



Malta Digital Innovation Authority

Annual Report 2023



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Malta Digital Innovation Authority

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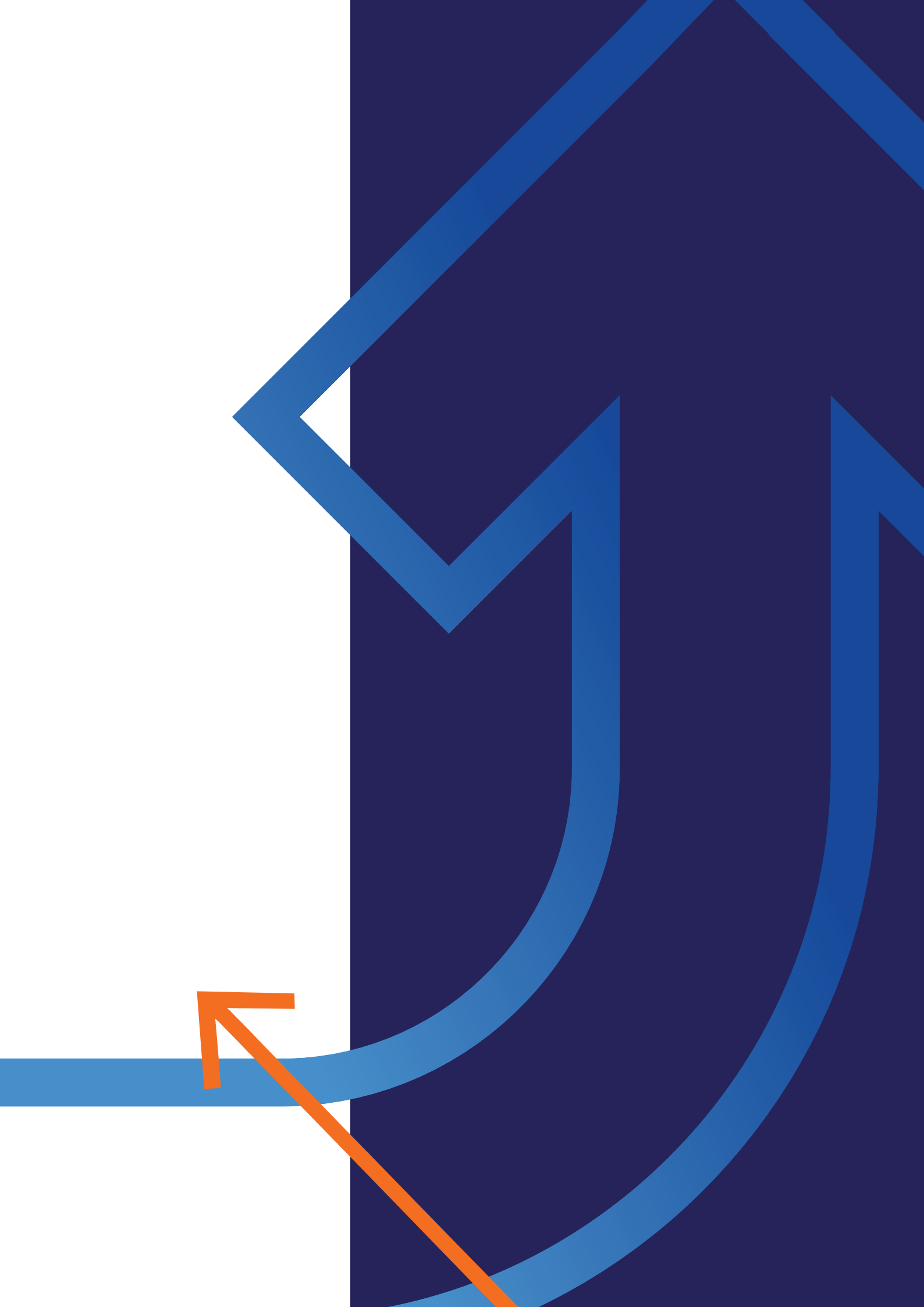
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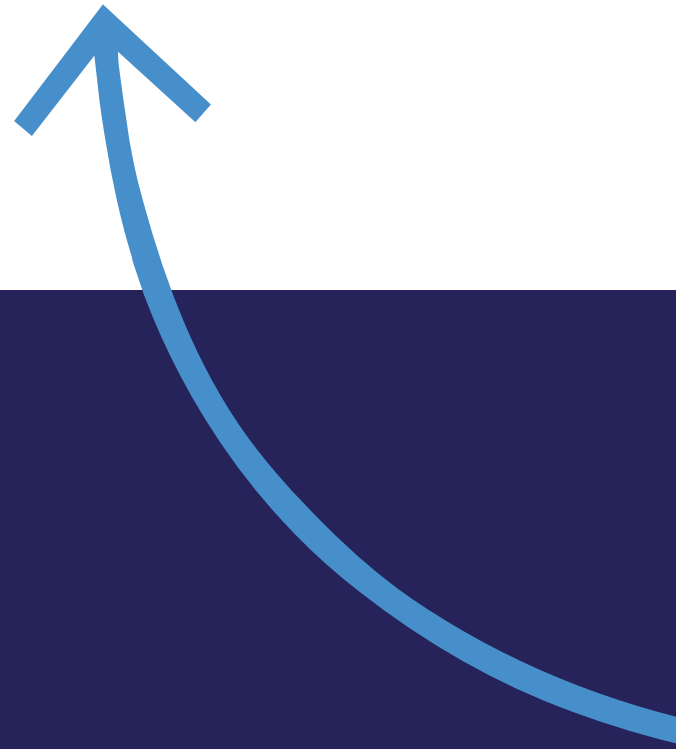
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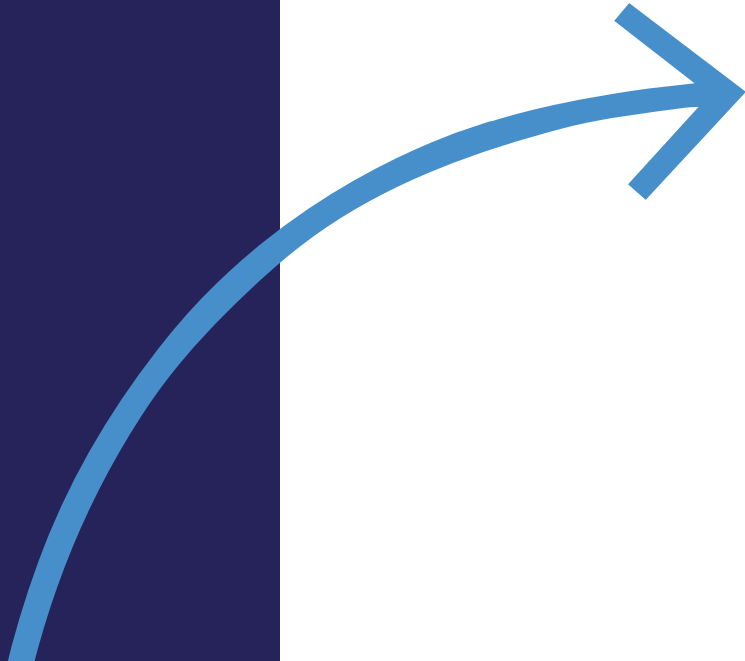
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List of Abbreviations



3CL	The Commonwealth Centre for Connected Learning
AI	Artificial Intelligence
CLM	Centre for Maltese Language
EAC	Ethics Advisory Committee
EU	European Union
EUCC	European Cybersecurity Certification Scheme on Common Criteria
DiHubMT	European Digital Innovation Hub
HPC	High-Performance Computer
HR	Human Resources
ICT	Information and Communication Technology
IoT	Internet of Things
ITAS	Innovative Technology Arrangements and Services
IDPC	Office of the Information and Data Protection Commissioner
MCAST	Malta College of Arts, Science and Technology
MCA	Malta Communications Authority
MCCAA	Malta Competition and Consumer Affairs Authority
MDIA	Malta Digital Innovation Authority
MITA	Malta Information Technology Agency
MOU	Memorandum of Understanding
MIF	Malta Innovation Forum
NCCA.MT	National Cybersecurity Certification Authority
NCPE	National Commission for the Promotion of Equality
OECD	Organisation for Economic Co-Operation and Development
PMU	Project Management Unit
TARF	Technical Assessment Recognition Framework
UM	University of Malta
UNESCO	United Nations Educational, Scientific and Cultural Organization



Silvio Schembri
Minister for Economy,
Enterprise, and Strategic Projects

Foreword by Minister

It gives me great pleasure to pen this foreword for the Malta Digital Innovation Authority's Annual Report for the year 2023. As the Minister for Economy, Enterprise, and Strategic Projects of Malta, I am deeply proud to witness the remarkable progress and achievements of the Authority over the past five years since its establishment in 2018.

