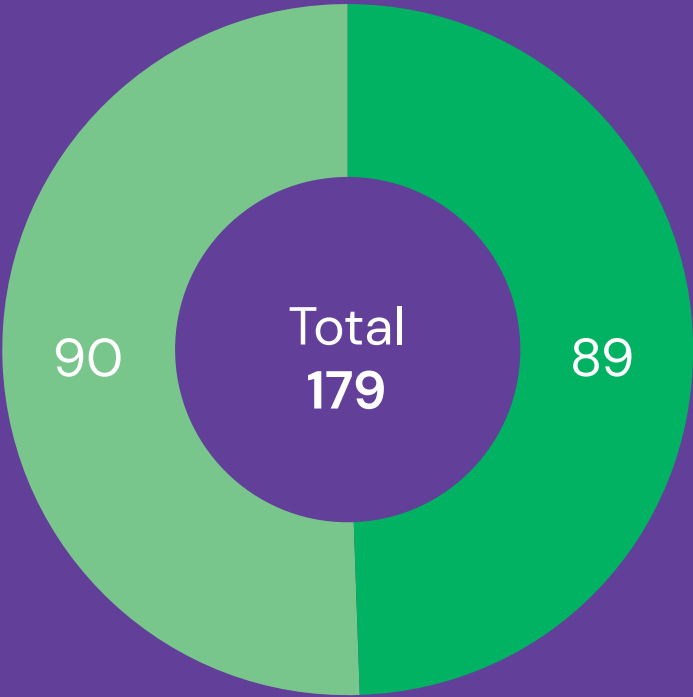
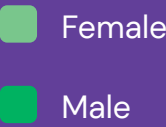
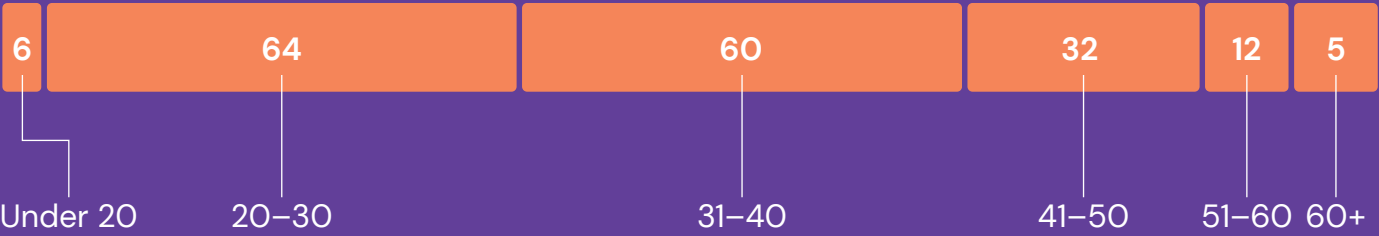


Our People

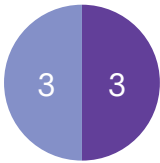
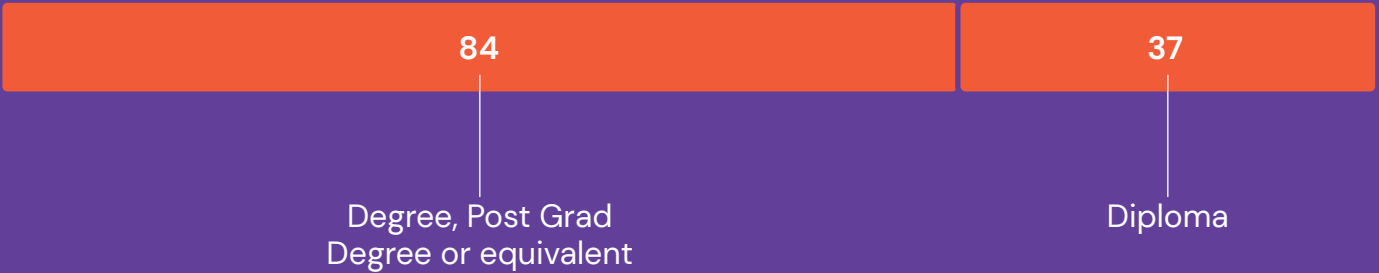
Gender



