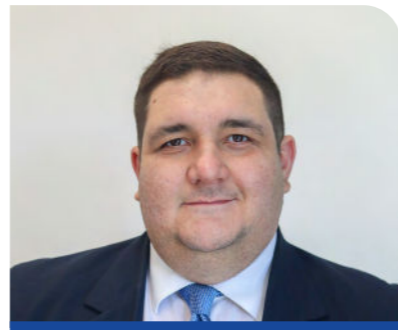
Mr Mark Camilleri



Ms Nicole Falzon



Mr Anthony Galea



Mr Nigel Vella



Mr Omar Vella

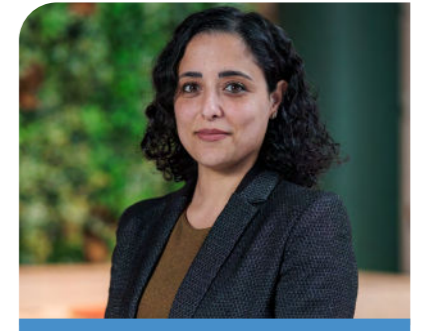
Executive Committee



Mr Kenneth Brincat
Chief Executive Officer



Mr Gavril Flores
Chief Strategy,
Policy & Governance Officer



Dr Jean-Marie Mifsud
Chief Innovative
Technology Officer



Mr Clinton Pace
Chief Operations Officer
(from 01/04/2025)



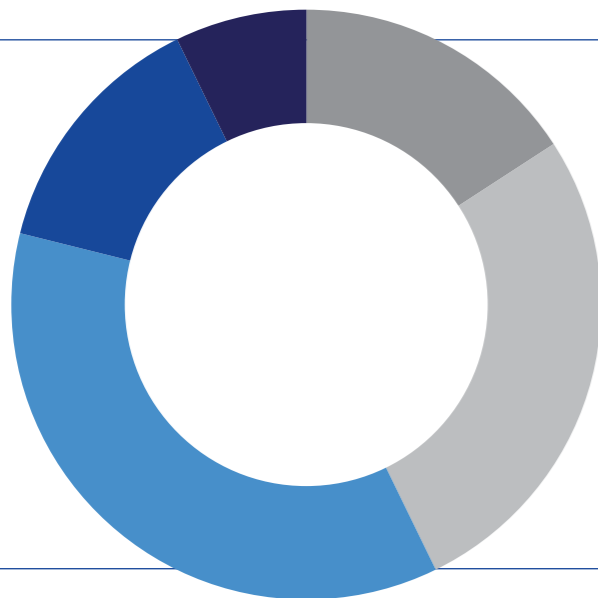
Workforce

Our workforce continues to grow steadily, reflecting our commitment to building a diverse, capable, and future-ready team. This section presents an overview of our current employee composition and highlights the key characteristics that contribute to our organisational strength.

44
employees

 **37.5%**
increase from 2024

23  females
21  males



9  internal appointments

Employee Development & Wellbeing

We remain committed to fostering an environment where employees are supported, empowered, and equipped with opportunities for growth. Our development and wellbeing efforts in 2025 focused on strengthening internal talent pathways and enhancing workplace support.

1,987
total training
hours delivered



44.5
average training
hours per employee

 **3** employees enrolled in the Self-Development Study Scheme

Teleworking:

4 employees worked up to 20 hours per week from home (50% of weekly hours)



Work From Home:

38 employees worked up to one day per week remotely, completing **4,190** hours of remote work.

Work-life balance measures support employees in managing their professional, personal, and family responsibilities. These policies address a range of individual circumstances to help maintain a healthy and sustainable balance.



Reduced Hours:

4 employees worked reduced hours to balance work with childcare or personal commitments.

Outreach and Future Talent Development

In 2025, the MDIA strengthened its engagement with students and future professionals through targeted outreach and talent development initiatives. During the University of Malta and MCAST Freshers' Week, representatives from the MDIA connected with students, promoting career opportunities as well as the Authority's Student Internship and Summer Programmes.

A total of 19 interns were hosted under the IPS Student Scheme, supporting undergraduate and postgraduate students from the University

of Malta, specifically from the Faculties of Law; Economics, Management and Accountancy; ICT; and Arts, as well as students from the Institute of Information and Communication Technology at MCAST.

During the summer period, the MDIA also engaged 17 summer students under the IPS Summer+ Programme, an initiative designed to provide practical work experience to full-time students pursuing studies at MQF Levels 4, 5, 6, and 7 during the summer recess.



HR Quality Mark

In 2025, the MDIA was successfully re-certified with the HR Quality Mark following an audit conducted by independent FHRD auditors on 18 June 2025. The certification, renewed for a further three years on the 17th of July 2025, recognises strong HR practices, professionalism, and effective people management.

The MDIA also received the Highest Overall Achiever Award during the 8th Intake Ceremony held on the 8th of October 2025 at the Hilton Malta. This is a testament to the Authority's commitment to excellence and continuous improvement.



Our Resources & Investments

During the year, the Authority efficiently managed its increased allocated budget, resulting in higher expenditure across the four vote line items and ensuring the optimal deployment of financial resources. The deliberate and strategic allocation of funds enabled the Authority to advance the objectives outlined in its strategic plan. In line with its commitment to transparency and accountability, the Authority consistently upheld rigorous standards of financial governance throughout the period.

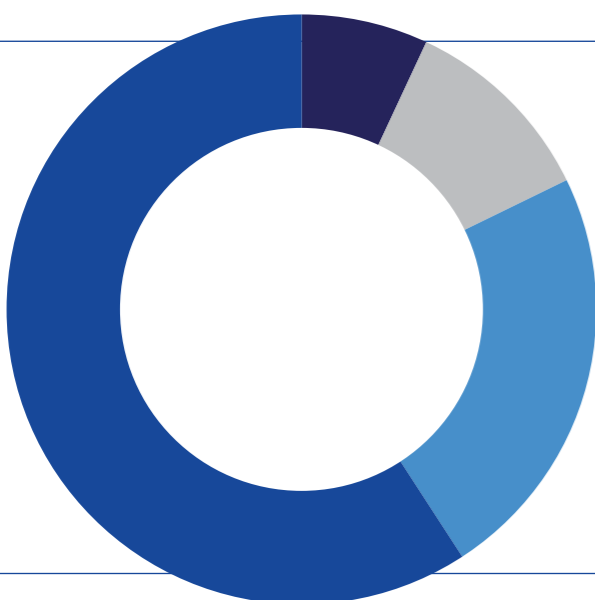
MDIA

In 2025, following the expansion of its remit and the allocation of additional responsibilities, the Authority continued to prioritise investment in human resources, reinforcing its internal capacity to effectively deliver its broadened mandate. This year, the focus on people was even more pronounced as our in-house expertise became central to the successful rollout of a wider range of initiatives.

Beyond staffing, 2025 was marked by a significant increase in activity across the organisation. The Authority organised a high number of initiatives, expanded its participation in both local and international

conferences, and delivered training programmes to audiences ranging from young students to seasoned professionals. These efforts strengthened our role as a knowledge hub and broadened our outreach across different segments of the community.

With the increase in staff, the Authority strengthened its presence across various sectors and regions, supporting start-ups and emerging innovators through targeted campaigns and newly introduced programmes. Many of these initiatives required specialised in-house expertise, underscoring the importance of the Authority's continued investment in its people.



Recurrent Expenditure

- 7% Professional Fees
- 59% Staff Cost
- 11% Information Services
- 23% Other

European Digital Innovation Hub

During 2025, the Malta Digital Innovation Authority (MDIA) continued to advance its long-standing commitment to driving Malta's digital transformation agenda. A continuation was the work for ongoing development of the European Digital Innovation Hub (EDIH), an initiative co-funded by the European Union at 50%.