In 2018, during my tenure as Parliamentary Secretary for Financial Services, Digital Economy, and Innovation, the vision for the MDIA was conceived. It was a vision rooted in the belief that Malta could emerge as a global leader in digital innovation and technology, harnessing the transformative power of emerging technologies to drive economic growth, foster innovation, and enhance the lives of our citizens.

As we celebrated the Authority's fifth anniversary, we reflected on the journey that has brought us to this significant milestone. Over the years, the Authority has played a pivotal role in shaping Malta's digital landscape, championing innovation, and providing a regulatory framework that fosters innovation while ensuring consumer protection and market integrity.

One of the key pillars of the Authority's mandate has been to establish Malta as a hub for emerging technologies, including blockchain, Artificial Intelligence (AI), and the Internet of Things (IoT). Through strategic initiatives, partnerships, and forward-thinking policies, the Authority has successfully positioned Malta as a frontrunner in these cutting-edge technologies, attracting investment, talent, and opportunities to our shores.

In 2023, amidst the challenges posed by the global pandemic, the resilience and adaptability of the Maltese digital ecosystem were truly put to the test. Yet, it is in times of adversity that innovation thrives, and I am proud to say that the Authority rose to the occasion, demonstrating agility and creativity in navigating the evolving landscape.

The past year saw significant milestones and achievements for the Authority. From the launch of innovative pilot projects to the expansion of regulatory frameworks to encompass new technologies, the Authority remained at the forefront of driving digital innovation forward. Initiatives such as the European Digital Innovation Hub (DiHubMT) and the Sandbox Environment have provided invaluable support to startups, entrepreneurs, and established businesses alike, facilitating experimentation and fostering a culture of innovation.

Moreover, the Authority's commitment to collaboration and partnership has been instrumental in driving the digital agenda forward. By forging strategic alliances with industry stakeholders, academia, and international partners, the Authority has been able to leverage expertise, resources, and best practices to advance Malta's digital agenda and enhance our competitiveness on the global stage.

Looking ahead, the challenges and opportunities in the digital landscape are ever evolving. As we embark on the next phase of Malta's digital journey, it is imperative that we remain committed to innovation, agility, and inclusivity. By harnessing the power of emerging technologies responsibly and ethically, we can unlock new opportunities for economic growth, drive social progress, and improve the quality of life for all citizens.

In closing, I would like to extend my sincere gratitude to the dedicated team at the MDIA for their unwavering commitment, passion, and dedication over the past five years. Your tireless efforts have been instrumental in shaping Malta's digital future and positioning our nation as a beacon of innovation on the global stage.

As we reflect on the achievements of the past and look forward to the opportunities of the future, let us continue to work together towards a digital Malta that is inclusive, innovative, and prosperous for generations to come.





Wayne Grixti
Chairperson

Foreword by Chairperson

As I look back on the year 2023, I am filled with a sense of pride and optimism for the strides made by the MDIA in fostering a dynamic and thriving digital ecosystem in Malta. Serving as the Chairperson of the Board of Governors, I am honoured to have been part of a team dedicated to shaping Malta's digital future and ensuring that the MDIA remains at the forefront of innovation and regulation in this rapidly evolving landscape.

Throughout the year, the Board of Governors worked tirelessly to strengthen the functions of the MDIA, enhancing its capacity to regulate emerging technologies and promote a culture of innovation and compliance. Our efforts were guided by a commitment to fostering an environment where digital innovation can flourish while ensuring the highest standards of consumer protection and regulatory oversight.

A notable highlight of 2023 was the collaborative effort facilitated by the inMalta initiative, where a diverse array of entities, alongside industry stakeholders, joined forces to promote Malta on the international stage during key events. This concerted effort underscored our collective commitment to showcasing Malta's digital prowess and attracting investment and talent from across the globe.

Through strategic partnerships and coordinated initiatives, we were able to amplify Malta's presence at international events, highlighting our strengths as a leading destination for digital innovation and entrepreneurship. By presenting a united front, we conveyed a powerful message of collaboration, innovation, and opportunity, resonating with audiences worldwide.

Moreover, the MDIA has played a pivotal role in shaping the vision for the DiHubMT. This ambitious initiative aims to position Malta as a leading hub for digital innovation in Europe, leveraging our strategic location, skilled workforce, and supportive regulatory framework to attract investment and talent from around the world. Through DiHubMT, we are creating a vibrant ecosystem where startups, scaleups, and established companies can collaborate, innovate, and thrive in the digital age.

In addition to our collaborative efforts, the MDIA has also been proactive in advocating for new amendments to the law that will enable the authority to be better positioned in its remit and regulate accordingly and in a timely manner. These amendments are essential to ensuring that Malta remains a trusted and competitive destination for digital innovation, providing clarity and certainty to businesses while safeguarding the interests of consumers and the broader public.

Looking ahead, my vision for the MDIA is one of continued leadership, innovation, and collaboration. We will build on the momentum of 2023 to further strengthen Malta's position as a global hub for digital innovation, driving economic growth, creating jobs, and enhancing the quality of life for all Maltese citizens. By embracing emerging technologies, fostering a culture of innovation, and promoting responsible regulation, we will unlock new opportunities and unlock the full potential of Malta's digital future.

In conclusion, I am confident that with the dedication and expertise of our team, the support of our stakeholders, and the visionary leadership of the Maltese government, the MDIA will continue to lead the way in shaping the digital future of Malta and Europe. Together, we will build a brighter, more inclusive, and more prosperous future for all.





Kenneth Brincat
Chief Executive Officer

Introduction by CEO

2023 marked a significant occasion for MDIA – the Authority’s fifth anniversary. During the celebration of such occasion, I remarked that our journey through life is continually transformed by the unfolding events that surround us and that the same happened to MDIA’s journey. The key to success lies in our readiness to embrace this change. This annual report will showcase 2023 as a remarkable year in MDIA’s journey, filled with significant achievements and strategic advancements.

This was a year of strategic planning and efficient execution. All targets for 2023 have been fully or partially achieved with an implementation rate of 87%. This solid commitment to continuous improvement is clear indication of the dedication of our entire team. Additionally, in 2023 we initiated consultations for the realignment of the National AI Strategy 2030. Now, we look forward to a realigned National AI Strategy with a new programme for the next three years, which update shall be published in 2024.

Malta, through MDIA, has been actively involved in discussions leading to the agreement on harmonized rules on AI. This regulation aims to ensure that AI systems deployed within the European Union are safe and adhere to fundamental rights and EU values. Our contributions were grounded in an evidence-based approach, leveraging expertise in the legal, technological, and regulatory fields.

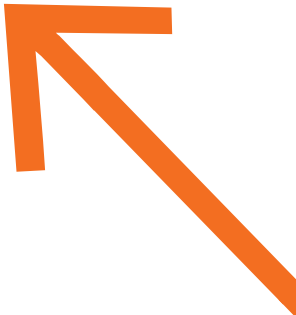
Legislative progress has been significant. A new legislative framework was prepared and is scheduled for parliamentary discussion in

2024. This proactive approach demonstrates our commitment to shaping the legal framework for digital innovation. Furthermore, the publication of the Technology Assessment Recognition Framework underscores our dedication to providing clear guidelines and fostering trust in technology within the industry. In 2023, we witnessed the onboarding of two residencies in our AI Sandbox and the enrolment of seven Technical Experts. In the dominion of cybersecurity, we launched the “Mind the Gap” initiative. This user-friendly self-assessment tool empowers e-commerce businesses with clear guidance on how to fortify their online platforms.

MDIA is committed to fostering an ecosystem that positions Malta as a premier jurisdiction for digital innovation companies. Our strong partnership with the inMalta brand supports investment, innovation, and internationalisation, ultimately leading to the secure and optimal utilization of digital innovation. Throughout the year, a delegation from MDIA joined inMalta at prominent events like the Dublin Tech Summit, Money 20/20, Web Summit, and GITEX Global. We actively participated in local events such as Startup Festival Malta, Med-Tech and TechXpo Malta. Furthermore, we initiated a relationship with the government of Dubai, and played a pivotal role in assisting the Ministry of Economy, Lands and EU Funds during the MED9 Summit held in Malta.

Collaboration has fuelled our success. We signed seven Memorandums of Understanding and launched the MDIA Engage Programme, fostering strong partnerships within the digital innovation ecosystem. MDIA’s commitment to fostering a vibrant digital innovation ecosystem extends beyond our own initiatives. We are proud to administer the DiHUBMT. DiHUBMT plays a critical role in connecting Maltese businesses with leading European innovation hubs, universities, research centres, and investors. Throughout 2023, DiHUBMT facilitated numerous crucial connections, empowering Maltese companies to access essential resources, expertise, and funding opportunities to fuel their growth and innovation efforts. By serving as a bridge between Malta and the broader European innovation ecosystem, DiHUBMT plays a significant role in driving Malta’s position as a leading hub for digital innovation.

