Financial Statements 2025

Annual Financial Statements for the year ended 31 December 2025

General Information

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

Board of Governors of the Authority

Ryan C. Pace	Chairperson
Mark Musù	Deputy Chairperson
Roberto Francalanza	
Ruth Trapani Galea Feriol	
Renald Blundell	
Arthur Ellul	
Charles Mizzi	

Chief Executive Officer
Charles Mizzi

Secretary of the Board of Governors of the Authority
Adrian Caruana

Head Office
Malta Gaming Authority
Building SCM 02-03, Level 4
SmartCity Malta
Ricasoli SCM1001
Malta

Auditor
Grant Thornton
Certified Public Accountants
Fort Business Centre
Triq l-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

Report of the Board of Governors of the Authority

The Board of Governors of the Authority (hereinafter referred to as the 'Board of the Authority') submit their annual report and the audited financial statements for the year ended 31 December 2025.

Principal activity

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

Results

The operating revenue generated by the Authority during the year amounted to EUR 84,283,551 (2024: EUR 84,142,197). After deducting all expenditure, the Authority registered a surplus for the year of EUR 70,876,200 (2024: EUR 71,243,659). The Authority transferred EUR 69,233,109 (2024: EUR 71,018,998) to the Government of Malta.

Board of Governors of the Authority

The members of the Board of the Authority who acted in such position during the year under review are listed on page 2.

Chairperson

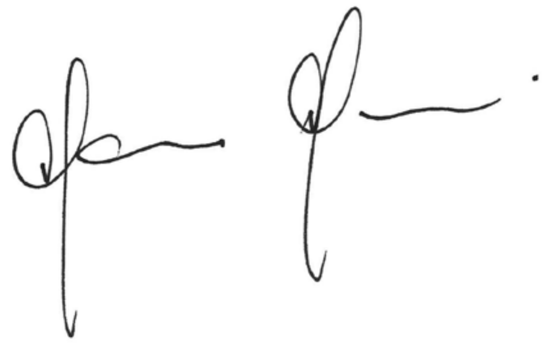
In accordance with Article 6(4) and the First Schedule of the Gaming Act, Chapter 583 of the Laws of Malta, the Chairperson and the other members of the Board of the Authority are appointed by the Minister responsible for the gaming sector.

Auditors

The auditor Grant Thornton has expressed its willingness to continue in office and a resolution for their re-appointment will be proposed at the next meeting of the Board of the Authority.

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

RYAN C. PACE
Chairperson



MARK MUSÙ
Deputy Chairperson

16 March 2026

Independent auditor’s report to the Board of Governors of the Malta Gaming Authority

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Malta Gaming Authority (the “Authority”) set out on pages 119 to 141 which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including the summary of material accounting policies information.

In our opinion, the accompanying financial statements 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 (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Gaming Act, Chapter 583 of the Laws of Malta (‘the Act’).

Basis for opinion

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

Other information

The board of governors are responsible for the other information. The other information comprises the Report of the Board of Governors report shown on page 3, which we obtained prior to the date of this auditor’s report but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information.

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

Based on the work we have performed, in our opinion:

- the information given in the board members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board members' report has been prepared in accordance with the Act.

In addition, in light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the board members' report and other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of the board members for the financial statements

The board members are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and are properly prepared in accordance with the provisions of the Act, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the board members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.
The board members are responsible for overseeing the Authority's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

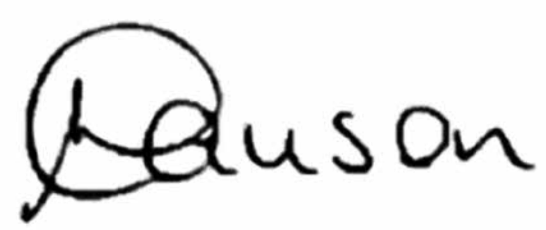
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management'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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Principal on the audit resulting in this independent auditor's report is Sharon Causon.



Sharon Causon (Principal) for and on behalf of

GRANT THORNTON
Certified Public Accountants
Fort Business Centre
Triq L-Intornjatur, Zone 1
Central Business District
Birkirkara CBD 1050
Malta

16 March 2026

Statement of Comprehensive Income for the year ended 31 December 2025

	Notes	2025	2024
		EUR	EUR
Revenue	5	**84,283,551**	84,142,197
Administrative and other expenses	6	**(14,255,550)**	(13,391,215)
Operating surplus		**70,028,001**	70,750,982
Release of unclaimed player funds		**773,232**	462,697
Net finance income	8	**74,967**	29,980
Surplus for the year		**70,876,200**	71,243,659

The accounting policies and explanatory notes on pages 123 to 141 form an integral part of the financial statements.