One of the most significant capital investments during the year was the acquisition of the High-Performance Computer (HPC), a critical asset designed to accelerate research, innovation, and digital transformation across multiple sectors. In October 2025, the MDIA proudly hosted the official inauguration of the HPC. This investment plays a vital role in democratising access to advanced computing capabilities, enabling AI model training, biotechnology research, and

complex data simulations that would otherwise be inaccessible to many stakeholders.

The EDIH team continued to expand throughout 2025 to maximise the effective implementation of the EU Grant Agreement. During the year, an increase in expenditure was recorded in areas such as events, training and education, and professional services. This rise reflects the Authority's commitment to ensuring the highest quality of service delivery under the public calls issued through the Hub. These investments are essential for strengthening the Hub's visibility, enhancing stakeholder engagement, and ensuring that the services offered through DiHubMT meet the standards and expectations established at both national and European levels.



European Digital Identity Wallet

An additional vote line introduced for 2025 relates to the European Digital Identity Wallet (EUDIW), a project assigned to the MDIA. During 2025, efforts were primarily focused on building the necessary human resource capacity for the project, with skilled personnel being engaged accordingly. It is anticipated

that the project will start reaching an advanced stage of development in 2026. Other investments in 2025 included participation in various seminars and conferences to strengthen knowledge capacity, as well as the engagement of professional services.

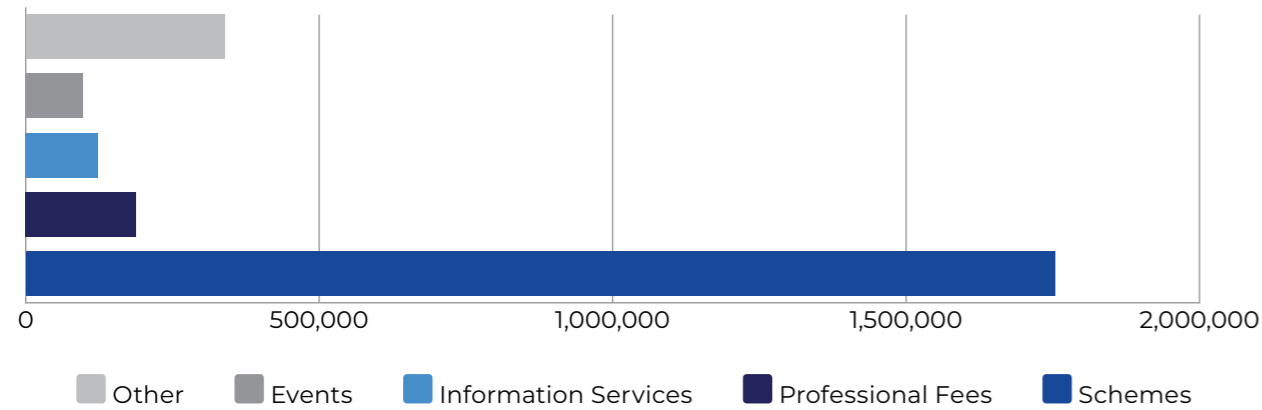
AI

Throughout 2025, the Authority continued to strengthen its investment in Artificial Intelligence initiatives, with a total of €2.5M dedicated to advancing this strategic area.

In parallel, the Authority continued to consolidate and diversify its partnerships with public sector organisations. During the year, collaboration through various funding schemes

intensified across key national sectors, including research, education, culture, environmental stewardship, and public service delivery. These strengthened partnerships facilitated wider community engagement, enhanced the national innovation ecosystem, and supported research and development initiatives across multiple areas.

Investment in Artificial Intelligence and Internet of Things



Having significantly strengthened Malta's digital infrastructure and reinforced the foundations for future innovation, the Malta Digital Innovation Authority (MDIA) has marked another successful year. This progress was driven by strategic investments in human capital, Artificial Intelligence, the European Digital Innovation Hub (DiHubMT), and the European Digital Identity Wallet.

The MDIA remains committed to supporting and advancing the country's innovation agenda, ensuring that Malta continues to position itself at the forefront of digital transformation.

Our Work

Regulation

In 2025, the MDIA renewed its focus on advancing policy in new technological domains.

This focus was evident through the Authority's contributions:

- Providing over 700 positions on policy documents and other legal instruments related to innovative technology.
- Actively participating in policy discussions and negotiations at National, European and International level.



Artificial Intelligence

Artificial Intelligence (AI) remains a core pillar of Malta's digital transformation, with the MDIA playing a central role in shaping national and EU-aligned governance frameworks. Since 2019, the Authority has prioritised trustworthy AI, introducing the AI Ethical Framework to ensure innovation is underpinned by responsibility, transparency, and societal benefit. This early leadership positioned Malta at the forefront of ethical AI adoption even before the introduction of the EU Artificial Intelligence Act and the Council of Europe Framework Convention on AI.

In 2025, Malta became the first EU Member State to publish national legislation fully implementing the EU AI Act. L.N. 226 of 2025 establishes Malta's national framework, designates the MDIA as the lead national competent authority and single point of contact, and appoints the MDIA as market surveillance authority for all AI systems except those used for law enforcement. It also assigns the MDIA the role of notifying authority for conformity assessment bodies and establishes enforcement powers, penalties, and the structure of the national AI regulatory sandbox. L.N. 227 of 2025 designates the IDPC as the market surveillance authority for AI used in law enforcement contexts.

To support industry readiness, the MDIA launched the AI Helpdesk, providing regulatory guidance and practical compliance tools such as guidelines for AI users and deployers, AI

literacy practices, digital skills course listings, and the EU AI Act compliance checker.

Throughout 2025, the Authority engaged extensively with stakeholders across education, financial services, data protection, and other sectors, delivering over 15 information and engagement sessions. A key highlight was the AI Ethics event held with the Directorate for the Early Years, Languages and Humanities, offering educators insights into the EU AI Act, Malta's national strategy, data protection principles, and approaches to integrating AI ethics into teaching.

At the European and international levels, the MDIA actively contributed to AI governance initiatives, including serving as Malta's representative on the EU AI Board and participating in the drafting of the Council of Europe's HUDERIA risk and impact assessment framework. The Authority also collaborated with the Ministry for Foreign Affairs and Tourism during Malta's Presidency of the Council of Europe, supporting major AI-focused events such as the Lisbon Forum 2025 on "AI and Global Governance." Together with the European Commission and national ministries, the MDIA contributed to the development of a national risk assessment on AI, examining issues such as technology leakage, misuse, and dual-use risks.

Cybersecurity

The MDIA's role in cybersecurity continued to expand in line with developments across the sector. As Malta's National Cybersecurity Certification Authority (NCCA) under the EU Cybersecurity Act (CSA), the Authority supervises and enforces European cybersecurity certification schemes, monitors compliance of ICT products, services, and processes, and, where required, authorises conformity assessment bodies. The MDIA also contributes to the work of the European Cybersecurity Certification Group and Committee, supporting the development of voluntary schemes and related policy. In view of the evolving threat landscape, the CSA is currently under review to strengthen EU resilience.

In 2025, the MDIA was nominated to serve on both the ENISA National Liaison Officers (NLO) Sub-Group and the ENISA Management Board. Through the NLO network, the Authority facilitates two-way information exchange between ENISA and national stakeholders, while its role on the Management Board contributes to the Agency's strategic governance under the CSA.

The MDIA's responsibilities are also extending under the forthcoming EU Cyber Resilience Act (CRA), as the prospective market surveillance authority for products with digital elements. Throughout the year, the Authority participated in CRA working groups, contributed to implementing regulations, and prepared national processes and legislation for future enforcement activities.