Research formed a key pillar of our activities in 2023. We conducted a survey to identify priorities for research in digital innovation. These identified priorities will be instrumental in guiding the Authority and stakeholders in future strategic endeavours and operational



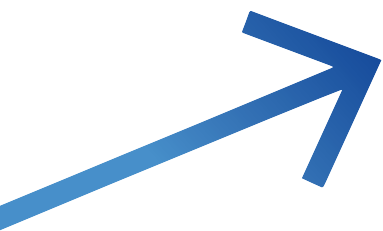
programmes. Additionally, a customer satisfaction survey was conducted, with the results presented within this report. Furthermore, a collaborative survey exploring perceptions of AI in Malta is included within this annual report.

Education and community engagement have been cornerstones of our strategy. Initiatives like the Summer School Bootcamp, DigiNova, and the Maltaverians Comic have significantly contributed to nurturing a culture of learning and innovation.

In the last two years, MDIA has not only preserved its reputation as a leading authority but has also ascended to new heights within the digital innovation landscape. Our dedication to excellence extends far beyond technology. We were honoured to receive the Digital Innovation Award by AIBC, a recognition of our commitment to fostering a diverse and efficient workplace. Additionally, MDIA was awarded the Equality Mark by the National Commission for the Promotion of Equality. This distinction signifies our prioritisation of gender equality as a core value and acknowledges our management practices that value the capabilities of all employees, regardless of gender or caregiving responsibilities.

Our focus on ethical practices, transparency, and a clear vision with measurable objectives has been instrumental in achieving these goals. This commitment has fostered a culture of excellence within MDIA and earned the trust of our stakeholders.

Finally, 2023 has been a year of extraordinary achievements. This report serves as a testament to our relentless pursuit of excellence, strategic advancements, and dedication to consolidating MDIA's position at the forefront of technological innovation. These accomplishments would not have been possible without the support of the Board of Governors and the dedication of our staff.





Mission

THE MDIA'S MISSION IS TO LEAD AS THE NATIONAL FOCAL POINT WHICH DIRECTS AND FACILITATES THE SECURE AND OPTIMAL UPTAKE OF DIGITAL INNOVATION.





Vision

THE MDIA'S VISION IS TO BE THE FORWARD-LOOKING AUTHORITY THAT FOSTERS TRUST IN INNOVATIVE TECHNOLOGIES.

Quality Policy

The Quality Policy of the 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.

MDIA'S QUALITY 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 serve as the national advisory and enablement body for innovative technologies.
- To align the Authority's internal operations and align them with its external activities, therefore continually 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.
- 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.

Our 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.



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.



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.



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.



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.

Organisatio

Board of Governors
Chief Executive Officer

Strategy, Policy,
and Governance

Innovative
Technology

Strategy

Policy

Governance

Enterprise
Technology Service

Project
Management

Business
Development

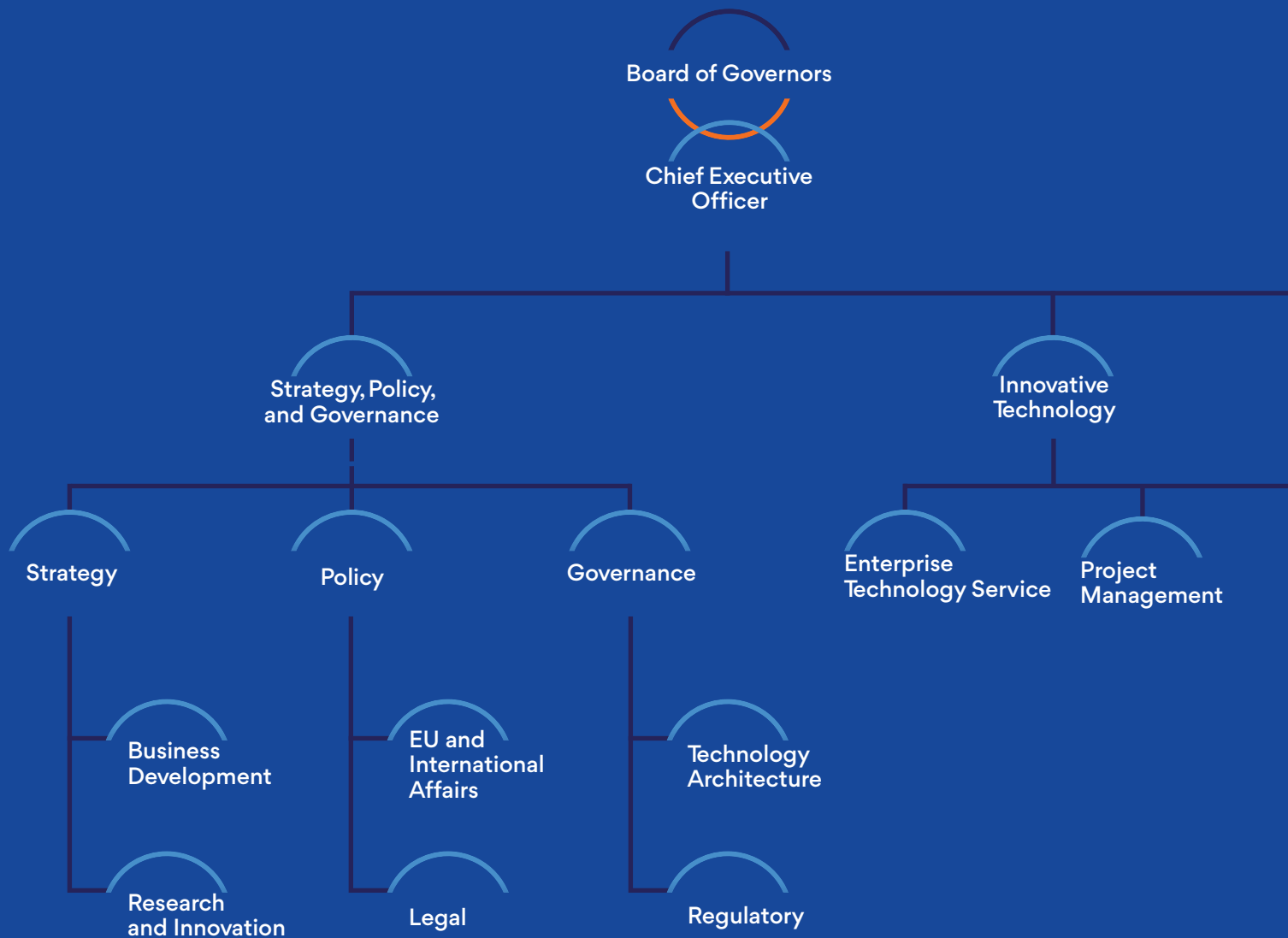
EU and
International
Affairs

Technology
Architecture

Research
and Innovation

Legal

Regulatory



nal Chart

Communication

Operations

Digital Innovation initiatives

Digital Wallet

Finance and Corporate

European Digital Innovation Hub

HR and Corporate

Finance

Training and Innovation Ecosystem

Entrepreneurship Development

Technical Architecture

Facilities and Logistics

Procurement

Administration

Board of Governors



Mr Wayne Grixti
Chairperson



Mr Sandro Micallef
Deputy Chairperson



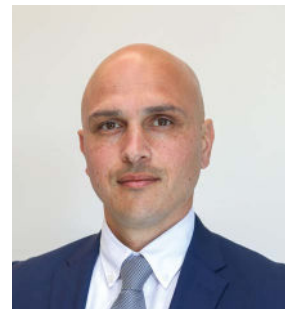
Dr Ramona Attard
Secretary



Mr Daniel Ablett



Ms Patrizia Busuttil



Mr Mark Camilleri



Ms Nicole Falzon



Mr Anthony Galea



Mr Nigel Vella



Mr Omar Vella

Top Management Team



Mr Kenneth Brincat
Chief Executive Officer



Ing. Efrem Borg
Chief Technology Officer (until 11/09/2023)




Mr Gavril Flores
Chief Strategy, Policy & Governance Officer



Nurturing Talent, Empowering Success: Human Resources Highlights

MDIA's dedication to employee growth and a learning-driven environment was evident through various initiatives that enhanced skills and knowledge across the organisation. This commitment aligns with MDIA's core value of 'Knowledgeable,' a guiding principle for the Human Resources (HR) Unit.



The organisation prioritises the creation of personalised development plans for each employee, meticulously tailored to address both individual aspirations and organisational objectives. This strategic approach empowers employees by providing them with ample resources and training opportunities, allowing them to thrive in their respective roles and contribute meaningfully to the organisation's overall success.