Statement of Financial Position as at 31 December 2025

	Notes	2025	2024
		EUR	EUR
ASSETS			
Non-current assets			
Intangible assets	10	**56,699**	19,085
Property, plant and equipment	11	**3,061,316**	3,679,147
		3,118,015	3,698,232
Current assets			
Trade and other receivables	12	**6,578,354**	7,336,176
Cash and cash equivalents	16	**12,065,506**	9,892,302
		18,643,860	17,228,478
TOTAL ASSETS		**21,761,875**	20,926,710
EQUITY AND LIABILITIES			
Equity reserve	13	**250,000**	250,000
Reserve fund	13	**4,377,578**	2,734,487
Unclaimed prizes reserve	13	**-**	-
		4,627,578	2,984,487
Non-current liabilities			
Finance lease liabilities	17	**1,782,898**	2,218,061

	Notes	2025	2024
		EUR	EUR
Current liabilities			
Trade and other payables	15	**14,916,236**	15,318,817
Finance lease liabilities	17	**435,163**	405,345
		15,351,399	15,724,162
Total liabilities		**17,134,297**	17,942,223
TOTAL EQUITY AND LIABILITIES		**21,761,875**	20,926,710

The accounting policies and explanatory notes on pages 123 to 141 form an integral part of the financial statements.

The financial statements on pages 119 to 141 have been authorised for issue by the Board of the Authority on 16 March 2026 and signed on its behalf by:

RYAN C. PACE
Chairperson

MARK MUSÙ
Deputy Chairperson

16 March 2026

Statement of Changes in Equity for the year ended 31 December 2025

	Unclaimed Prizes Reserve	Reserve Fund	Equity Reserve	Total
	EUR	EUR	EUR	EUR
At 1 January 2025	**-**	**2,734,487**	**250,000**	**2,984,487**
Appropriation from statement of comprehensive income	**1,678,098**	**69,198,102**	**-**	**70,876,200**
Unclaimed prizes transferred in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	**-**	**-**	**-**	**-**
Payments made to/or on behalf of Government in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	**(1,678,098)**	**(67,555,011)**	**-**	**(69,233,109)**
At 31 December 2025	**-**	**4,377,578**	**250,000**	**4,627,578**

	Unclaimed Prizes Reserve	Reserve Fund	Equity Reserve	Total
	EUR	EUR	EUR	EUR
At 1 January 2024	-	2,509,826	250,000	2,759,826
Appropriation from statement of comprehensive income	1,493,910	69,749,749	-	71,243,659
Unclaimed prizes transferred in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	-	-	-	-
Payments made to/or on behalf of Government in terms of the Gaming Act, Chapter 583 of the Laws of Malta and the applicable regulatory instruments issued thereunder	(1,493,910)	(69,525,088)	-	(71,018,998)
At 31 December 2024	-	2,734,487	250,000	2,984,487

Statement of Cash Flows for the year ended 31 December 2025

	Notes	2025	2024
		EUR	EUR
Operating activities			
Surplus for the year		**70,876,200**	71,243,659
Adjustment to reconcile surplus for the year to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	11	**382,771**	423,068
Amortisation of intangible assets	10	**9,114**	42,143
Depreciation of right-of-use asset	11	**362,940**	362,940
Write-off of asset		**-**	3,400
Increase in provision for expected credit losses	12	**26,037**	121,619
Finance income	8	**(163,890)**	(132,824)
Finance lease cost	8	**88,923**	102,844
Working capital adjustments:			
Decrease/(increase) in trade and other receivables		**731,785**	(1,504,672)
(Decrease)/increase in trade and other payables		**(402,581)**	45,782
Net cash generated from operating activities		**71,911,299**	70,707,959

	Notes	2025	2024
		EUR	EUR
Investing activities			
Purchase of property, plant and equipment	8	**(127,880)**	(51,655)
Purchase of intangible assets	10	**(46,728)**	-
Interest received		**163,890**	132,824
Net cash (used in)/generated from investing activities		**(10,718)**	81,169
Financing activities			
Payments made to Government	18	**(69,233,109)**	(71,018,998)
Lease payments	17	**(494,268)**	(479,874)
Net cash used in financing activities		**(69,727,377)**	(71,498,872)
Net movement in cash and cash equivalents		**2,173,204**	(709,744)
Cash and cash equivalents at 1 January		**9,892,302**	10,602,046
Cash and cash equivalents at 31 December	16	**12,065,506**	9,892,302

The accounting policies and explanatory notes on pages 123 to 141 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

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

2.1 BASIS OF PREPARATION

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

Statement of compliance

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the Authority's financial results or position.