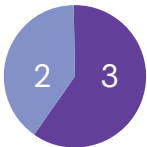
Age



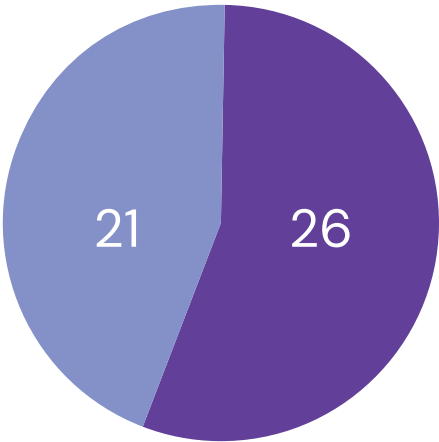
Education



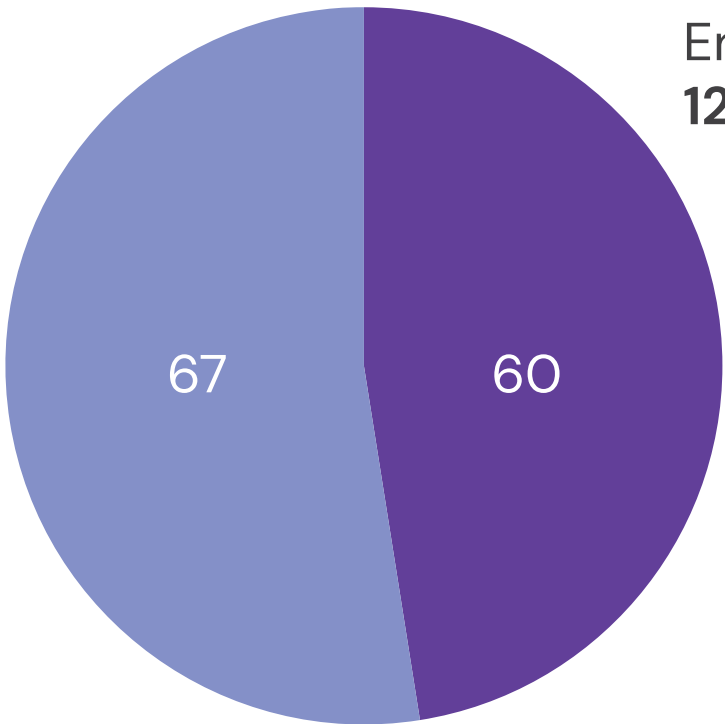
Board of Governors
6



C-level Executives
5



Management team
47



Entry level
127

Regulatory Activities

Authorisation of Gaming Licences and Certificates

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| Rejected/Withdrawn gaming licence applications | 30 | 21 | 21 |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

Table 1: Online Gaming – Key figures

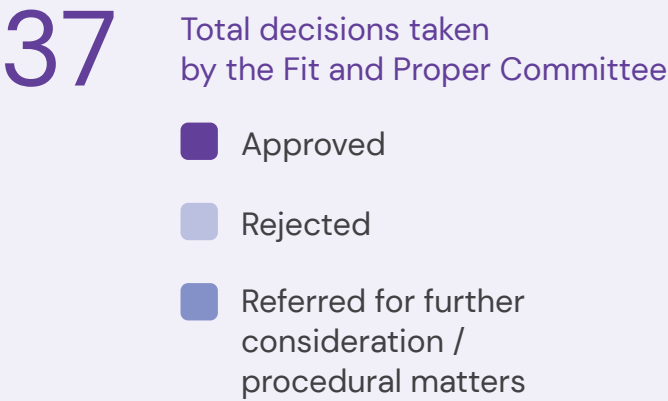
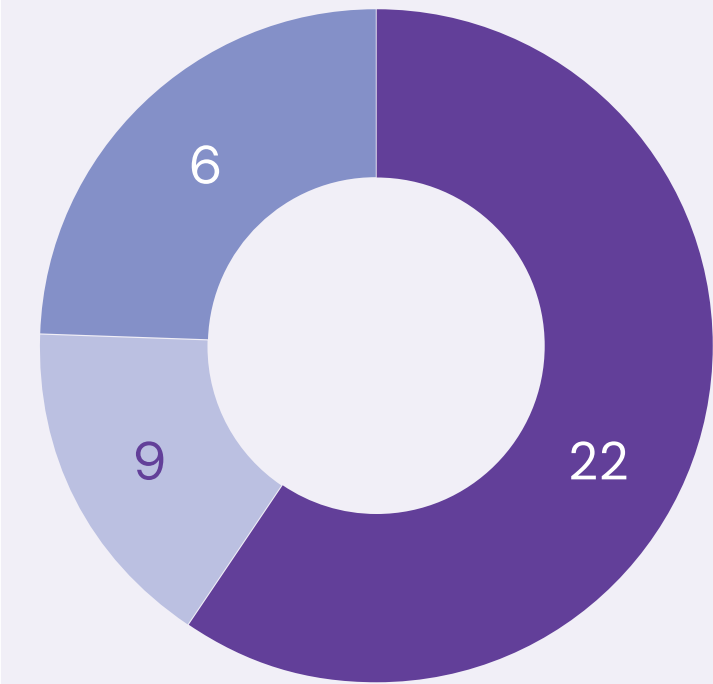
Recognition Notices

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



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

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



The Fit and Proper Committee

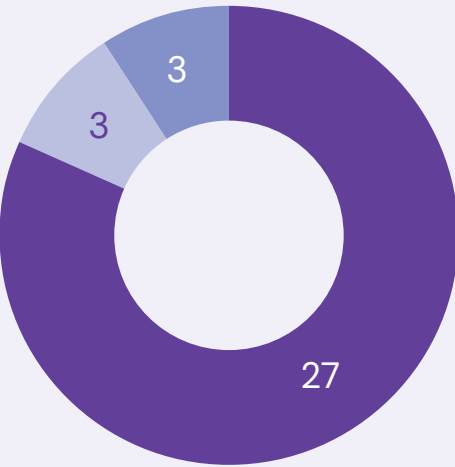
Applications are assessed on a fitness and propriety level before issuing authorisations to determine the legal and natural people associated with the potential application.