During 2023, the Authority successfully maintained the HR Quality Mark. This standard, developed by the Foundation for Human Resources Development, recognises organisations with effective HR practices.



By the end of 2022, MDIA boasted a workforce of **21** individuals, comprised of **10** females and **11** males.



At the close of 2023, this number had increased to **28** employees, with **13** females and **15** males.



During 2023, **22%** held senior management positions, **50%** occupied managerial and middle-management roles, **21%** were engaged in administrative and clerical duties, while **7%** were in non-clerical positions.



The average age of employees in 2023 stood at **36** years. Notably, there were **8** new recruits and **1** resignation during the year.



7 Additionally, employees were appointed to higher grades as part of a reorganisation exercise within the Authority



In terms of academic qualifications, employees held the following credentials: **50%** at MQF Level 7, **21%** at MQF Level 6, **7%** at MQF Level 5, **11%** at MQF Level 3, and **11%** at MQF Level 2.

ACHIEVING GENDER EQUALITY: MDIA AWARDED THE EQUALITY MARK

The Maltese Equality Mark, a national initiative led by NCPE, aims to increase women's participation in the workforce, particularly in light of Malta's historically low rate compared to the EU. Established in 2010, it promotes work-life balance practices among employers and sets a standard for 'gender equality employers.' This initiative administers a certification scheme for public and private entities that demonstrate commitment to gender equality in employment, including family-friendly measures and gender-inclusive practices in providing goods and services.



The evaluation process for the Equality Mark involves an audit and an employee questionnaire. The Equality Mark is awarded to organisations that meet specific minimum criteria.

In recognition of its dedication to gender equality in the workplace and its service provision, MDIA was awarded the Equality Mark in 2023 for a two-year period. This esteemed recognition underscores MDIA's commitment to fostering an inclusive environment that celebrates diversity.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Recognising the importance of continuous learning in today's fast-paced business environment, MDIA's HR Unit invests in various professional development initiatives, including workshops, seminars, online courses, and certifications. These initiatives are designed to enhance employees' skillsets and broaden expertise, ensuring adaptability in a dynamic professional environment.



In 2023, MDIA achieved impressive employee engagement in professional development.



All employees participated, accumulating a total of **859** training hours, averaging **31** hours per employee.

INDUSTRY TRAINING FOR EXPERTISE DEVELOPMENT

To ensure its workforce remains at the cutting edge of their fields, the Authority's HR Unit collaborates with industry leaders to offer specialised training programmes. These programmes equip employees with the latest insights, tools, and methodologies relevant to their roles and the broader industry landscape.

INTERNSHIP SCHEME: BRIDGING THE GAP BETWEEN KNOWLEDGE AND PRACTICE

The internship scheme is an integral part of MDIA's talent development strategy. In 2023, MDIA launched a student internship scheme, engaging seven students from the University of Malta, three from the Faculty of ICT, and four from the Faculty of Laws. This initiative bridges the gap between theoretical knowledge and practical application in a real-world setting, serving as a strategic approach to experiential learning, not just a recruitment pipeline.

Furthering its commitment to fostering learning and collaboration, MDIA actively participated in the Malta MCAST Freshers' Week in 2023. This outreach initiative aimed to engage students and raise awareness about the enriching opportunities offered by the internship programme.

The HR Unit plays a pivotal role in curating and overseeing the internship programme. Interns are strategically placed in various functions aligned with their academic focus, ensuring they gain hands-on experience while contributing meaningfully to ongoing projects. This aligns with the MDIA's core value of 'Knowledgeable,' as the programme becomes a platform for sharing industry insights, best practices, and the latest technological advancements.

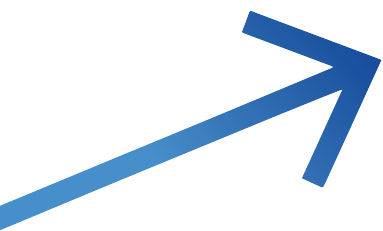
Moreover, the internship scheme reflects the MDIA's commitment to fostering a collaborative learning environment. Seasoned professionals mentor interns, guiding them and sharing their wealth of practical knowledge. This two-way exchange benefits both interns and existing staff, creating a dynamic atmosphere where knowledge flows seamlessly between experienced professionals and emerging talents.

EMPOWERING SUCCESS THROUGH TALENT NURTURING

The synergy between continuous professional development, industry training, and the internship scheme creates a holistic approach to talent nurturing. The HR Unit recognises that empowering success goes beyond individual achievements; it is about cultivating a collective culture of excellence and innovation.

Employees who feel supported in their professional growth are more likely to actively contribute to the organisation's success. The knowledge and hands-on experiences gained through training programmes and internships empower them to excel in their roles. This, in turn, fuels the organisation's success by keeping us ahead of industry trends, offering innovative solutions to customers, and building trust in digital technology.

Nurturing talent and empowering success are intricately woven into the fabric of the organisation's values, particularly the commitment to 'Knowledgeable.' By prioritising continuous professional development, industry training, a robust internship scheme and aligning internal operations with external activities, the HR Unit serves as a beacon for talent development within MDIA.



Investing for Progress: Transparent Allocation of Resources

In the rapidly changing world of digital innovation, the transparent and effective allocation of resources emerges as a cornerstone for driving technological advancements and fostering an ecosystem ready for growth and progress. Recognising this pivotal role, the MDIA remains steadfast in its commitment to transparently allocate resources, serving as a catalyst to propel Malta towards digital excellence.

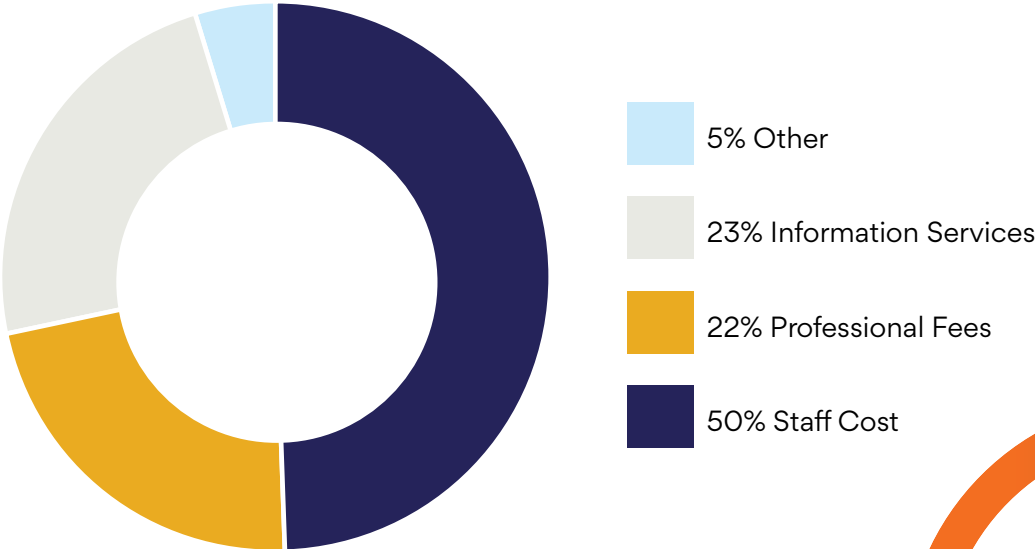
ALLOCATION OF RESOURCES

Central to the MDIA's resource allocation strategy are the annual budget estimates allocated to the Authority. Within this framework, the MDIA judiciously manages funds across three distinct, yet interrelated, vote line items, each serving a specific purpose.

MDIA

The core vote line item lies at the heart of the MDIA's operations. It serves as the foundation for the Authority's recurrent expenditure, encompassing essential elements like staff salaries, professional fees, and information services. These expenses underpin the day-to-day functioning of the Authority.