To support organisations navigating requirements under both the CSA and the CRA, the MDIA established a dedicated cybersecurity helpdesk, providing regulatory guidance and clarifying links with related legislation. The Authority also delivered targeted information sessions outlining upcoming obligations and recommended preparation steps.

The MDIA continued its active contribution as a member of Malta's National Cybersecurity Committee (NCC), chaired by the Office of the Prime Minister. The NCC leads national coordination, strategy implementation, and the development of Malta's cybersecurity ecosystem.

In 2025, the MDIA was nominated to serve on both the ENISA National Liaison Officers (NLO) Sub-Group and the ENISA Management Board.

Data Innovation and Governance

Data plays a vital role in strengthening the economy and enhancing trust, with voluntary data sharing delivering clear benefits to businesses and citizens. Under the Data Governance Act (DGA), the MDIA acts as the competent authority for the notification of data intermediation services and the registration of data altruism organisations, supporting responsible data sharing and improved data availability.

In September 2025, the Data Act (DA) came into force, granting consumers and businesses greater control over data generated by connected devices and promoting fair access and use of data. Through Legal Notice 222 of 2025, the MDIA was designated as the competent authority for most of the Act's provisions.

To implement the DA, the MDIA established a procedural framework to uphold the rights and obligations of data holders, data users, and data recipients. The Authority also developed a certification framework for dispute settlement bodies, ensuring users have access to impartial, independent entities with the necessary expertise.

Throughout 2025, the MDIA delivered interactive and informative sessions on both the DGA and the DA, supporting stakeholders in understanding their obligations and preparing for effective implementation of the new regulations.

Blockchain

The MDIA's work in blockchain has evolved significantly since 2018, when the Authority first introduced voluntary certification for distributed ledger technology (DLT) arrangements and smart contracts, an approach now replaced by the Technology Assessment Recognition Framework. Over time, the Authority has expanded its scope and strengthened its participation in European blockchain initiatives.

In 2025, the MDIA continued its active role in the European Blockchain Services Infrastructure (EBSI), an initiative of the European Commission and the European Blockchain Partnership

aimed at delivering secure, resilient, and decentralised solutions for cross-border public services, including credential verification without a single point of failure.

The Authority also deepened its involvement in the European Blockchain Sandbox (EBS). Building on its participation in the first two rounds of dialogues, the MDIA contributed to selected use cases during the third round in 2025. These included a project exploring decentralised identity solutions using zero-knowledge proofs and AI-supported facial age estimation, complemented by relevant workshops and technical discussions.

Quantum

Recognising quantum as a critical emerging technology, the MDIA initiated efforts to strengthen national capacity in this area. The Authority is an active member of the Quantum Technologies Coordination Group, contributing expertise, identifying collaboration opportunities, and exploring shared infrastructures and joint developments across European projects. The EU's Quantum Europe Strategy, aimed at building a resilient and sovereign quantum ecosystem, continues to guide these efforts. Malta, through the MDIA, contributed to the

development of the associated risk assessment for this strategic technology.

The EU is also advancing the European Quantum Communication Infrastructure (EuroQCI), which seeks to establish a secure quantum communication network across Europe. In 2025, the MDIA participated in national initiatives supporting the deployment of quantum networks and contributed to the drafting of related strategic roadmaps.

Realignment of the National AI Strategy

Malta's National AI Strategy, launched in 2019 as Malta: The Ultimate AI Launchpad 2030, established the country as an early leader in AI governance and innovation. Built on investment, public sector adoption, and private sector readiness, the strategy aimed to accelerate technological growth while upholding strong ethical and legal standards.

In 2024, the MDIA initiated the first strategic realignment of the national strategy to address rapid technological progress and evolving societal and regulatory needs. Throughout 2025, the Authority conducted stakeholder consultations and assigned measure owners to support effective delivery. The updated strategy, Malta AI – Where Innovation Meets Trust for Well-being, was published for public consultation in November 2025. It places societal well-being and long-term sustainability

at the centre of Malta's AI vision, supported by two national enablers: an informed and skilled population, and strengthened regulatory, policy, security, and support frameworks.

The realigned strategy is structured around three pillars. The first focuses on strengthening data availability and digital infrastructure, supported by continued investment in advanced computational capabilities. The second promotes AI adoption across business and public services to enhance efficiency, transparency, and economic growth. The third supports the advancement of AI technologies through industry-driven research and stronger collaboration with academia.

Recognitions

Service Providers

The MDIA regulates and issues a range of recognitions to support the advancement of innovative technologies. These include licences, registrations, permissions, approvals, certifications, attestations, and other formal acknowledgements issued to organisations and natural persons operating within the Authority's remit. This includes service providers such as systems auditors operating within the Technology Assessment Recognition Framework (TARF).

In 2025, the MDIA continued strengthening the Technical Expert Natural Person Scheme by providing guidance through workshops and developing updated technical expert guidelines.

The Authority received nine applications:

- 2 approved new applications
- 6 renewals
- 1 rejected application

Recognised Technical Experts represented diverse domains, including AI, distributed ledger technologies, blockchain, big data, data science, information security, and cybersecurity.

In 2025, the MDIA continued strengthening the Technical Expert Natural Person Scheme by providing guidance through workshops and developing updated technical expert guidelines.

Technology Assessment Recognition Framework and Technology Sandbox

The Technology Sandbox remained a key national instrument enabling innovators to safely develop and test emerging technologies within a structured environment. Participants receive tailored guidance and can validate their solutions while managing potential risks.

In 2025, ten applications were active within the Sandbox:

- Two progressing through their residency plans from previous years
- Five considered for onboarding
 - Two successfully onboarded
 - Two under review at year-end
 - One withdrawn
- Three residents offboarded after completing all agreed milestones

During the year, the MDIA updated its Sandbox Guidelines, introducing provisions to facilitate the participation of Decentralised Autonomous Organisations (DAOs).

The Authority's expertise continued to be recognised at European level. Several Member States requested presentations on Malta's regulatory sandbox practices, and the MDIA presented its framework to the EU AI Board, contributing to the work of a dedicated subgroup drafting the EU Implementing Act on AI Regulatory Sandboxes.

Quality & Improvement

The MDIA maintained its ISO 9001:2015 certification, originally obtained in May 2024. Following a successful 2025 surveillance audit, the Authority retained its certification, reaffirming its commitment to quality management and operational excellence.

The certification covers the Authority's full remit, including its functions under the MDIA Act, its role as the National Cybersecurity Certification Authority and Malta's European Digital Innovation Hub, and its work across strategy, policy, governance, research, technology, projects, operations, and communications.

This achievement reflects the MDIA's dedication to high-quality standards, continuous improvement, and the delivery of effective services aligned with national and EU digital regulatory frameworks.

In 2025, the Authority also initiated a gap analysis for ISO 27001:2022 to strengthen its information security management systems and ensure resilience against evolving cybersecurity risks.

Community Engagement & Outreach

Public Relations & Communications Efforts

In 2025, the MDIA strengthened its public visibility through an active and coordinated communications strategy across traditional and digital media. The Authority maintained a regular presence on national television and radio, participating in interviews, discussions, and informational segments to increase public understanding of AI, cybersecurity, and digital innovation. Collaboration with journalists and media outlets remained a central component of MDIA's outreach, resulting in steady coverage through articles, features, and expert commentary.

The MDIA also connected directly with the public and stakeholders through participation in major national events, including the Public Service Expo and local conferences, as well as through events such as the TechXpo, organised by the Ministry for the Economy, Enterprise and Strategic Projects together with the MDIA. These activities supported broader awareness of the Authority's work, regulatory priorities, and national digital initiatives.