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

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

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

Supervisory Activities



33 Total decisions taken by the supervisory council

- Approved
- Rejected
- Sent for clarification

The Supervisory Council

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

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

Routine Compliance Checks

228 Desktop reviews

28 Compliance audits

143 Licensees subjected to a desktop review

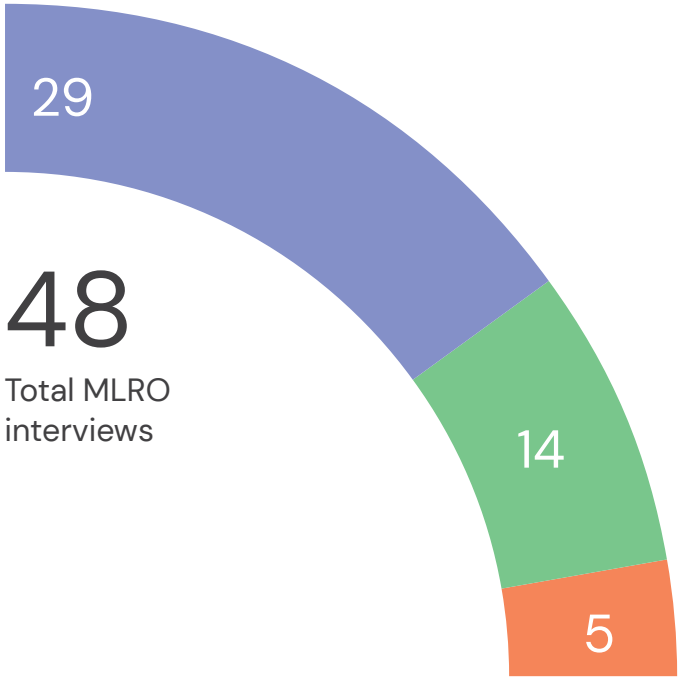
Compliance Activities

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

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

AML/CFT Examinations, Interviews and Enforcement Measures

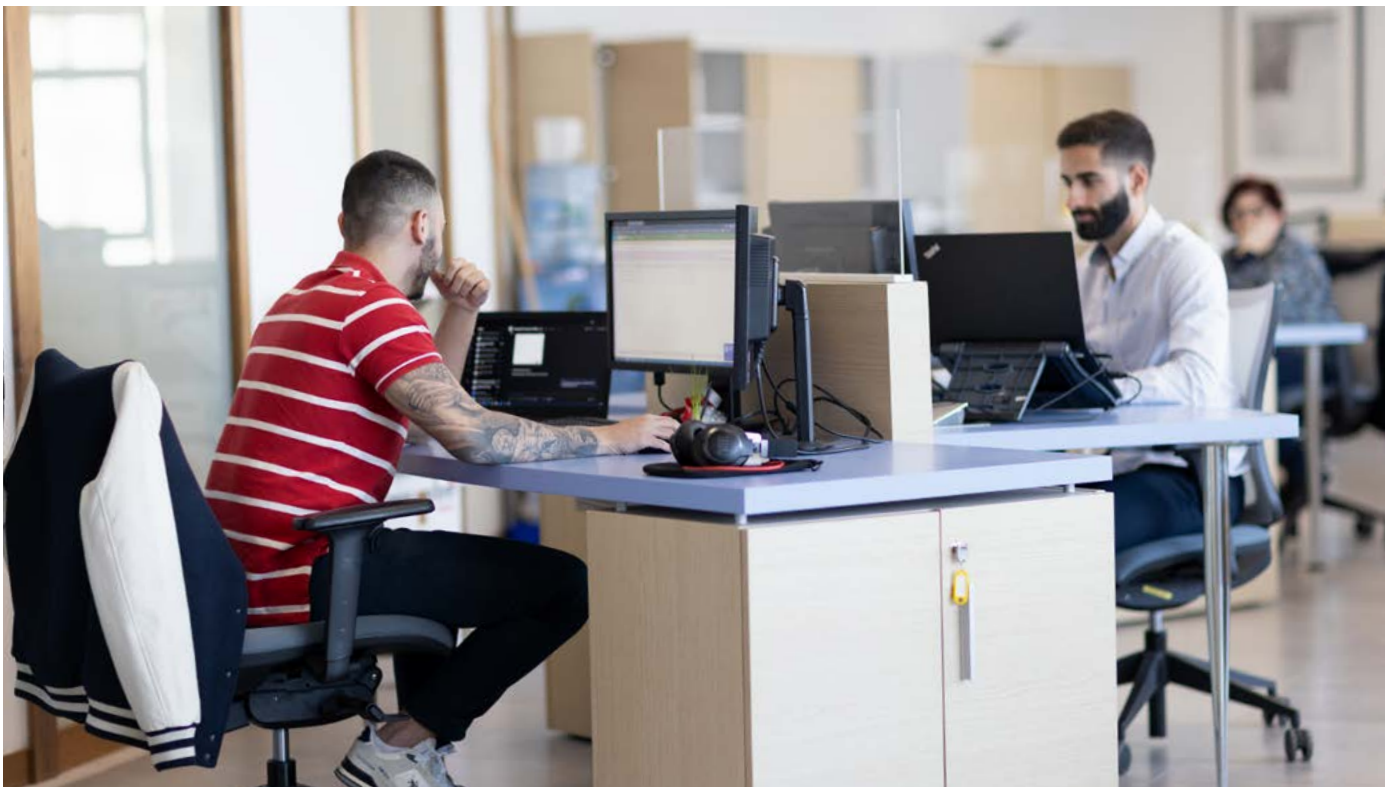
- Approved
- Conditionally approved
- Rejected