RECURRENT EXPENDITURE

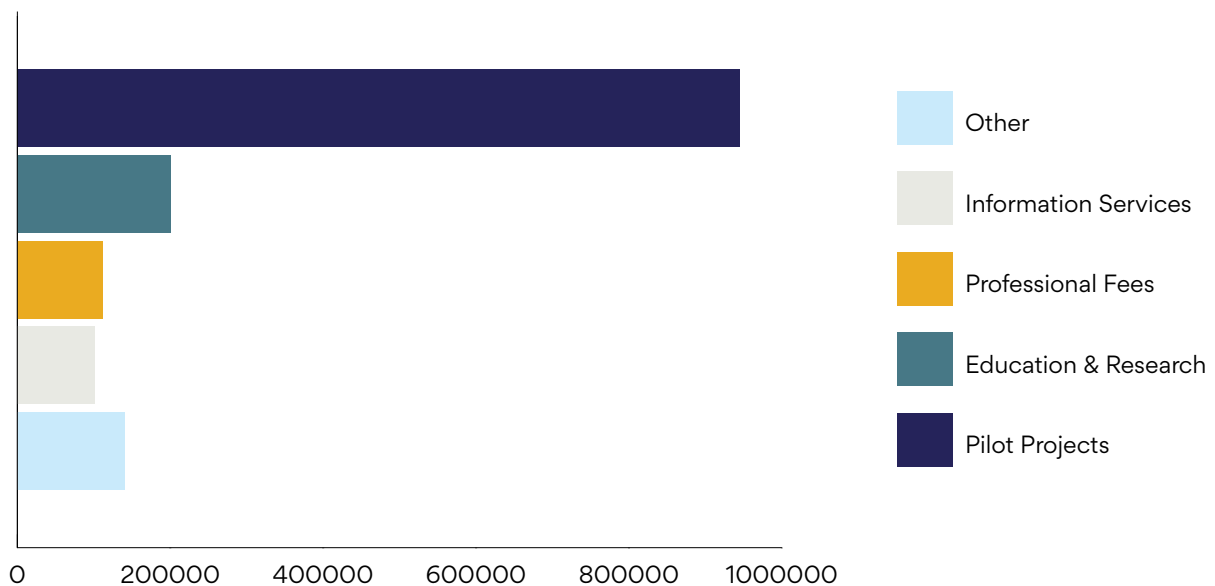


AI AND IOT EXPENDITURE

Throughout the year 2023, a total of €1.5M was invested in AI and IoT initiatives. A significant allocation of financial resources from this vote line item was channelled towards the AI Pilot Projects, spanning various sectors, including Traffic Management, Education, Health, Customer Service, Tourism, and Utilities. These funds not only fulfilled contractual obligations towards these same projects but also propelled Malta's endeavours in harnessing the transformative potential of AI technologies. Additionally, funds were allocated to initiatives like the Pathfinder Scholarship Scheme and the AI Applied Research Grant Scheme, nurturing talent development and fostering innovative research.

A notable highlight of 2023 was the establishment of an IoT Lab during the last quarter of the year. Positioned as a place for experimentation, prototyping, and innovation in IoT technologies, this facility provides a collaborative environment for researchers and entrepreneurs. By investing in such infrastructure, the MDIA underscores its commitment to nurturing emerging technologies and fostering a dynamic digital ecosystem. Looking ahead to 2024, plans for further investment in the IoT lab are underway, reflecting the organization's dedication to enhancing its capabilities and driving continued innovation in IoT.

INVESTMENT IN ARTIFICIAL INTELLIGENCE AND INTERNET OF THINGS



DIHUBMT'S FINANCES

The launch of the DiHubMT in Malta during 2023, co-funded by the EU, marked a significant milestone in Malta's digital journey. Capital funding during the year was directed towards establishing the hub's physical space, laying the groundwork for a vibrant centre of digital innovation and collaboration. A flagship project for both 2023 and beyond, the DiHubMT represents more than just physical infrastructure. Envisioned as a catalyst for startups and entrepreneurs, the DiHubMT offers tailored support services, including mentorship programmes, access to funding opportunities, and collaborative workspace facilities.

At the same time, the Authority is directing significant financial resources towards acquiring a High-Performance Computer. Recognised as a crucial asset for driving cutting-edge advancements in various technological fields, this dedicated allocation demonstrates our unwavering commitment to strengthening Malta's technological infrastructure and securing our competitiveness on the international stage. The procurement process for the HPC began in 2023.

DIHUBTMT's FINANCES JOURNEY



Crafting Connections: Communicating Impact in Our Community

Throughout 2023, the Communications & Marketing Unit’s activities aligned seamlessly with ongoing initiatives, capitalising on the momentum built since the Authority’s inception.

These activities aimed to promote the MDIA’s work. The year began with the launch of the “Mind the Gap” scheme, a partnership with Tech.mt and Malta Communications Authority. This launch provided a valuable public relations opportunity to explain the scheme’s purpose and its impact on both the e-commerce platforms owners and users.



Another key press conference announced the launch of the Future Innovators Summer School and xPloring Intelligence Bootcamp. These first-of-their-kind initiatives, a collaboration between MDIA, Tech.mt, eSkills Malta Foundation, the UM and MCAST, provided a unique educational opportunity focused on emerging technologies. Extensive promotions utilised various media channels, including radio advertisements and television slots, to reach a broader audience. The success of both programmes was evident, as they were fully booked. To celebrate this achievement, two separate closing ceremonies honoured the participating students.



The press conference for the summer school and bootcamp also unveiled a unique idea: a comic publication focused on emerging

technologies. The story follows Elisa Bonello and Jake Spiteri, better known as Bella Bit and Jake Spark, as they explore the ins and outs of these technologies. The comic delves into both the benefits and potential drawbacks of emerging technologies, aiming to equip readers with a well-rounded understanding. The concept was met with positive feedback during a subsequent roadshow held at various schools.

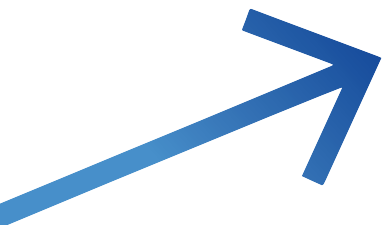


In 2023, the MDIA independently organised two different business breakfasts with a leading Maltese media house. The first breakfast focused on AI, exploring both the potential threats and opportunities it presents. At the second business breakfast, the MDIA partnered with MITA to explore the intersection between AI and Cyber Security.



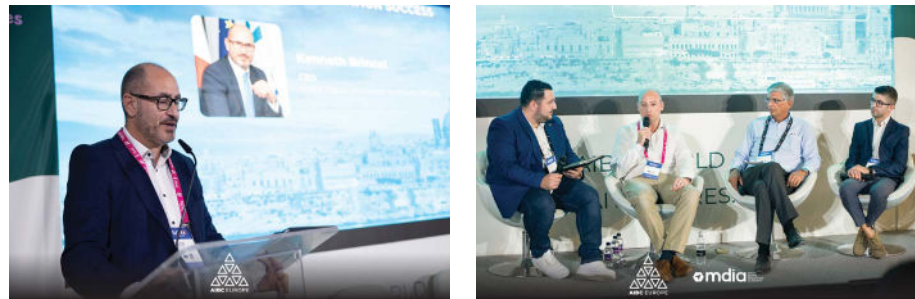
Locally, the MDIA maintained a consistent presence across various media platforms. This provided the Authority with a strong platform to deliver its messages, strategically tailoring them to reach target audiences. The Authority further pursued its Engage Programme, adopting an open-door policy to facilitate informal communication with industry and stakeholders. This aimed to assess the challenges they face and identify ways to alleviate them, while also exploring collaborative opportunities.

2023 saw the launch of the inMalta brand. Its working group consists of Tech.mt, Malta Enterprise, FinanceMalta, GamingMalta and the MDIA. Together, we are forging a path for promotional synergies, aiming to promote Malta at international summits and expos. This



collaboration has the objective of representing Malta as a holistic hub for foreign direct investment, while also promoting local businesses during international events. Through this initiative, the MDIA participated in the Dublin Tech Summit, GITEX Global, Web Summit, and Money 20/20 in 2023.

The Authority participated actively in various events held in Malta, particularly those related to the emerging technology sector. The organisers, which included the Malta Institute of Accountants, Tech.mt, the Malta Chamber, EY Malta, the Malta IT Law Association, Malta Enterprise, MCAST, FinanceMalta and MITA, among others, were numerous. The Authority's participation ranged from having a presence at the expo area to being represented on a panel or even organising a panel discussion.



MDIA's final organisational commitment for 2023 was its most ambitious. Marking the Authority's fifth anniversary, it was deemed appropriate to not only celebrate the milestone but also share future intentions. The National AI Strategy & Vision Realignment Conference brought together various stakeholders and individuals involved in or interested in the emerging technologies sector. The conference proved to be an ideal platform to share ideas and suggestions in light of the ever-evolving dynamics of MDIA's remit.



Strategic Stewardship: Navigating Policies and Governance for Sustainable Impact

Implementation of the MDIA Strategic Plan

2023 marked the first year of implementing the Authority’s Strategic Plan. Staff training on the plan was provided during this period. A new quality policy was introduced, aligned with revised quality objectives. A system to monitor objectives in accordance with ISO 9001 was established, with regular updates provided during the Executive Committee meetings. Pleasingly, all targets for 2023 were either fully or partially achieved, with an impressive 87% implementation rate for planned actions. As of December 2023, ongoing initiatives primarily focus on research targets, set for finalisation in 2024.

Collaboration with other entities

NATIONAL COLLABORATION

In 2023, MDIA strengthened collaboration with EU counterparts at the international level, signing seven Memoranda of Understanding with other competent authorities and entities in the digital field. Through these endeavours, MDIA aims to gain a deeper understanding of stakeholder challenges while aligning resources to build a better digital ecosystem.