Digitally, the Authority continued to strengthen its online presence through increased activity on social media and the launch of the new MDIA website. These platforms served as key channels for public education, stakeholder communication, and the dissemination of updates on national digital policy and innovation efforts.



MDIA Engage Programme

Building on the success of last year's MDIA Engage initiative, the Authority continued to strengthen meaningful connections with stakeholders to support Malta's digital innovation ecosystem. The programme aims to understand industry needs, share insights on the MDIA's work, and provide foresight on upcoming legislation and initiatives.

MDIA Engage serves as the Authority's outreach and collaboration arm, designed to build closer relationships with industry, raise awareness on digital innovation, and promote responsible technology adoption. Through direct meetings with stakeholders, the programme helps the MDIA gather valuable

insights, anticipate emerging needs, and guide organisations through upcoming regulatory and policy developments. It also acts as a bridge to national initiatives such as DiHubMT, encouraging businesses to leverage available expertise, resources, and funding opportunities.

In 2025, MDIA Engage met with seven companies across sectors including AI, cybersecurity, blockchain, manufacturing, IT infrastructure, software development, cloud services, fintech, and digital workflow automation. Stakeholders welcomed the initiative, recognising the MDIA's proactive approach, the value of the discussions, and the potential for future collaboration.



inMalta

The MDIA continued supporting Malta's position as a hub for digital innovation and emerging technologies. By promoting trust in innovative technologies and fostering an attractive regulatory environment, the Authority helps ensure that Malta remains competitive and appealing to global stakeholders. Through initiatives such as inMalta, the MDIA collaborates with partners to create opportunities for investment, innovation, and internationalisation, underscoring the importance of advancing

technology while maintaining high standards of security and transparency.

In 2025, inMalta participated in four major international technology events: GITEX Europe in Berlin, London Tech Week, GITEX Global in Dubai, and the Web Summit in Lisbon. Maltese companies were also present across these events, representing a wide range of sectors including fintech, digital education, AI, cybersecurity, software development, data analytics, and digital marketing.

National Collaboration

Forming strong connections and collaborating with key entities at national, European, and international levels remains central to the MDIA's mission. In 2025, the Authority signed eight Memoranda of Understanding (MoUs) with competent authorities and organisations across the digital ecosystem.

These collaborations aim to deepen understanding of stakeholder needs, align national efforts, and strengthen Malta's digital innovation landscape.



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Gozo Business Chamber (GBC)

An MoU was signed to enhance accessibility to the pre-accelerator programme and to foster knowledge exchange. The agreement supports digital innovation, business growth, and entrepreneurial development in both Malta and Gozo.

Chamber of Engineers (CoE)

This MoU focuses on promoting engineering and digital innovation through participation in events, research support, and joint educational initiatives. It aims to strengthen skills development for academics and students in Malta.

Malta Police Force (MPF)

The agreement enhances collaboration on communication initiatives, including joint television slots on digital innovation. It also supports knowledge exchange on the European Digital Identity Wallet and includes cooperation on digital skills through MDIA training programmes.

Foundation for Information Technology Accessibility (FITA)

Through this MoU, the MDIA and FITA cooperate on initiatives such as the EU Code Week platform, private sector web accessibility, and professional education programmes. The partnership aims to strengthen digital skills and promote inclusive digital growth.

Institute of Tourism Studies (ITS)

This agreement supports entrepreneurial initiatives and incubation programmes for tourism and hospitality startups and students. It focuses on knowledge sharing, joint events, and access to funding opportunities to drive innovation within the sector.

Measures and Support Division (MSD)

The MoU facilitates collaboration on private sector grant schemes aimed at improving digital maturity. By identifying priority areas and sector needs, both entities aim to create impactful digitalisation schemes that drive competitiveness and sustainable growth.

Malta Information Technology Agency (MITA)

The renewed MoU strengthens cooperation in cybersecurity, including support for startups and SMEs, information sharing, and coordinated promotion of grants and schemes to maximise outreach.

Digital Security Authority of the Republic of Cyprus (DSA)

This MoU focuses on collaboration in AI and cybersecurity, including information exchange, best practices in AI literacy, regulatory sandboxes, European cybersecurity certification schemes, and joint participation in EU-funded projects.

International Cooperation

Throughout 2025, the MDIA strengthened its international presence through strategic cooperation in key areas such as AI and cybersecurity. The Authority contributed technical expertise during diplomatic engagements, supported discussions on emerging regulatory frameworks, and participated in EU-funded initiatives aimed at advancing research, investment, and digital infrastructure.

Collaboration with Japan progressed significantly, supported by reciprocal visits and joint participation in the event “Ethics by Design: Shaping the AI Future in Education” held in Malta. The MDIA also engaged in productive discussions with counterparts from

the United States, the United Arab Emirates, and other partner countries.

A notable advancement in 2025 was the MDIA's engagement with the Global Partnership on AI (GPAI), an international forum that promotes human-centric and trustworthy AI. The Authority was invited to present Malta's ongoing AI initiatives, marking an important milestone for the country's international visibility. This engagement provided an opportunity to showcase Malta's progress, exchange best practices, and explore avenues for deeper collaboration. Moving forward, the MDIA will continue working toward securing Malta's membership in GPAI and strengthening the country's role in global AI policy discussions.

Digital Literacy

Integration of the eSkills Malta Foundation into MDIA

In January 2025, the eSkills Malta Foundation was formally integrated into the Malta Digital Innovation Authority (MDIA), consolidating its programmes and advisory functions under one national Authority. This strategic transition strengthened the coherence of Malta's digital skills ecosystem and

ensured closer alignment with the country's broader digital and innovation agenda. Throughout the process, MDIA's Project Management Unit provided dedicated coordination, monitoring and reporting support, reinforcing delivery discipline and maintaining a clear focus on outcomes.

EU Code Week Malta

As Malta's National Hub for EU Code Week, MDIA continued to lead national efforts to promote coding, computational thinking and digital creativity. The initiative evolved into a year-round programme, offering schools and organisations greater flexibility and introducing new participation drivers including the Funovation Competition.

In 2025, Malta delivered approximately 1,100 activities, ranking second in Europe for events per capita and underscoring the country's strong commitment to digital learning. MDIA also implemented a diverse portfolio of youth-focused initiatives, including the Minecraft Education Challenge: Malta, Girls in ICT engagements, the national Girls in ICT Day, online safety educational sessions, and coding and robotics workshops in schools and community settings. Additional enrichment opportunities were supported through Julian's Computer Science Club, CodeSprint 2025 and Bebras Malta.



Digital Skills Bootcamps

In 2025, MDIA launched four targeted calls supporting the delivery of 23 digital skills bootcamps, reaching diverse population groups. The programme addressed key national priorities, including digital literacy for the general public, increased participation of

women and girls in digital fields, professional development for educators and trainers, and digital capability building for SMEs and ICT organisations. These initiatives contributed to strengthened inclusion, enhanced employability and improved digital readiness across society.

Web Accessibility Seminars

In collaboration with the Malta Communications Authority and the University of Malta, MDIA delivered two public-sector seminars focused on web accessibility. These sessions enhanced

national competence in inclusive digital design and strengthened awareness of international accessibility standards, supporting improved accessibility of digital public services.

Outreach and Awareness

MDIA continued to promote digital inclusion and responsible technology use through a series of outreach activities held throughout 2025. These included school visits, community-based workshops, and industry engagement

sessions aimed at increasing awareness of digital careers, promoting safe online behaviour and encouraging wider participation across Malta's digital economy.