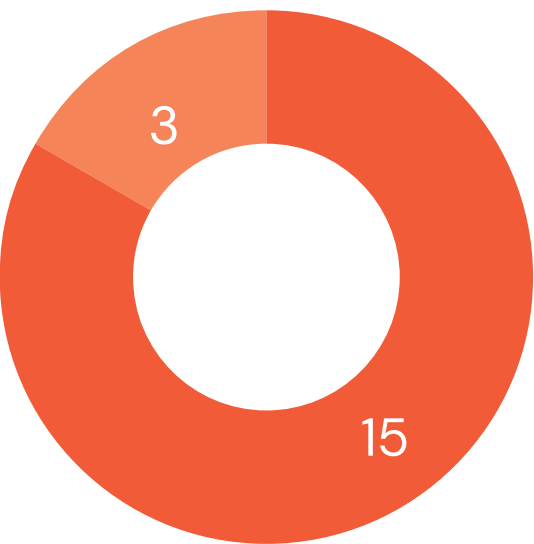
48
Total MLRO interviews

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

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



475 Suspicious Betting Reports from licensees



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

- Direct investigations
- Indirect investigations

224 Alerts shared with licensees

44 Requests for information from sports agencies & bodies

25 Instances of data exchange

Sports Betting Integrity Reporting

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

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

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



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



Ongoing Supervision of the Land-based Sector

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

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



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

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

Enforcement Actions and Legal Updates

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

The Compliance and Enforcement Committee

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

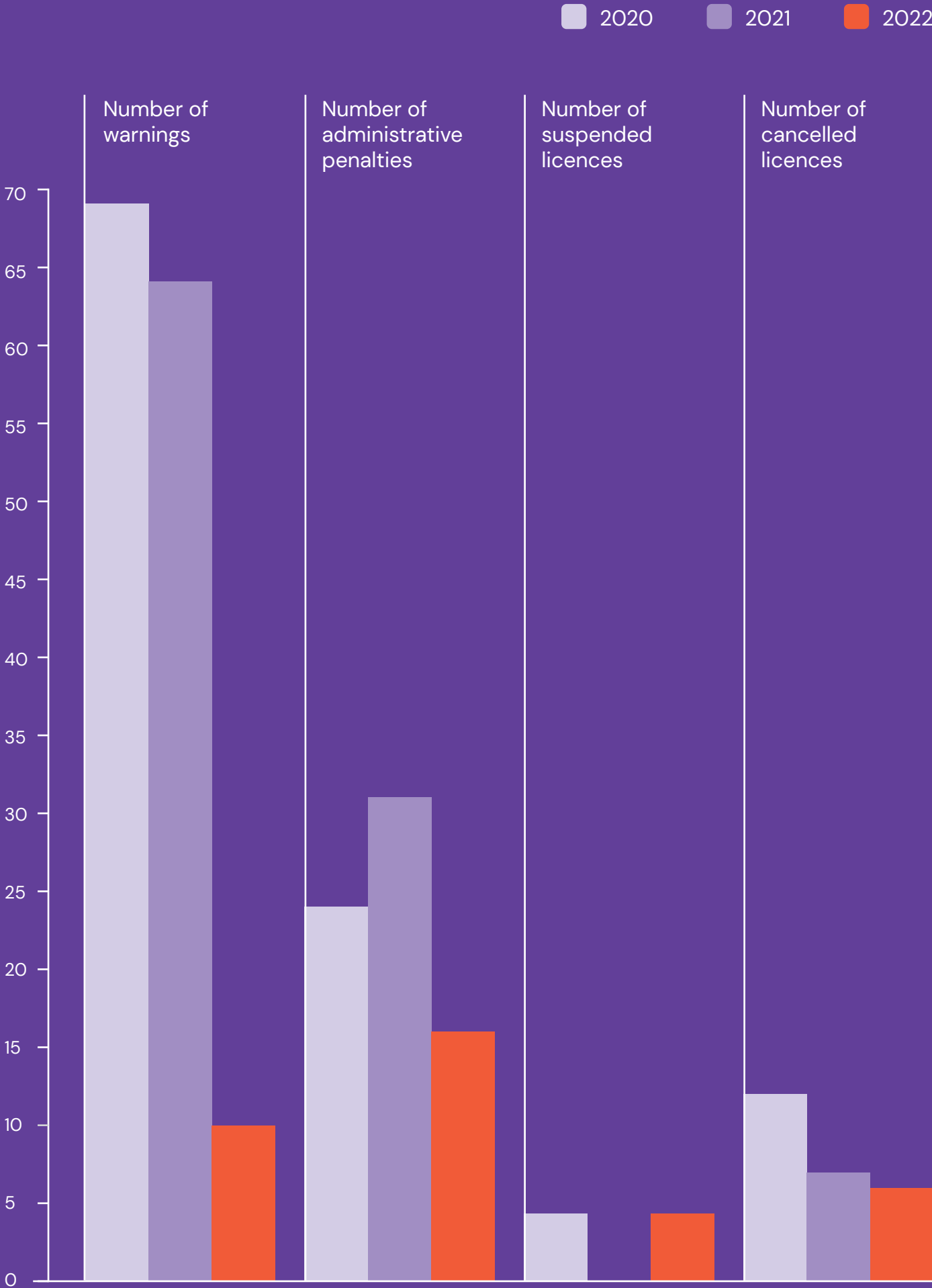
During the 20 sessions held by the Committee in 2022, 82 decisions were taken, 37 of which resulted in an enforcement action. Three regulatory settlements concerning the provision of unlicensed gaming activities were issued, amounting to a total of €123,450.