Malta Council for Science and Technology	A collaborative MOU seeks to strengthen synergies between MDIA and other entities, fostering increased funding for digital research and innovation. This agreement will launch a Thematic Fund in 2024 whereby the value of the projects is estimated to be of up to €1.2m.
Malta Information Technology Agency (MITA)	Two MOUs have been signed with MITA. The first MOU promotes collaboration between the National Cybersecurity Coordination Centre and the DiHubMT. The second MOU focuses on cooperation with the European Blockchain Services Infrastructure, which is a network of distributed blockchain nodes across Europe.

Malta Competition and Consumer Affairs Authority (MCCAA)	An MOU with the MCCAA establishes collaboration in innovative technology and digital investigations, fostering equality, reciprocity, and mutual benefit. It facilitates regulatory synergies in these fields and information exchange, particularly regarding quality documents.
Malta Innovation Forum (MIF)	An MOU between MDIA and the MIF focuses on collaboration in digital and innovative technologies through information and best practice sharing. Both entities will also work together on programmes combining digital skills and innovation to strengthen national capacity and facilitate DiHubMT service uptake.
Office of the Information and Data Protection Commissioner (IDPC)	An MOU with the Office of the IDPC promotes cooperation on issues related to innovative and digital technologies, particularly relevant in light of rapid technological advancements and the upcoming AI Act. Through this, MOU Technical Experts recognised by the MDIA received targeted information to support them in their duties.
The Commonwealth Centre for Connected Learning (3CL)	The final MOU, signed with the 3CL, focuses on cooperation related to new and emerging technologies. This collaboration will involve education, research, and training initiatives, with joint applications planned in AI, Cybersecurity, Blockchain, EdTech, New Media and Digital Literacies.

To ensure that Malta remains at the forefront of technological advancement, the MDIA actively participated in the ‘Future Digital Technologies Committee’ established by the Ministry for Education, Sport, Youth, Research, and Innovation. This committee discussed priorities and projects related to future digital technologies.

INTERNATIONAL COLLABORATION

The MDIA Annual Report highlights the significant strides made in fostering international cooperation. This underscores Malta’s commitment to advancing digital innovation on a global scale. Throughout 2023, MDIA forged substantial collaborations with counterparts in various domains. Notably, close ties were established with national cybersecurity certification authorities within the EU. These partnerships facilitated knowledge exchange but strengthened cybersecurity frameworks, enhancing digital resilience across borders.

MDIA also strengthened its reach beyond the EU, strengthening fruitful collaborations with countries including United Arab Emirates and Serbia. This reflects Malta's dedication to fostering strategic alliances on a global scale. The Authority technical feedback during diplomatic engagements with various solidified these collaborations. These international partnerships serve as pillars in driving innovation, promoting mutual growth, and positioning Malta as a key player in the international digital landscape.

Technology Assurance Sandbox and Recognitions issued by the MDIA

MIND THE GAP

In 2023, MDIA, in collaboration with Tech.mt and MCA, launched "Mind The Gap", a two-scheme initiative to assist the private sector in evaluating and improving the cybersecurity posture. The first scheme is the Cybersecurity Self-Assessment, while the second is the Cybersecurity Improvement Scheme. 74 companies registered for these schemes in 2023.

TECHNOLOGY ASSURANCE SANDBOX

The MDIA's technology assurance sandbox provides a safe environment for individuals and companies to develop solutions using innovative technologies such as Blockchain and AI. In 2023, two applicants successfully onboarded within the sandbox. Recognised Technical Experts or approved Systems Auditors assist with reviews throughout the development process, ensuring these solutions adhere to recognised standards.

TECHNICAL EXPERTS

In 2023, the MDIA continued to implement its framework by recognising Technical Experts. We received twelve applications, seven of which were approved. Three applications were either withdrawn or rejected based on pre-established criteria, and two are still under review. Currently recognised Technical Experts cover various domains, including AI, distributed ledger technologies, blockchain, big data, data science, information security and cybersecurity.

INNOVATIVE TECHNOLOGY ARRANGEMENT CERTIFICATE

MDIA issued one Innovative Technology Arrangement Certificate in 2023. During the period, the Authority realigned its fee structure to reflect developments and incorporate stakeholder feedback.

TECHNOLOGY ASSURANCE ASSESSMENT FRAMEWORK (TARF)

Launched in 2023, the MDIA TARF is a tiered framework designed to provide varying degrees of recognition to a wide range of technologies. TARF offers four assessment levels, each increasing in complexity and granting a higher level of recognition:



Assessment Level 0: This self-assessment utility allows applicants to identify their technology's maturity level through



Assessment Level 1: This level involves participation in a sandbox programme, where a Technical Expert can carry out ongoing reviews based on the specific programme requirements.



Assessment Level 2: A Technical Expert conducts an assessment through interviews, evidence analysis, and verification, focusing on the design, implementation, and operational effectiveness of the technology's controls.



Assessment Level 3: This level is designed for highly mature technologies requiring a high level of compliance. A Systems Auditor conducts this assessment using an ISAE 3000 engagement, analysing and verifying that the control design and effectiveness align with the Authority's established standards.

CYBERSECURITY CERTIFICATION

Certification is a tool that allows product vendors and service providers to demonstrate and advertise the cybersecurity of their solutions. The MDIA has been designated as the National Cybersecurity Certification Authority (NCCA.MT) in line with Article 58 of the Cybersecurity Act. During 2023, the MDIA contributed to the publication of the European Cybersecurity Certification Scheme on Common Criteria. Voluntary-based, the new EUCC scheme allows ICT suppliers who wish to showcase proof of assurance to go through an EU commonly understood assessment process to certify ICT products such as technological components (chips, smartcards), hardware and software. The Authority strengthened its collaboration with the National Accreditation Board to ensure a seamless certification and supervision process.

An Effective and Agile Policy and a Regulatory Framework

In 2023, the MDIA renewed its focus on advancing policy in new technological domains. This focus was evident through the Authority's contributions:

- Providing over 450 positions on legal instruments and other documents related to innovative technology.
- Actively participating in policy discussions and negotiations at national, European and international levels.

POLICY

The Authority facilitated the deployment of AI systems in line with the UNESCO Recommendation on the Ethics of AI. Furthermore, the MDIA prioritised the implementation of the OECD Principles on AI. These principles promote the development of AI that is innovative, trustworthy, and respectful of human rights and democratic values. This was achieved through various measures outlined in the AI Strategy and Vision, including active oversight of AI Systems by means of established methodologies such as the Sandbox.

NATIONAL LAW

In 2023, MDIA completed a proposal to revise its legislative framework. This revision aims to cater to multiple technological domains, ensuring Malta addresses International and EU developments. The bill also seeks to broaden MDIA's powers and remove restrictions, enabling it to take on new functions associated with EU legislation such as the

Data Governance Act and the EU AI Act. The proposed bill is expected to be presented to Parliament in 2024.

Under the mentioned primary legislation, it is being proposed that the Innovative Technology Arrangements and Services (ITAS) Certification Regulations be implemented whilst the current ITAS Act is repealed. The scope of these regulations is to lay down a voluntary recognition framework for innovative technology arrangements and services and for innovative technology service providers, as determined by the Authority, for the purposes that the Authority shall, from time to time, determine. This will boost Malta's digital economy by creating wider recognition opportunities for innovative technologies.

The second proposed subsidiary legislation focuses on implementing the relevant requisites of the provisions of Regulation (EU) 2019/881 of the European Parliament and of the Council of 17 April 2019 on the European Union Agency for Cybersecurity and on information and communications technology cybersecurity certification, and repealing Regulation (EU) No 526/2013 ('EU Cybersecurity Act').

A technical consultation with key stakeholders gathered feedback on the proposed legislation. The overall feedback was positive, and the relevant recommendations and comments have been integrated wherever possible. Bilateral meetings were also held with key stakeholders to discuss the technical aspects of the proposals in more detail.

EU AND INTERNATIONAL LAW

The MDIA actively contributed to relevant working groups, monitored the implementation of EU legislation in Malta, and ensured adherence to established deadlines. The Authority has provided feedback on numerous legislative proposals, including:

- AI Act
- Cyber Resilience Act
- Data Governance Act
- Data Act
- Data Interoperability Act
- Net Zero Industry Act
- Cyber Solidarity Act
- Directive on the resilience of critical entities
- Directive on Security of Network and Information Systems
- Regulation on electronic identification and trust services for

natural persons and for legal persons and businesses

- Digital Services Act
- Product Liability Directive
- AI Liability Directive

In 2023, the Authority participated in the Council of Europe's Committee on Artificial Intelligence. This committee is tasked with elaborating a legal instrument on the development, design, and application of AI systems that adheres to the Council's human rights, democracy, and the rule of law standards, while promoting innovation. A draft convention is expected to be agreed upon at the Committee level by March 2024.