Amendments that are effective for the first time in 2025 and could be applicable to the Authority are:

- Lack of Exchangeability (Amendments to IAS 21).

These amendments do not have a significant impact on these financial statements and, therefore, the disclosures have not been made.

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

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Authority, and no Interpretations have been issued that are applicable and need to be taken into consideration by the Authority at either reporting date.

Standards and amendments that are not yet effective and have not been adopted early by the Authority include:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7);
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7);
- Annual Improvements to IFRS Accounting Standards—Volume 11;
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'; and
- Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'.

These Standards and amendments are not expected to have a significant impact on the financial statements in the period of initial application and, therefore, no disclosures have been made.

The Board of Governors anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – continued

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 ‘Presentation of Financial Statements’. The adoption of IFRS 18 ‘Presentation and Disclosure in financial statements’, effective for periods commencing on or after 1 January 2027, is expected to have a material impact on the presentation of the financial Statements, and, therefore, relevant disclosures are included below.

Although IFRS 18 includes many of the requirements of IAS 1, it introduces new requirements to better structure financial statements and to provide more detailed and useful information to investors, including:

- two new subtotals defined in the statement of comprehensive income, namely (1) operating profit and (2) profit or loss before financing and income taxes;
- the classification of all income and expenses within the statement of comprehensive income in one of five categories;
- a new requirement to disclose performance measures defined by management; and
- an improvement in the principles related to the aggregation and disaggregation of information in
- the financial statements and accompanying notes.

IFRS 18 will be applied retrospectively with specific transitional provisions.

The Authority is currently working to identify all of the impacts that IFRS 18 will have on the primary financial statements and notes to the financial statements.

Other new Standards, amendments and Interpretations not adopted in the current year have not been disclosed, as they are not expected to have a material impact on the Authority’s financial statements.

3. MATERIAL ACCOUNTING POLICIES

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

Overall considerations and presentation of financial statements

The financial statements are presented in accordance with IAS 1 ‘Presentation of financial statements’ (Revised 2007). The company did not have any items classified as ‘other comprehensive income’ and, consequently, management has elected to present only a statement of comprehensive income.

Revenue recognition

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

To determine whether to recognise revenue, the Authority follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Licence fees

Revenue is recognised when the licence becomes due. It is accounted for on a straight-line basis over the term of the licence. Licence fees collected during the year relating to the subsequent period are recognised as ‘deferred income’ in ‘trade and other payables’.

3. SUMMARY OF ACCOUNTING POLICIES - continued

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

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

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

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

Employee benefits

Contributions toward the state pension in accordance with local legislation are recognised in comprehensive income when they are due.

Financial instruments

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

The Authority does not have any financial assets categorised as FVTPL and FVOCI in the periods presented.

All income and expenses relating to financial assets that are recognised in comprehensive income are presented within 'net finance cost'.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

3. SUMMARY OF ACCOUNTING POLICIES - continued

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

Subsequent measurement of financial assets
After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents, trade and other receivables (except prepayments) fall into this category of financial instruments.

Cash and cash equivalents

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

Trade and other receivables

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

Impairment of financial assets

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES – continued

Classification and measurement of financial liabilities

The Authority's financial liabilities include trade and other payables and finance lease liabilities (excluding other payables and statutory liabilities).

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Authority designates a financial liability at FVTPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported comprehensive income are included within 'net finance cost'.

Trade and other payables

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

Amounts due to related parties are carried at cost.

Intangible assets

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

	%
Computer software	25

Property, plant and equipment

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

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

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

3. SUMMARY OF ACCOUNTING POLICIES – continued

Impairment on non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value-in-use. To determine the value-in-use, the Authority's management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by the Authority's management.

Impairment losses are recognised in the comprehensive income. Impairment losses for cash-generating units are charged pro-rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge that has been recognised is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Leases

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

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

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

In calculating the present value of lease payments, the Authority uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of any options related to the lease.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Provisions for claims and contingent liabilities

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

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

In the opinion of the Board of the Authority, the accounting estimates, assumptions and judgements other than those mentioned above, made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised) –'Presentation of financial statements'.