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

Table 3: Number of Enforcement Actions 2022

Legal Updates

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



Player Protection and Responsible Gambling

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

5,095

Requests for assistance received

5,280

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

30

Player data extractions

Protecting Player Funds

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

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

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

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



Responsible Gambling Checks and Reviews

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

85

Responsible gambling website checks

Number of Self-Exclusion Requests

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

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

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

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

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

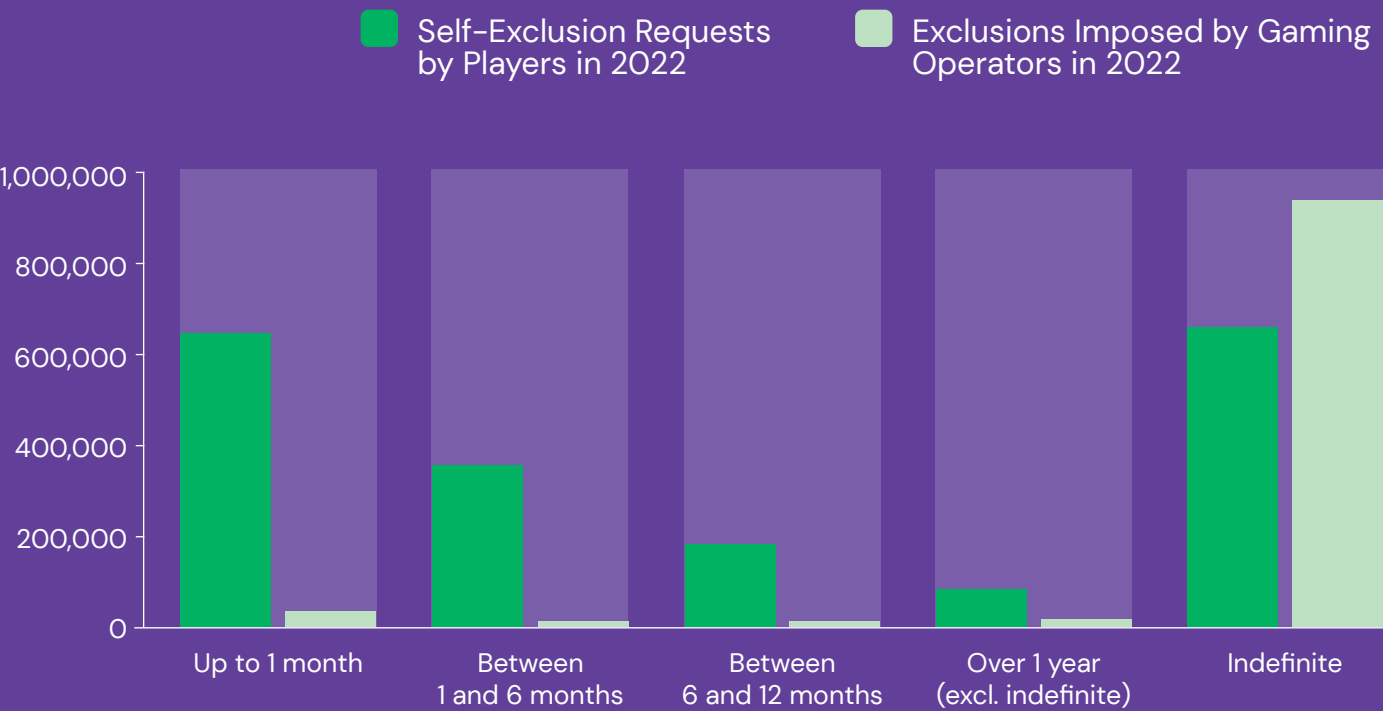


Chart 20: Online Gaming – Number of Self-Exclusion Requests

Number of Limits Set and Hit

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

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

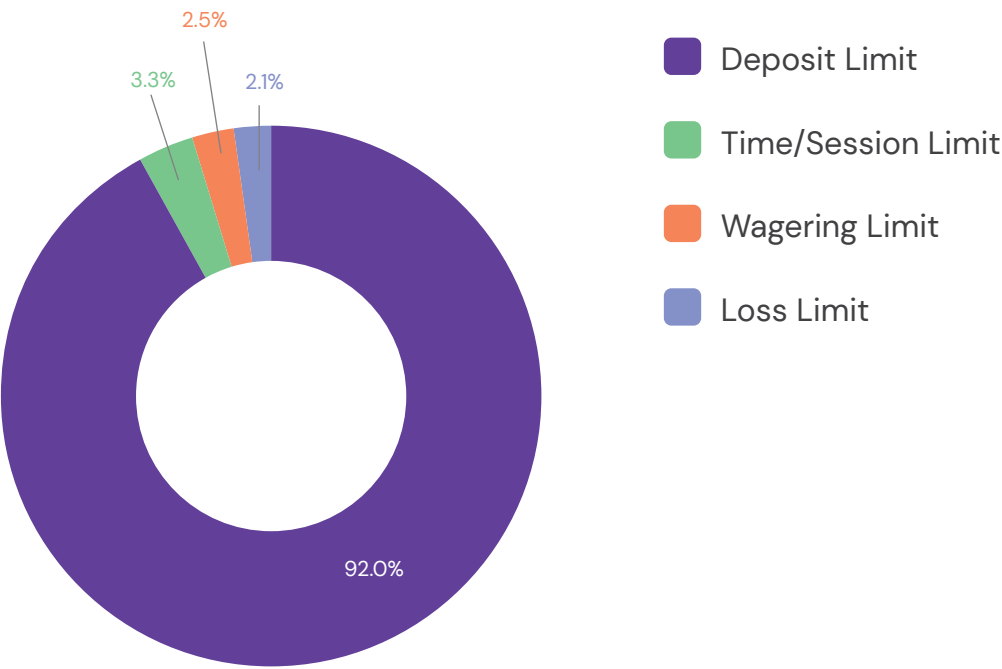


Chart 21: Online Gaming – Limits Set Distribution



Methods of Deposits

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

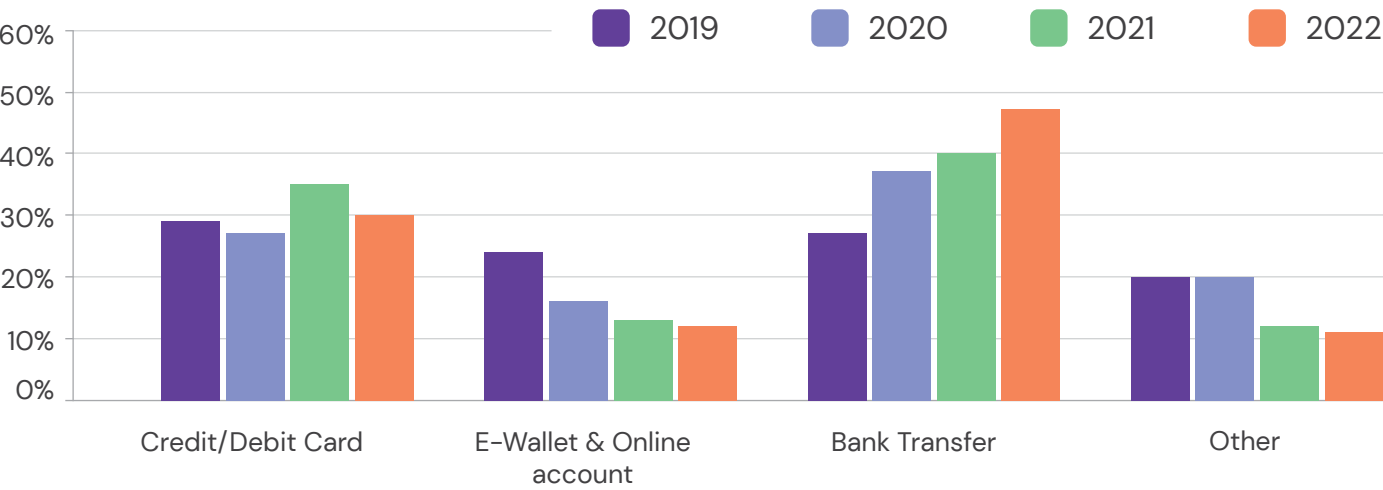


Chart 22: Online Gaming – Methods of Deposits

Methods of Withdrawal