SkolaSajf Robotics Plugged and Unplugged

MDIA delivered engaging robotics and coding sessions across 30 SkolaSajf Centres in Malta and Gozo. The programme included both plugged and unplugged activities, ensuring

age-appropriate exposure to computational thinking for younger learners while fostering creativity, problem solving and early digital curiosity.

Summer Schools and Youth Bootcamps

MDIA expanded its summer programme to provide young people with meaningful hands-on exposure to emerging technologies. Initiatives included the Future Innovators Summer School and Future Innovators Plus, the first ever RoboTech Summer School, and the Gozo Tech

Whiz programme for younger participants. Additional thematic bootcamps, such as xPloring Intelligence and Tech Trek, combined practical learning with discussions on ethics, security and problem solving, further strengthening the pipeline of future digital talent.

All Digital

As Malta's National Coordinator for All Digital Weeks 2025 (17 March – 4 April), MDIA supported Europe's leading digital inclusion campaign through awareness initiatives and collaboration with local partners. MDIA also participated in the All Digital Summit

held in Valletta between 10–12 September 2025, contributing to knowledge exchange and further reinforcing Malta's position in the European digital education and digital citizenship landscape.

Pathfinder MDIA Digital Scholarship

The Pathfinder MDIA Digital Scholarship continued to strengthen Malta's advanced digital skills pipeline by supporting postgraduate studies in priority technology domains, including artificial intelligence and digital trust. In 2025, 23 scholarships were awarded, representing a year-on-year increase

of more than 45%. Funding ceilings were raised to up to €20,000 for PhD studies and €10,000 for Master's degrees. The scheme expanded into five additional research areas and introduced a formal acknowledgement requirement for publications resulting from supported studies.

Boost Your Coding Scheme

Launched in 2025, the Boost Your Coding Scheme broadened access to foundational coding education for individuals aged 16 and over. The scheme provided up to €1,000 in support for courses leading to certification up to MQF Level 5, approving 20 courses

across core programming languages and applied areas such as software development, web design and data analysis. This initiative enabled more individuals to take early steps toward digital upskilling and tech-enabled career opportunities.

EU Digital Identity Wallet (EUDIW)

The MDIA, designated as the national provider of Malta's EU Digital Identity Wallet (EUDIW), continued fulfilling its obligations under Regulation (EU) 2024/1183 (e-IDAS2).

The Wallet will be designed and developed in accordance with the relevant national and EU legislations including the Commission's Implementing Acts and the Architecture & Reference Framework (ARF). The ongoing work focused on designing a secure and interoperable solution that places the user in full control of its digital identity whilst supporting identification and authentication across the EU. This includes the capability for future onboarding at Level of Assurance High, the issuance and storage of Person Identification Data (PID), and qualified electronic signing. Its architecture follows security-by-design and privacy-by-design principles, ensuring that users will retain full control over their data through selective disclosure and GDPR-aligned mechanisms.

Over the year, the technical specifications and design of underlying architecture were developed, ensuring alignment with e-IDAS2 and the ARF. These will be used as a basis for the public procurement process. The governance model

is being shaped into a robust national and cross-border ecosystem that will eventually support interactions with public and private relying parties across the EU, which in future phases will be able to receive verified identity attributes and perform qualified electronic signatures. Planned functionality also includes the introduction of additional attestations such as driving licences and professional certifications amongst others.

The MDIA strengthened its internal resources and expertise to advance the national implementation of the EUDIW. At EU level, Malta was actively represented within the e-IDAS Committee, the European Digital Identity Cooperation Group, and the Embedded Secure Element Sub-group, contributing to discussions on governance, interoperability, and implementing acts. The MDIA also participated in key EU engagements, including the "European Business Wallets – enabling burden reduction and empowering businesses" workshop in Gdańsk and the "EUDI Wallets Launchpad" testing event in Brussels. Collaboration remained central to the programme, with the MDIA joining WEBUILD as an observer and as a member of the Member States Advisory Board.

European Digital Innovation Hub

In 2025, DiHubMT accelerated its transition from foundational setup to full operational delivery, strengthening its service capabilities, expanding its community reach, and cementing its position as a central enabler of Malta's digital transformation. With a growing user base and an increasingly active ecosystem, the Hub continued to support organisations in adopting advanced technologies and building long-term digital capacity.

The standout achievement for DiHubMT in 2025 was the launch of Malta's High-Performance Computing (HPC) facility in October 2025, made possible through a €1.5 million investment.

This first-of-its-kind national resource gives startups, SMEs, researchers, and public organisations access to powerful GPU-based computing previously only available abroad. With NVIDIA H100-class capability, the system enables rapid AI model training, complex simulations, and large-scale data processing, significantly reducing development time and cost. The introduction of this infrastructure marks a major leap in democratising advanced technology and strengthens Malta's ability to compete in data-driven and AI-driven innovation.



Impact in Numbers

57 Active Members **220** Community Members

19 HPC Applicants

9 Courses **463** Participants

66 DiHubMT Events **86** Hosted Events

9 EDIH Network Badges

10 MoUs

CALYPSO

Malta was officially selected by the EuroHPC Joint Undertaking (EuroHPC JU) to host one of Europe's 13 newly established AI Factory Antennas, marking a significant step in strengthening the country's role within Europe's High-Performance Computing and artificial intelligence landscape.

The Maltese Antenna, named CALYPSO (Computational AI factory Link Yielding Performance, Services, and Outreach), will

be led by the MDIA and linked to Greece's PHAROS AI Factory. Through CALYPSO, Maltese startups, SMEs, researchers, and public bodies will gain access to EuroHPC AI supercomputing resources, algorithmic support, specialised training, and curated datasets across priority sectors including health, finance, and transport.

“With the newly selected Calypso AI Factory Antenna, Malta becomes a strategic node powering breakthrough research, driving industrial innovation, and delivering secure, trustworthy AI services across the Mediterranean and beyond.”
Roberto Viola, Director General of DG CNECT

Research

Research continued to guide the MDIA's evidence-based policymaking and support Malta's preparedness for emerging

technologies, regulatory developments, and societal needs.

Research Priorities

In 2025, the Authority identified four priority areas for research funding, focusing on:

- Digital innovation supporting societal well-being and sustainability
- Contributions to the EU Digital Decade 2030 targets
- Solutions aligned with OECD AI Principles, Malta's AI Strategy, and UNESCO's AI Ethics Recommendation

- Compliance with key EU legislation, including the AI Act, Cybersecurity Act, Cyber Resilience Act, Data Governance Act, Data Act and e-IDAS 2

This initiative aligned national research with the UN SDGs, secured over €5 million in committed funds, and received a Public Service Sustainability Award.

Public Perception of AI and Cybersecurity

A national study conducted in 2025 showed rising AI awareness (77%, up from 67% in 2023) and increased familiarity with tools like ChatGPT. Younger respondents expressed strong interest in AI-related skills, while trust, misinformation, data protection and

job displacement remained key concerns. Cybersecurity worries also increased. Confidence in Malta's readiness to support industry growth continued to improve. These insights will guide MDIA's public awareness and education efforts.

Regulatory Technology Research

Research on AI, data governance and cybersecurity within micro and small enterprises highlighted the need for clearer guidance, streamlined processes, and capacity-building

initiatives. These findings will inform future support measures aimed at strengthening digital resilience in Maltese businesses.

Digital Maturity and AI Readiness

The MDIA advanced its baseline assessment of digital maturity and AI readiness across the private sector, laying the groundwork for an AI Readiness Index. Results revealed gaps in basic digital infrastructure and highlighted

the need to accelerate adoption of advanced technologies. Findings informed improvements to the Digitalise Your SME scheme and will guide targeted support planned for 2026.