5. REVENUE

Revenue comprises the following:

	2025	2024
	EUR	EUR
Licence fees	**7,881,266**	8,568,214
Application fees	**180,000**	140,000
Other revenue	**1,721,870**	1,667,030
Total Authority fees	**9,783,136**	10,385,244
Compliance contribution and levies	**74,500,415**	73,756,953
Total revenue	**84,283,551**	84,142,197

As at year ended 31 December 2025, the Authority issued Notices governing administrative penalties amounting to EUR 203,270 (2024: EUR 348,622), which became due through the issuance of the final enforcement measure.

As at year end there were:

	2025	2024
	No.	No.
Commercial bingo Halls	**2**	2
Casinos Establishments	**4**	4
Controlled Gaming Premises	**21**	21
National lotteries Operator	**1**	1
Remote online gaming licences	**302**	311

6. EXPENSES BY NATURE

	2025	2024
	EUR	EUR
Auditor's remuneration	**25,732**	26,550
Chairperson's emoluments and Board honoraria (note 18)	**77,500**	69,884
Remuneration (note 7)	**8,703,539**	8,247,106
General administrative expenses	**1,905,060**	1,730,233
Professional fees	**1,015,341**	635,714
Promotional expenses	**501,819**	451,502
Depreciation and amortisation on property, plant and equipment and intangible fixed assets (notes 10 and 11)	**754,825**	828,151
Provision for expected credit losses (note 12)	**26,037**	121,619
Contributions to other entities	**1,245,697**	1,280,456
Total administrative and other expenses	**14,255,550**	13,391,215

7. STAFF REMUNERATION

a. Staff costs

The total employment costs were as follows:

	2025	2024
	EUR	EUR
Salaries	**7,888,904**	7,490,590
Social security costs	**483,522**	480,610
Fringe benefits	**196,346**	195,802
	8,568,772	8,167,002
Other related costs	**134,767**	80,104
	8,703,539	8,247,106

b. Staff numbers

The number of persons employed by the Authority as at 31 December 2025 and 31 December 2024 were as follows:

	2025	2024
	No.	No.
	183	**186**

8. NET FINANCE COST

	2025	2024
	EUR	EUR
Interest receivable on bank balances	**162,102**	124,313
Other interest receivable	**1,788**	8,511
Finance lease cost (Note 17)	**(88,923)**	(102,844)
	74,967	29,980

9. TAXATION

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

10. INTANGIBLE FIXED ASSETS

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

	Computer Software
	EUR
Cost	
At 1 January 2024	2,282,321
Additions	–
At 31 January 2024	2,282,321
Additions	**46,728**
At 31 December 2024 and 2025	**2,329,049**
Amortisation	
At 1 January 2024	2,221,093
Amortisation for the year	42,143
At 31 December 2024	2,263,236
Amortisation for the year	**9,114**
At 31 December 2025	**2,272,350**
Net book value	
At 31 December 2025	**56,699**
At 31 December 2024	19,085

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Property, plant and equipment owned by the authority

	Leasehold Improvements	Furniture and fittings	Office equipment	Motor vehicles	Computer equipment	Total
	EUR	EUR	EUR	EUR	EUR	EUR
Cost						
At 1 January 2024	3,117,796	1,579,246	546,565	184,728	1,244,415	6,672,750
Additions	–	1,617	575	–	49,463	51,655
Disposals	–	–	–	–	(31,400)	(31,400)
Write-offs	(3,400)	–	–	–	–	(3,400)
At 31 December 2024	**3,114,396**	**1,580,863**	**547,140**	**184,728**	**1,262,478**	**6,689,605**
Additions	**–**	**1,308**	**–**	**–**	**126,572**	**127,880**
Disposals	**–**	**–**	**–**	**–**	**(2,000)**	**(2,000)**
Write-offs	**–**	**–**	**–**	**–**	**–**	**–**
At 31 December 2025	**3,114,396**	**1,582,171**	**547,140**	**184,728**	**1,387,050**	**6,815,485**
Depreciation						
At 1 January 2024	1,747,409	1,303,771	543,298	136,811	1,129,566	4,860,855
Depreciation charge for the year	204,139	134,530	1,969	27,379	55,051	423,068
Release on disposal	–	–	–	–	(31,400)	(31,400)
At 31 December 2024	**1,951,548**	**1,438,301**	**545,267**	**164,190**	**1,153,217**	**5,252,523**
Depreciation charge for the year	**204,139**	**105,893**	**1,490**	**20,534**	**50,715**	**382,771**
Release on disposal					**(2,000)**	**(2,000)**
At 31 December 2025	**2,155,687**	**1,544,194**	**546,757**	**184,724**	**1,201,932**	**5,633,294**
Net book value						
At 31 December 2025	**958,709**	**37,977**	**383**	**4**	**185,118**	**1,182,191**
At 31 December 2024	1,162,848	142,562	1,873	20,538	109,261	1,437,082