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

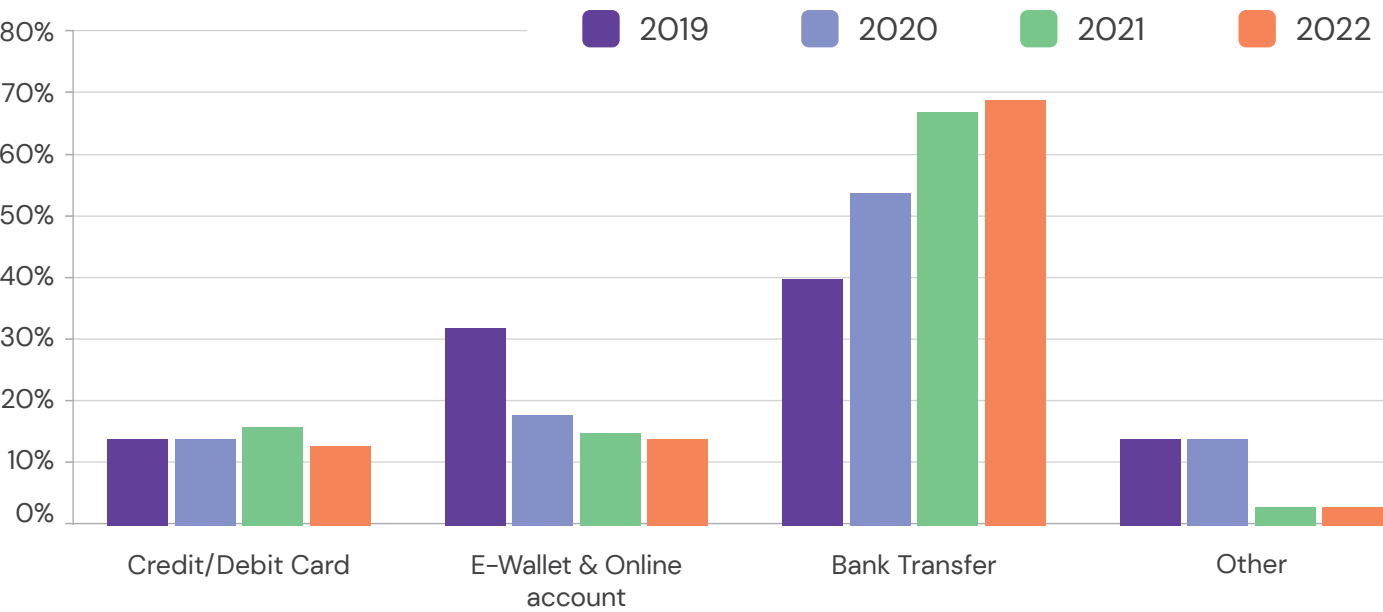


Chart 23: Online Gaming – Methods of Withdrawals

Online Gaming: Gaming Revenue from Customer Gaming Activities

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

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

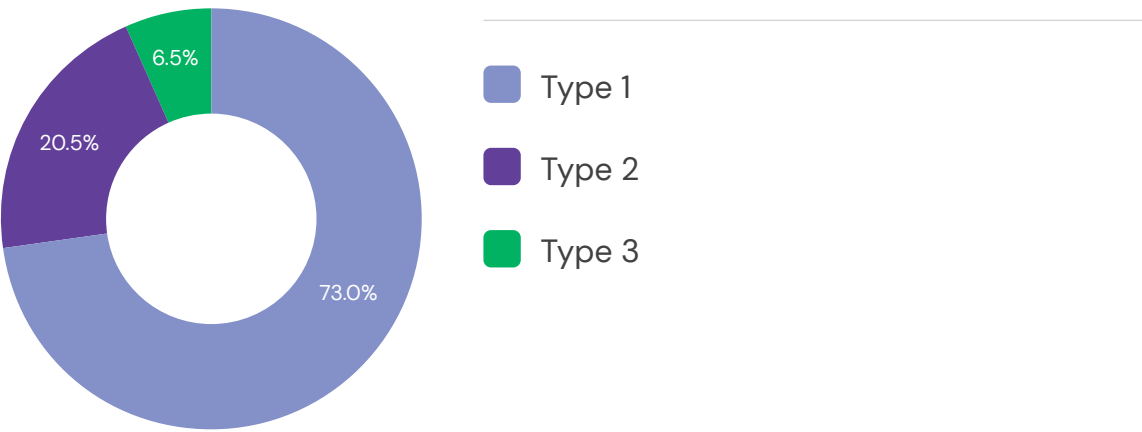


Chart 24: Online Gaming – GR Distribution by Game Type

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

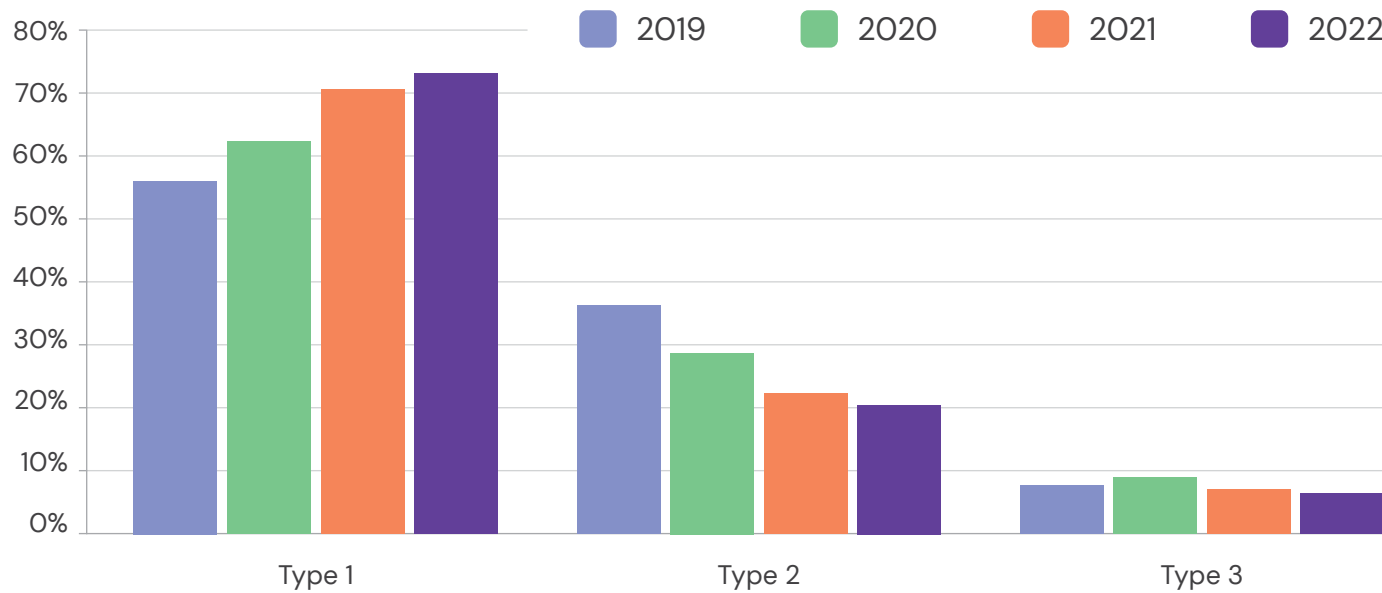


Chart 25: Online Gaming – GR Distribution by Game Type

Type 1 Games

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

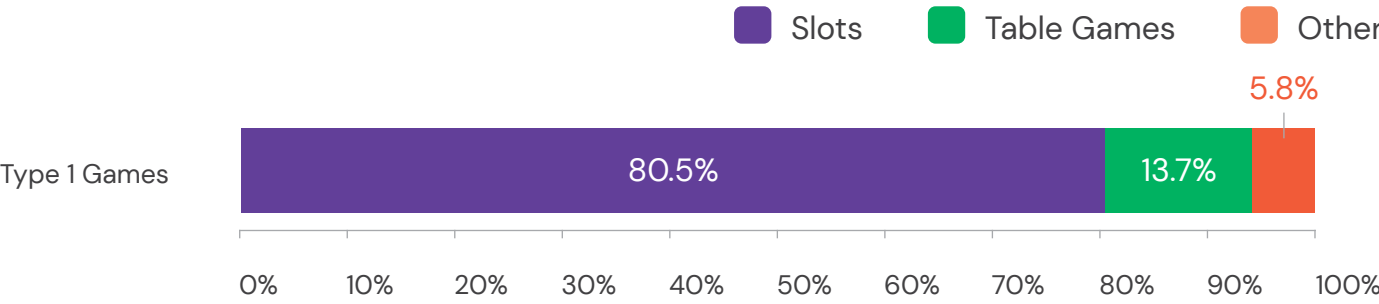


Chart 26: Online Gaming – Type 1 Games – GR Distribution

Type 2 Games

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