The MDIA represented Malta as the NCCA.MT within the European Cybersecurity Certification Group ensuring consistent implementation of the Cybersecurity Act.

The Authority also played a crucial role in shaping the strategic policy and funding decisions for the Joint Undertaking (EuroHPC) as Malta's representative on the EUROHPC_JU Governing Board. This included oversight of public procurement activities and internal governance.

AI Strategy and Vision Realignment

In 2023, MDIA initiated a comprehensive review of Malta's Strategy and Vision for AI in Malta 2030. This realignment reflects the completion of most action points from the original strategy, as well as the need to incorporate recent advancements in society, technology, and regulations. Following a targeted literature review and extensive pre-consultation phase in 2023, new measures have been categorised according to the OECD AI Policy Observatory classification. The realigned strategy with a focus on sustainability and well-being is planned to be launched for public consultation in 2024, pending necessary approvals.

Understanding Society: Evaluating Awareness on AI and Assessing MDIA's Customer Satisfaction

The MDIA commissioned a research study to evaluate public knowledge and use of AI, as well as customer satisfaction with MDIA services. This research, conducted through Computer Aided Telephone Interviewing, surveyed 507 respondents aged 16 and over across Malta and Gozo.

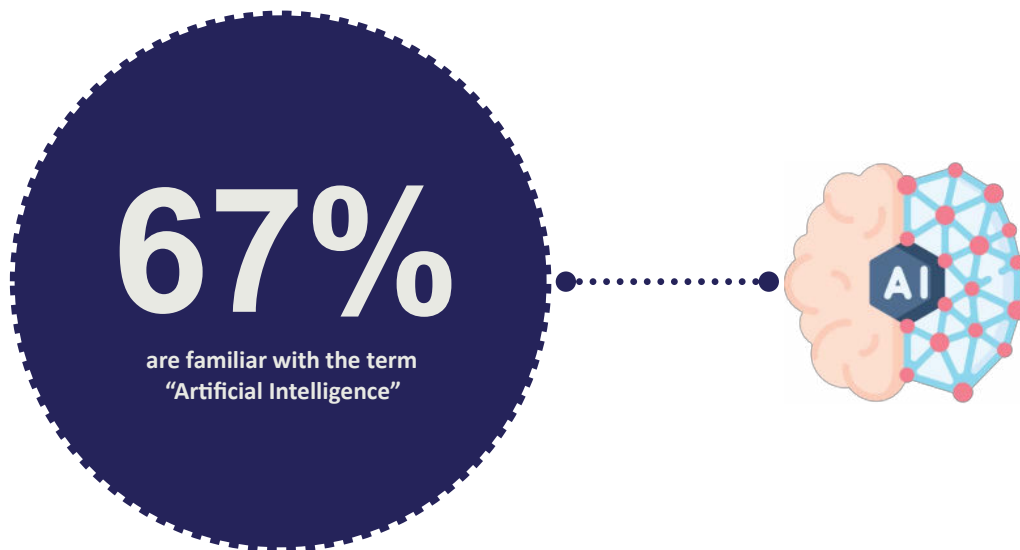
The findings showed that the majority of respondents are familiar with the term "Artificial Intelligence". However, this familiarity did not necessarily translate to a deep understanding. A gap in awareness emerged between age groups, with recognition dropping significantly among those aged 65+. Despite this general familiarity, a significant portion (14%) couldn't define AI, and 22% couldn't provide examples like generative AI or chatbots, often focusing on human-like robots in their descriptions.

Interestingly, the survey found a disconnect between perceived and actual AI use. Only 39% of respondents acknowledged interacting with AI-powered products or services, while 93% reported using features like maps, navigation, chatbots, virtual assistants, and facial recognition – all powered by AI. This suggests a lack of understanding about the prevalence of AI in everyday technologies.

The study also revealed positive public sentiment towards digital innovation, with most individuals expressing satisfaction with current advancements and believing AI benefits society. However, some concerns existed about using AI for emotion recognition. A key takeaway from the research is the need for building trust in AI technologies. This aligns with MDIA's ongoing initiatives to regulate AI under the new EU AI Act. Trustworthy AI will be a priority for MDIA in 2024-2025, fostering trust in innovation while safeguarding stakeholders.

In light of these findings, the MDIA plans to continue raising public awareness and educating them about AI, aligning with the upcoming EU AI Act's regulations and obligations.

AWARENESS AND UNDERSTANDING



JUST UNDER THREE FIFTHS OF RESPONDENTS WHO ARE FAMILIAR WITH THE TERM ARTIFICIAL INTELLIGENCE COULD NOT DEFINE IT

**Digital Intelligence/
Assistance**
28 mentions

Positive/ Helpful Tool
12 mentions

**Computer generated
knowledge**
35 mentions

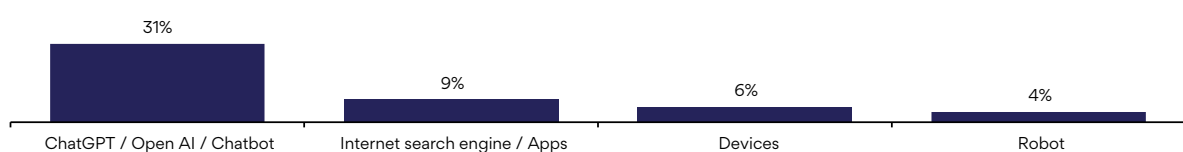
Human Robot
40 mentions

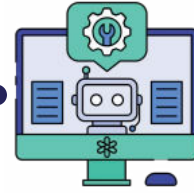
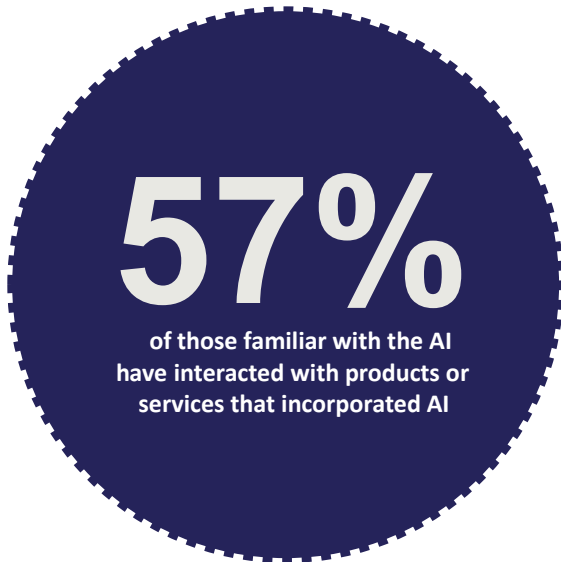
**Designed to work similar
to the human brain**
30 mentions

Software
16 mentions

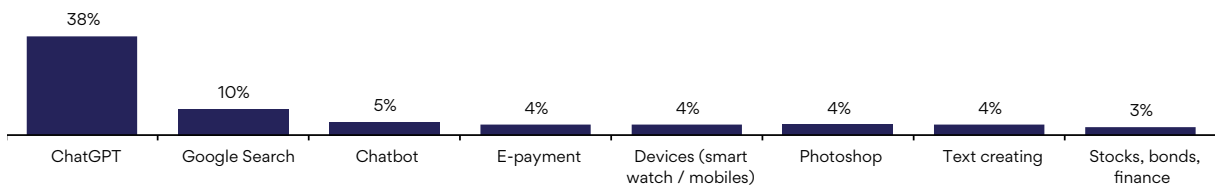
**Source of online
information**
27 mentions