11.2 Right-of-use asset – Leasehold property

	EUR
Cost at 31 December 2024 and 2025	**4,455,407**
Depreciation	
At 1 January 2024	1,850,402
Depreciation charge for the year	362,940
At 31 December 2024	**2,213,342**
Depreciation	
At 1 January 2025	2,213,342
Depreciation charge for the year	362,940
At 31 December 2025	**2,576,282**
At 31 December 2025	**1,879,125**
At 31 December 2024	2,242,065

12. TRADE AND OTHER receivables

	2025	2024
	EUR	EUR
Compliance contribution, levies and licences receivable and accrued income (note i,ii,iii)	**5,927,906**	6,795,382
Deposits and other receivables	**172,137**	172,137
Financial assets	**6,100,043**	6,967,519
Prepaid expenses	**478,311**	368,657
	6,578,354	7,336,176

(i) At 31 December 2025, Compliance Contribution, Levies and Licences receivable at nominal value of EUR 3,692,849 (2024: EUR 3,594,149) were impaired and fully provided for.

Provision for expected credit losses	2025	2024
	EUR	EUR
Opening balance	**3,692,849**	3,594,149
Write-off of doubtful debts	**-**	(22,919)
Provision for expected credit losses	**26,037**	121,619
Closing balance	**3,718,886**	3,692,849

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

			Past due			
	Total	Neither past due nor impaired	<30 days	31-60 days	61-90 days	>90 days
	EUR	EUR	EUR	EUR	EUR	EUR
2025	**5,927,905**	**5,798,146**	**460**	**7,577**	**27,794**	**93,928**
2024	6,795,382	6,619,035	3,414	4,398	22,137	146,399

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

13. RESERVES

a. Equity reserve

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

b. Reserve fund

The Reserve Fund represents accumulated excess of revenue over expenditure.

c. Unclaimed prizes reserve

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

14. PROVISION FOR CLAIMS AND CONTINGENT LIABILITIES

Contingent liabilities

In 2016, an operator had initiated legal proceedings against the Authority disputing new licences issued by the Authority. This case was decided in the Authority's favour in the first instance on 29 September 2022. The operator appealed this judgement to the Court of Appeal on 25 October 2025 and was decided to be in the Authority's favour. Accordingly, no provision for any liability has been made in these financial statements.

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

15. TRADE AND OTHER PAYABLES

	2025	2024
	EUR	EUR
Trade and other payables	**664,194**	570,649
Accruals	**748,972**	751,658
Financial liabilities	**1,413,166**	1,322,307
Deferred income	**4,219,220**	4,485,603
Unclaimed player funds (note i)	**8,736,119**	8,914,218
Advances received from operators	**547,731**	596,689
	14,916,236	15,318,817

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

16. CASH AND CASH EQUIVALENTS

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

	2025	2024
	EUR	EUR
Cash at bank and in hand	**12,065,506**	9,892,302

17. FINANCE LEASE LIABILITIES

	2025	2024
	EUR	EUR
Current		
Finance lease liabilities (i)	**435,163**	405,345
Non-current		
Finance lease liabilities (i)	**1,782,898**	2,218,061

(i) The lease relates to the rental of the office premises and car parking space. The lease is reflected on the statement of financial position as leasehold property under property, plant and equipment, and financial liabilities. The authority does not have any short-term leases (leases with an effected term of 12 months or less) and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of the rent) are excluded from the initial measurement of the lease liability and asset. The Authority classifies its right-of-use asset in a consistent manner to its property, plant and equipment (see note 11).

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

(iii) Total cash outflow for leases for the year ended 31 December 2025 was EUR 494,268 (2024: EUR 479,874).