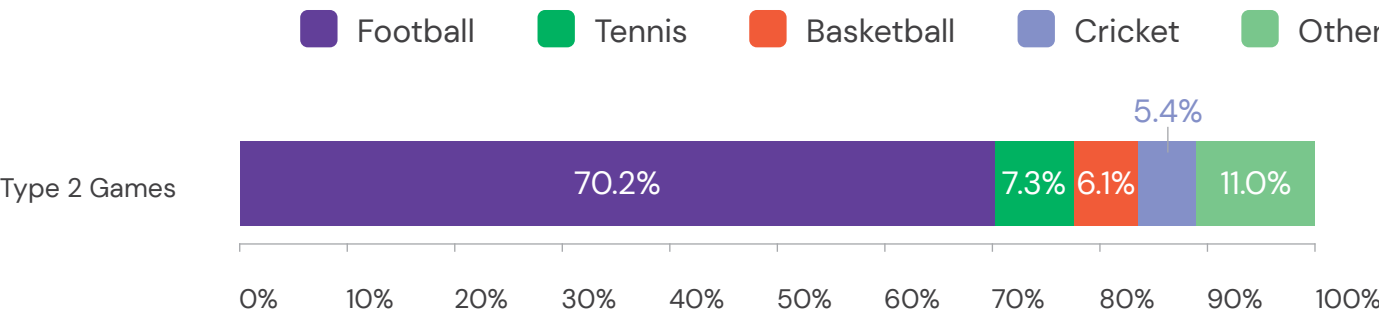


Chart 27: Online Gaming – Type 2 Games – GR Distribution

Type 3 Games

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

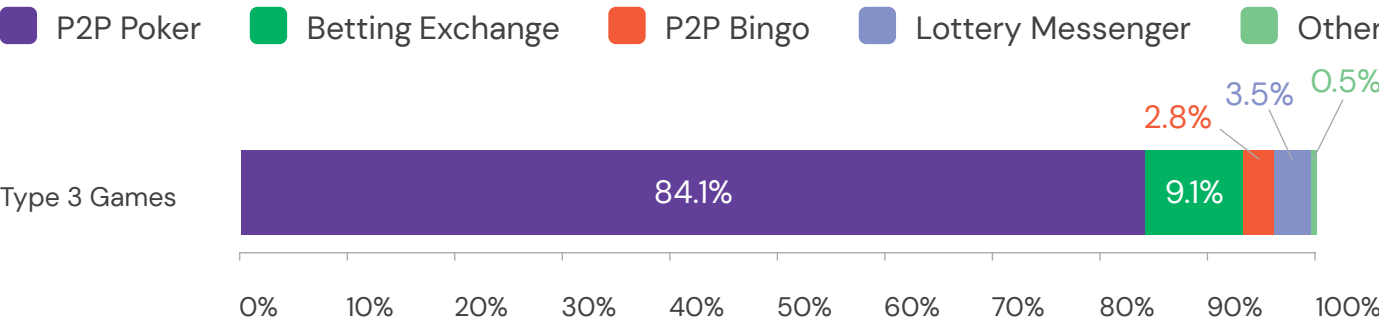


Chart 28: Online Gaming – Type 3 Games – GR Distribution

Online Gaming: Compliance Contribution

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

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

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

Table 44: Online Gaming – Compliance Contribution

Online Gaming: Employment

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

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

Table 45: Online Gaming – Employment (FTE)

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

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