Research on Decentralised Autonomous Organisations (DAOs)

Following MDIA-commissioned research on DAOs, the Technology Sandbox guidelines were updated to support these emerging structures. This work strengthens Malta's position in

blockchain policy development and provides a controlled environment for innovation.



Looking Ahead

MDIA Strategic Plan 2026 – 2030

The MDIA Strategic Plan 2023–2025 set a clear trajectory for the Authority’s evolution as Malta’s national focal point for digital innovation. Built around four strategic pillars of service provision, policy, governance, and public relations and communications, the plan strengthened regulatory frameworks, advanced policy development, and enhanced support to industry.

Implementation progressed steadily over the three-year period, with the Authority completing 34 action points in 2023, 46 in 2024, and 43 in 2025. In parallel, the MDIA initiated preparations for the next Strategic Plan, which will cover the period starting in 2026. Throughout 2025, the Authority engaged key stakeholders to evaluate its impact, explore new opportunities within the digital innovation ecosystem, and inform future strategic priorities.

Financial Statements

31 December 2025

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INDEPENDENT AUDITORS' REPORT

To the Members of Malta Digital Innovation Authority

Report on the audit of the financial statements

Opinion

In our opinion, the accompanying financial statements (the "financial statements") of Malta Digital Innovation Authority (the "Authority"):

- Give a true and fair view of the financial position of the Authority as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU ('IFRSs'); and
- Have been prepared in accordance with the requirements of the Malta Digital Innovation Authority Act (Cap. 591) (the "Act").

What we have audited

The Authority's financial statements, which comprise:

- the statement of financial position as at 31 December 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in accumulated funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include material accounting policies and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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INDEPENDENT AUDITORS' REPORT

To the Members of Malta Digital Innovation Authority

Other information

The Board is responsible for the other information. The other information comprises Authority's annual report other than the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

If, based on the work we plan to perform on the other information that we expect to receive subsequent to the date of this auditor's report but before the date of issue of the annual report, we conclude that there is a material misstatement of this other information, we are required to report that fact. At this audit report date, we have nothing to report in this regard.

Responsibilities of the Authority's board members for the financial statements

The Authority's Board ('Board') is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and are properly prepared in accordance with the provisions of the Act, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, 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 intends to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

The Board is also responsible for overseeing the financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.

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INDEPENDENT AUDITORS' REPORT

To the Members of Malta Digital Innovation Authority

Auditors' responsibilities for the audit of the financial statements - continued

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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 Board.
- Conclude on the appropriateness of the Board's 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 auditors' 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 auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board 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.

Other matter

The financial statements of Malta Digital Innovation Authority for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 24 March 2025.

The Principal authorised to sign on behalf of CLA Malta on the audit resulting in this independent auditors' report is Norbert Bugeja.



CLA Malta
Registered Auditors

30 March 2026

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Statement of financial position

	Notes	As at 31 December	
		2025 €	2024 €
ASSETS			
Non-current assets			
Property plant and equipment	6	7,371,072	6,782,210
Current assets			
Trade and other receivables	7	2,345,188	1,838,868
Cash and cash equivalents	8	1,596,619	1,990,310
Total current assets		3,941,807	3,829,216
Total assets		11,312,879	10,611,465
EQUITY AND LIABILITIES			
Accumulated funds			
		143,104	168,522
Non-current liabilities			
Trade and other payables	9	7,606,700	7,620,487
Current liabilities			
Trade and other payables	9	3,563,075	2,822,456
Total liabilities		11,169,775	10,442,943
Total equity and liabilities		11,312,879	10,611,465

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 5 to 26 were authorised for issue by the Authority's Board on 30 March 2026 and were signed on its behalf by:



Wayne Gixti
Chairperson

Statement of comprehensive income

	Note	Year ended 31 December	
		2025	2024
		€	€
Government grants and subvention	10	5,917,393	3,032,112
Operating expenses	11	(5,858,176)	(3,741,489)
Operating surplus/(deficit)		59,217	(709,377)
Other income		72,088	59,982
Finance expense	9.3	(156,723)	(163,564)
Deficit for the year		(25,418)	(812,959)
Total comprehensive income for the year		(25,418)	(812,959)

The accompanying notes form an integral part of these financial statements.

Statement of changes in accumulated funds

	Accumulated funds €
As at 1 January 2025	168,522
Deficit for the year	(25,418)
As at 31 December 2025	143,104
As at 1 January 2024	981,481
Deficit for the year	(812,959)
As at 31 December 2024	168,522

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

	Note	2025 €	2024 €
Cash flow from operating activities			
Deficit for the year		(25,418)	(812,959)
Adjustments for:			
Depreciation and amortisation		1,136,896	687,002
Finance expense		156,723	163,525
Release of deferred income – grant		(1,007,722)	(548,518)
Movement in working capital for:			
Trade and other receivables		(506,243)	(840,789)
Trade and other payables		(59,545)	236,877
Movement in government grants		1,990,674	1,975,000
Net cash outflow from operating activities		(1,685,365)	(860,138)
Cash flow from investing activities			
Acquisition of property, plant and equipment		(1,725,758)	(1,664,332)
Net cash outflow used in investing activities		(1,725,758)	(1,664,332)
Cash flow used in financing activities			
Payment of lease liabilities		(353,298)	(221,434)
Net cash outflow used in financing activities		(353,298)	(221,434)
Movement in cash and cash equivalents		(393,691)	(1,025,628)
Cash and cash equivalents at the beginning of the year		1,990,310	3,015,938
Cash and cash equivalents at the end of the year	8	1,596,619	1,990,310

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1 Basis of preparation

1.1 Basis of measurement and statement of compliance

These financial statements of Malta Digital Innovation Authority (the 'Authority') have been prepared and presented in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRSs") and with the requirements of the Malta Digital Innovation Authority Act (Cap. 591) (the "Act").

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Board to exercise their judgement in the process of applying the Authority's accounting policies (Note 4 - Critical accounting estimates and judgements).

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

1.2 Functional and presentation currency

The financial statements are presented in Euro, which is the Authority's functional currency.

2 Accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency of the Authority at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Foreign currency differences arising on retranslation are recognised in profit or loss.

2.2 Property, plant and equipment

Property, plant and equipment are initially recorded at historical cost. Property, plant and equipment are subsequently stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2 Accounting policies - continued

2.2 Property, plant and equipment - continued

Depreciation is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives, as follows:

	%
Buildings and improvements	6.67
Right of use asset	6.67
Mechanical & electrical	6.67
Air-conditioning & ventilation	16.67
Computer equipment	25
Computer software	25
Furniture & fittings	10
Brand & website	20
Motor vehicles	20
Audiovisual	25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.3).

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in profit or loss.

2.3 Impairment of non-financial assets

Assets that are subject for depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment is reviewed for possible reversal of the impairment at the end of each reporting period.

2.4 Financial instruments

2.4.1 Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provisions of the instrument.

2 Accounting policies - continued

2.4 Financial instruments - continued

2.4.1 Recognition and initial measurement – continued

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

2.4.2 Classification and subsequent measurement

(i) Financial assets - Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Authority changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets – Business model assessment

The Authority makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Authority management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

2 Accounting policies - continued

2.4 Financial instruments – continued

2.4.2 Classification and subsequent measurement – continued

(ii) Financial assets – Business model assessment - continued

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Authority's continuing recognition of the assets.