Future lease payments were as follows:

	Minimum lease payments due			
31 December 2025	**Within 1 year**	**2-5 years**	**After 5 years**	**Total**
Lease payments	509,096	1,907,299	-	2,416,395
Finance charges	(73,933)	(124,401)	-	(198,334)
Net present values	435,163	1,782,898	-	2,218,061

	Minimum lease payments due			
31 December 2024	**Within 1 year**	**2-5 years**	**After 5 years**	**Total**
Lease payments	494,268	2,129,871	286,524	2,910,663
Finance charges	(88,923)	(194,569)	(3,765)	(287,257)
Net present values	405,345	1,935,302	282,759	2,623,406

18. RELATED PARTY TRANSACTIONS

Related party	Year	Total transactions with related parties EUR	Amounts owed to related parties at year end EUR	Type of transaction
Government of Malta				
– The Treasury	**2025**	**69,233,109**	**–**	**Payments made to government**
Government of Malta				
– The Treasury	2024	71,018,998	–	Payments made to government

Key management personnel

The Chairperson and the Board of the Authority are considered to be key management personnel. Included in 'Administrative and other expenses' (note 6) are salaries paid to the Chairperson and the Board of the Authority amounting to EUR 77,500 (2024: EUR 69,884).

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

At year end, the Authority's main financial liabilities on the statement of financial position consisted of trade and other payables and finance lease liabilities.

Contractual maturity profile of financial liabilities

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

Credit risk

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

Liquidity risk

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

Fair values

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

Interest rate risk

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

Summary of financial assets and liabilities

The carrying amounts of the Authority's financial assets and liabilities are recognised at the end of each reporting period under review may also be categorised as follows. See note 3 for explanations about how the category of financial instruments affects their subsequent measurement.

	Notes	2025	2024
		EUR	EUR
Financial assets			
Current			
Financial assets at amortised cost			
-Trade and other receivables	12	**6,100,043**	6,967,519
-Cash and cash equivalents	16	**12,065,506**	9,892,302
		18,165,549	16,859,821
Financial liabilities			
Current			
Financial liabilities at amortised cost			
-Trade and other payables	15	**1,413,166**	1,322,307
-Finance lease liabilities	17	**435,163**	405,345
		1,848,329	1,727,652
Non-current			
Financial liabilities at amortised cost			
-Finance lease liabilities	17	**1,782,898**	2,218,061

20. POST-REPORTING-DATE EVENTS

No adjusting or significant non-adjusting events have occurred between the end of the reporting period and the date of authorisation of these financial statements by the board of governors.

Administrative And Other Expenses

	31 December 2025		31 December 2024	
	EUR	**EUR**	EUR	EUR
Salaries & National Insurance	**8,703,539**		8,247,106	
Training	**67,177**		109,029	
Other staff costs	**12,413**		20,567	
Staff and ancillary costs		**8,783,129**		8,376,702
Chairman's emoluments and Board honoraria	**77,500**		69,884	
Telecommunications	**19,307**		25,457	
IT and ancillary costs	**881,596**		761,238	
Water and electricity	**54,174**		45,790	
Insurance and licences	**84,440**		92,755	
Postage, stationery and printing	**7,321**		13,802	
Office expenses	**63,324**		57,068	
Motor vehicle running expenses	**36,700**		43,315	
Bank charges	**6,654**		6,551	
Cleaning expenses	**7,900**		8,943	
Subscriptions	**179,145**		161,963	
Repairs and maintenance	**141,661**		134,378	
Business development expenses	**107,428**		97,099	
Overseas travelling	**176,933**		131,155	
Seminars and conferences	**58,887**		21,123	
General Administrative expenses		**1,902,970**		1,670,521

	31 December 2025		31 December 2024	
	EUR	EUR	EUR	EUR
Professional fees	568,172		380,656	
Auditor's remuneration	25,732		26,550	
Due diligence and consultancy fees	398,249		113,898	
Legal fees	48,920		141,160	
Professional fees		1,041,073		662,264
Promotional expenses		501,819		451,502
Depreciation and amortisation		754,825		828,151
Provision for expected credit losses		26,037		121,619
Contributions to other entities		1,245,697		1,280,456
		14,255,550		13,391,215

MGA

Malta Gaming Authority
Building SCM 02-03, Level 4
SmartCity Malta, Ricasoli SCM1001
Malta

Call: (+356) 2546 9000
Email: info.mga@mga.org.mt

mga.org.mt