(iii) Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Authority considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Authority considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Authority's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(iv) Financial assets – Subsequent measurement and gains and losses

(a) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

2 Accounting policies - continued

2.4 Financial instruments - continued

2.4.2 Classification and subsequent measurement - continued

(b) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(v) Financial liabilities – Classification and subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

2.4.3 Derecognition

(i) Financial assets

The Authority derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Authority neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Authority enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(ii) Financial liabilities

The Authority derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Authority also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

2 Accounting policies - continued

2.4 Financial instruments - continued

2.4.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Authority currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks.

2.6 Government and other grants

Grants are assistance by government, inter-governmental agencies and similar bodies whether local, national or international, in the form of cash or transfers of assets to the Authority in return for past or future compliance with certain conditions relating to operating activities of the Authority. Government grants are recognised when there is reasonable assurance that the Authority will comply with the conditions attaching to them and the grants will be received.

Grants are recognised in the income statement so as to match them with the expenditure towards which they are intended to contribute. Any grants relating to future periods are recognised as deferred income.

Grants related to assets are presented in the statement of financial position as deferred income, which is recognised as income on a systematic basis over the useful life of the asset.

2.7 Leases

At inception of a contract, the Authority assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Authority allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Authority has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

2 Accounting policies - continued

2.7 Leases - continued

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Authority by the end of the lease term or the cost of the right-of-use asset reflects that the Authority will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Authority's incremental borrowing rate. Generally, the Authority uses its incremental borrowing rate as the discount rate.

The Authority determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Authority is reasonably certain to exercise, lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Authority is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Authority's estimate of the amount expected to be payable under a residual value guarantee, if the Authority changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero. The Authority presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

3 New or revised standards or interpretations

3.1 New standards, interpretations and amendments adopted from 1 January 2025

During the year ended 31 December 2025, the Authority has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on 1 January 2025. Their adoption did not have any material impact on the disclosures or on the amounts reported in these financial statements.

Lack of exchangeability (Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates)

On 15 August 2023, the IASB issued *Lack of Exchangeability* which amended IAS 21 *The Effects of Changes in Foreign Exchange Rates* (the Amendments). The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an authority to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency.

3.2 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and that the Authority has decided not to adopt early.

The following amendments are expected to be effective for the annual reporting period beginning 1 January 2026 (following the EU endorsement process):

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)
- Annual Improvements to IFRS Accounting Standards – Volume 11

The following standards and amendments are expected to be effective for the annual reporting period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements

3.2 New standards, interpretations and amendments not yet effective – continued

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Authority is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Authority is also assessing the impact on how information is grouped in the financial statements.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (standard issued on 9 May 2024 and amendments issued on 21 August 2025) *
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (issued on 13 November 2025) *

** following the EU endorsement process*

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the Board, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1.

5 Financial risk factors

The Authority is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Authority's risk management is coordinated by the Board members and focuses on actively securing the Authority's short to medium term cash flows by minimising the exposure to financial risk.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Authority is not significantly exposed to interest rate risk on its financial assets and liabilities. The Authority's financial assets do not bear interest and the lease liability is measured using a fixed discount rate of 4% (2024: 4%). Accordingly, the Authority is not materially exposed to changes in market interest rates.

5 Financial risk factors – continued

(a) Market risk – continued

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Authority is not materially exposed to foreign currency risk since mainly its transactions are carried out in Euro.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Authority's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the reporting year.

As at statement of financial position date, the Authority have significant financial assets, as follows:

	Note	2025 €	2024 €
Trade and other receivables	7	2,122,810	1,566,442
Cash at bank	8	1,592,981	1,988,842
		<u>3,715,791</u>	<u>3,555,284</u>

The maximum exposure to credit risk at the reporting date in respect of financial assets mentioned above is equivalent to their carrying amount as disclosed in the table above. The amounts disclosed above in respect of trade and other receivables exclude prepayments and deposits.

(i) Cash and cash equivalents

The Authority's cash and cash equivalents are held with local financial institutions with high quality standing or rating and are held on demand. The Board considers the probability of default to be close to zero as the financial institutions have a strong capacity to meet their contractual obligations in the near term.

As a result, while cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant in view of the demand deposits that have no fixed maturity and can be withdrawn by the Authority on very short notice.

5 Financial risk factors – continued

(b) Credit risk – continued

(ii) Trade and other receivables

The Authority assesses the credit quality of its counterparties taking into account the nature of the counterparty, past experience and other factors. A substantial portion of trade and other receivables relates to advances made to Government agencies in connection with projects which had not yet been concluded as at the reporting date.

In accordance with the relevant arrangements, any amounts not utilised for the intended project purposes are refundable to the Authority. Accordingly, these balances give rise to limited credit risk. Management does not expect any material losses from non-performance or non-recovery, particularly in view of the nature of these counterparties. Trade receivables are not significant and there is no history of default. The identified impairment loss is therefore considered insignificant.

(c) Liquidity risk

The Authority is exposed to liquidity risk in relation to meeting future obligations associated with its financial liabilities, which comprise principally of the trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash to ensure the availability of an adequate amount of funding to meet the Authority's obligations.

The Board monitors liquidity risk by reviewing expected cash flows and ensures that no additional financing facilities are expected to be required over the coming year. The Authority's liquidity risk is actively managed taking cognisance of the matching of cash inflows and outflows arising from expected maturities of financial instruments. In this respect the Board does not consider liquidity risk to the Authority as significant taking into account the liquidity management process referred to above.

Financial liabilities consist of:

	2025 €	2024 €
Lease liability	3,903,377	4,099,952
Trade payables	313,034	318,594
Other payables	1,310	74,827
Accruals	45,994	26,462
	<u>4,263,715</u>	<u>4,519,835</u>

All financial liabilities, excluding lease liability, are due on demand.

5 Financial risk factors – continued

(c) Liquidity risk – continued

The below table summarises the maturity profile of the Authority's financial liabilities based on contractual undiscounted payments:

	Carrying amount €	Total €	Less than 1 year €	Between 1 and 2 years €	Between 2 and 5 years €	Over 5 years €
At 31 December 2025						
Lease liability	3,903,377	4,963,175	349,716	731,220	2,028,853	1,853,386
Trade payables	313,034	313,034	313,034	-	-	-
Other payables	1,310	1,310	1,310	-	-	-
Accruals	45,994	45,994	45,994	-	-	-
	4,263,715	5,323,513	710,054	731,220	2,028,853	1,853,386
At 31 December 2024						
Lease liability	4,099,952	5,302,702	339,529	709,922	1,969,760	2,283,491
Trade payables	318,594	318,594	318,594	-	-	-
Other payables	74,827	74,827	74,827	-	-	-
Accruals	26,462	26,462	26,462	-	-	-
	4,519,835	5,698,585	759,412	709,922	1,969,760	2,283,491

(d) Fair value

The carrying amount of cash at bank, receivables and trade and other payables approximate their fair values in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

The carrying amounts of cash and cash equivalents and the financial instrument components of trade and other receivables and trade and other payables, excluding lease liabilities, approximate their fair values. This is because these instruments are either short-term in nature or non-interest-bearing. Accordingly, their carrying amounts are considered to be a reasonable approximation of fair value.

(e) Capital management

The Authority's objectives when managing its capital, which is made up of the accumulated fund, are to safeguard the ability to continue as a going concern. The Authority's operations are funded through Government Grants and subventions. There were no changes in the Authority's approach to capital management during the year.

6 Property, plant and equipment

	Buildings & improvements €	Right of use Assets €	Mechanica & electrical €	Air conditioning & ventilation €	Computer equipment €	Computer software €	Furniture & fittings €	Brand & website €	Motor Vehicles €	Audio-visual €	Totals €
Cost											
As at 1 January 2024	1,058,155	4,380,867	470,955	262,330	104,248	39,953	485,837	27,538	41,675	-	6,871,558
Reclassifications	-	-	-	-	-	-	3,017	12,052	-	-	15,069
Additions	857,652	-	439,373	-	54,315	22,696	34,272	89,324	-	166,700	1,664,332
As at 31 December 2024	1,915,807	4,380,867	910,328	262,330	158,563	62,649	523,126	128,914	41,675	166,700	8,550,959
As at 1 January 2025	1,915,807	4,380,867	910,328	262,330	158,563	62,649	523,126	128,914	41,675	166,700	8,550,959
Additions	18,885	-	60,785	-	1,451,600	157,014	39,815	-	-	(2,341)	1,725,758
As at 31 December 2025	1,934,692	4,380,867	971,113	262,330	1,610,163	219,663	562,941	128,914	41,675	164,359	10,276,717
Depreciation											
As at 1 January 2024	293,913	146,029	129,792	174,410	82,168	26,401	196,787	14,400	2,778	-	1,066,678
Reclassifications	-	-	-	-	-	-	3,017	12,052	-	-	15,069
Charge for the year	120,833	292,204	56,248	43,731	39,601	15,666	51,693	23,373	8,335	35,318	687,002
As at 31 December 2024	414,746	438,233	186,040	218,141	121,769	42,067	251,497	49,825	11,113	35,318	1,768,749

6 Property, plant and equipment – continued

	Buildings & Improvements €	Right of use Assets €	Mechanics & electrical €	Air conditioning & ventilation €	Computer equipment €	Computer software €	Furniture & fittings €	Brand & website €	Motor Vehicles €	Audio-visual €	Totals €
As at 1 January 2025	414,746	438,233	166,040	218,141	121,789	42,067	251,497	49,826	11,113	35,318	1,768,749
Charge for the year	135,895	282,204	68,295	43,730	402,541	54,918	56,647	25,783	8,335	47,447	1,136,886
As at 31 December 2025	550,741	730,437	255,335	261,871	524,310	96,985	308,144	75,609	19,448	82,765	2,905,645
Net book value as at 31 December 2026	1,383,851	3,650,430	715,778	459	1,085,853	122,577	254,797	53,305	22,227	81,594	7,371,072
Net book value as at 31 December 2024	1,501,061	3,842,634	724,288	44,180	36,794	20,582	271,628	75,088	30,562	131,382	6,782,210
Net book value as at 31 December 2023	764,242	4,234,838	341,183	87,920	22,080	13,552	289,050	13,138	36,897	-	5,804,880

7 Trade and other receivables

	2025 €	2024 €
Trade receivables	7,948	13,059
Other receivables	2,798	2,798
Payments in advance to related parties	2,112,064	1,550,585
Deposits	109,403	109,403
Prepayments	112,975	163,023
	2,345,188	1,838,868

Payments in advance to related parties amounting to €2,112,064 (2024: €1,550,585) represents grants advanced to government-related entities for projects which have not yet been concluded as at reporting date.

8 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2025 €	2024 €
Cash in hand	3,638	1,468
Cash at bank	1,592,981	1,988,842
	1,596,619	1,990,310

9 Trade and other payables

	Note	2025 €	2024 €
Non-current			
Deferred income from grants	9.2	3,809,754	3,626,966
Lease liability	9.3	3,796,946	3,993,521
		7,606,700	7,620,487
Current			
Trade payables		313,034	318,594
Deferred income from grants	9.2	3,096,306	2,296,142
Lease liability	9.3	106,431	106,431
Other payables		1,310	74,827
Accruals		45,994	26,462
		3,563,075	2,822,456

9 Trade and other payables - continued

9.2 Deferred income from grants consist of grants received from the Government of Malta and the European Commission and includes the following:

- capital grants relating to improvements to premises and acquisition of software which are deferred over the assets' useful lives; and
- income grants relating to expenses pertaining to a project which will be implemented between 2025 and 2028.

	2025	2024
	€	€
Opening balance	5,923,108	4,496,626
Additions	1,990,674	1,975,000
Amounts transferred to profit or loss	(1,007,722)	(548,518)
Closing balance	<u>6,906,060</u>	<u>5,923,108</u>

9.3 Lease liability relates to the lease of the Authority's offices and parking for a period of 10 years with an optional extension of 5 years. During the year, the Authority recognised interest expense on lease liability amounting to €156,723 (2024: €163,564). The Authority discounted lease payments at the rate of 4% (2024: 4%).

10 Government grants and subventions

	2025	2024
	€	€
Government subvention	2,820,000	2,000,000
Other grants – EU Digital Innovation Hub	825,923	-
Other grants – EU funds	289,735	196,492
Other grants – AI & IOT	1,317,539	713,844
Other grants – EU Digital Identity Wallet	281,130	-
Other grants – Capital expenditure	138,707	121,776
Other grants – eSkills Malta Foundation	218,379	-
Other grants – EUN Partnership IVZW	23,123	-
Other grants – All Digital AISBL	1,185	-
Other grants – Digital Europe AISBL	1,672	-
	<u>5,917,393</u>	<u>3,032,112</u>

11 Operating expenses

	2025	2024
	€	€
Salaries and social security costs (note 12)	1,966,865	1,356,416
Other staff costs	257,938	92,062
Audit fees	4,950	2,500
Legal fees	52,634	41,322
Professional fees	543,846	142,776
Insurance	61,459	67,464
Dues and subscription	40,279	14,042
Transport	8,909	14,074
Travel	60,203	68,886
Depreciation and amortisation	1,136,896	687,002
Information services	708,585	451,362
Contractual services	764,970	434,716
Repairs and maintenance	16,700	32,986
Training	56,144	11,611
Administration fees	33,434	24,097
Water and electricity	35,256	17,652
Telecommunications	26,770	13,855
Office general expenses	62,583	67,433
Computer expenses	10,277	8,189
Bank charges	1,775	1,912
Other expenses	7,703	191,132
	<u>5,858,176</u>	<u>3,741,489</u>

12 Salaries and social security costs

	2025	2024
	€	€
Wages and salaries	1,865,351	1,286,072
Social security costs	101,514	70,344
	<u>1,966,865</u>	<u>1,356,416</u>

The average number of persons excluding directors employed during the year was 41 (2024:31).

13 Taxation

With reference to the Malta Digital Innovation Authority Act, Cap 591, the Authority is exempt from any liability for the payment of income tax, duty on documents and transfers, and customs and excise duty, under any law for the time being in force.

14 Related party transactions

Malta Digital Innovation Authority is an autonomous public institution enacted by the Malta Digital Innovation Authority Act. The Authority is the regulator for functions in the field of innovative technology arrangements and innovative technology services in Malta.

	2025	2024
	€	€
<i>Transactions with related parties:</i>		
Government grants received through vote lines	5,243,620	2,907,736
Government grants absorbed from eSkills	244,359	-
Government capital grants released during the year	138,707	121,776
Other	289,735	196,492
Government grants previously disbursed to other government entities that were utilized during the year	(223,994)	(216,480)
Expenses recharged to related parties	66,475	59,982
Expenses charged by related parties	(791,053)	(714,842)

Further to the above, during the year the Authority made payments in advance to certain Government agencies and local Governments which are disclosed in Note 7.

15 Contingencies

At year end, the Authority had no contingent liabilities.

16 Comparative information

Comparative figures disclosed in the main components of these financial statements have been reclassified to conform with the current year's presentation format for the purpose of fairer presentation.

17 Other information

Malta Digital Innovation Authority is a state-owned Authority. The Authority's ultimate controlling party is the Government of Malta. The registered office is MDIA Twenty20 Business Centre Triq l-Intornjatur, Zone 3 Central Business District, Birkirkara CBD 3050 Malta.



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