JUST UNDER ONE FOURTH OF RESPONDENTS WHO ARE FAMILIAR WITH THE TERM ARTIFICIAL INTELLIGENCE COULD NOT PROVIDE EXAMPLES

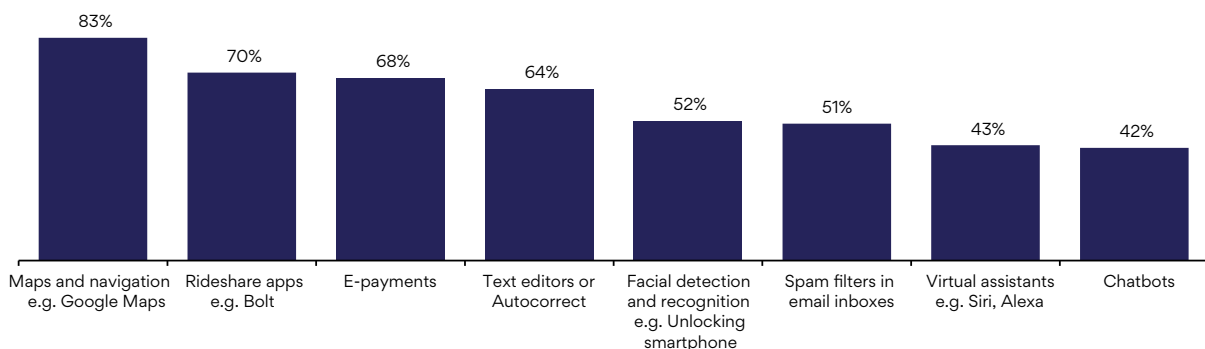




CHATGPT IS THE MOST POPULAR FORM OF AI RESPONDENTS INTERACT WITH

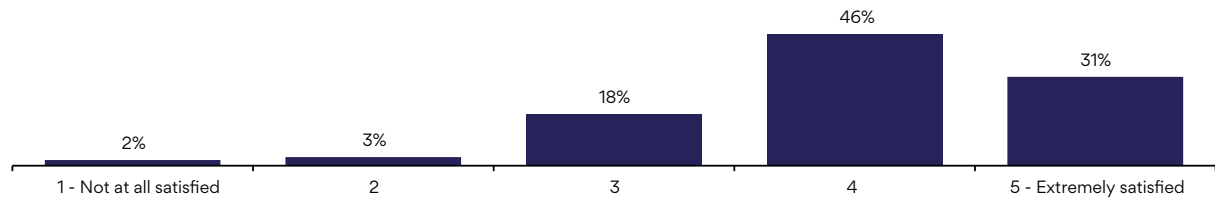


ALTHOUGH ONLY 39% OF RESPONDENTS STATED THAT THEY HAVE INTERACTED WITH PRODUCTS OR SERVICES THAT INCORPORATE AI, IN FACT 93% HAVE MADE USE OF SUCH PRODUCTS OR SERVICES

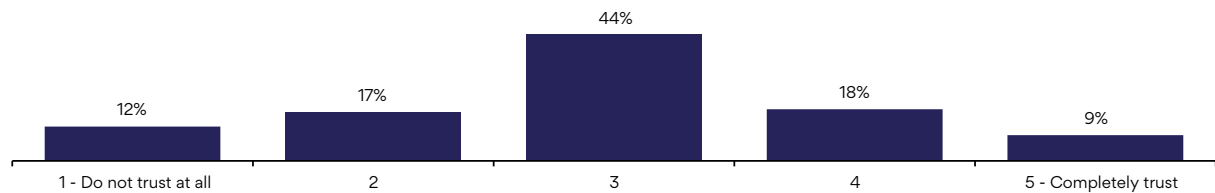


PERCEPTIONS OF AI

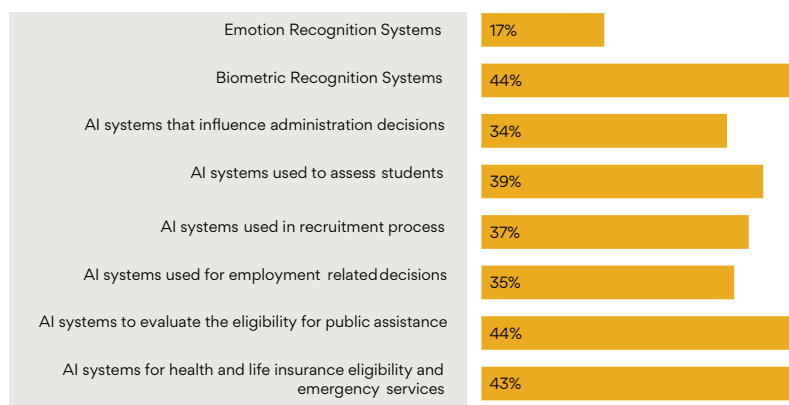
MOST RESPONDENTS SEEM RATHER SATISFIED WITH THE CURRENT DIGITAL INNOVATION TECHNOLOGIES USED EVERYDAY



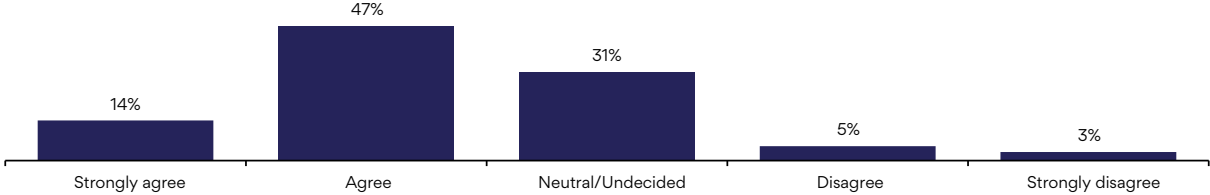
ONLY 27% OF RESPONDENTS TRUST TO AN EXTENT, AI TECHNOLOGIES



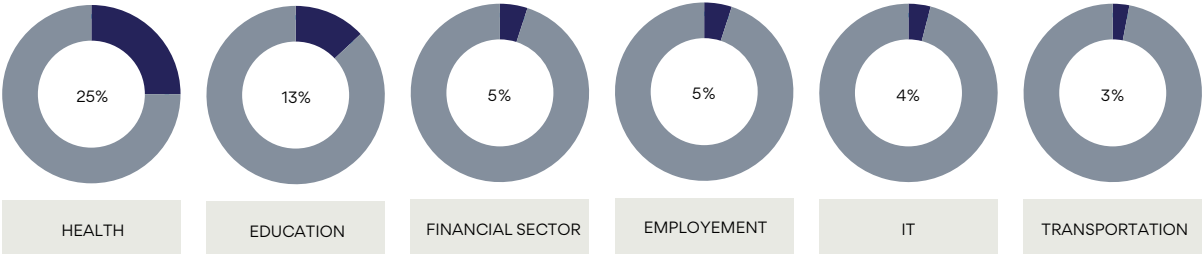
25 TO 34 YEAR OLDS ACHIEVE A SLIGHTLY HIGHER AVERAGE RATING (2.7) WHEN COMPARED TO THE AVERAGE (2.4)



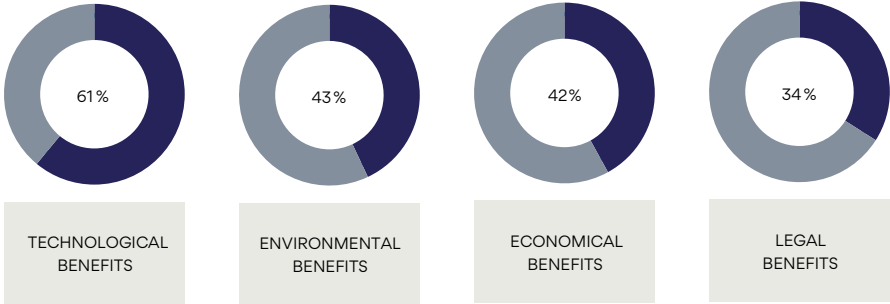
YOUNGER RESPONDENTS (16-24) ARE MORE LIKELY TO BE UNDECIDED ABOUT THE BENEFITS OF AI TO SOCIETY



ONLY 1% OF RESPONDENTS BELIEVE THAT AI HAS NO POTENTIAL BENEFITS



RESPONDENTS AGED 16 TO 24 ARE SIGNIFICANTLY LESS LIKELY TO BELIEVE AI HAS THE POTENTIAL TO BRING ABOUT ENVIRONMENTAL BENEFITS



Fake/ Scams
31 mentions

**Takes control
over society**
24 mentions

**Lack of
data protection**
44 mentions

Used incorrectly

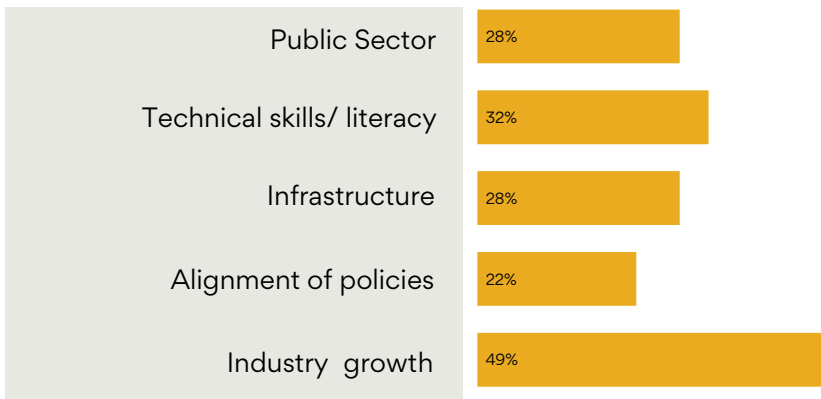
54 mentions

**Decline in employment
opportunities**
43 mentions

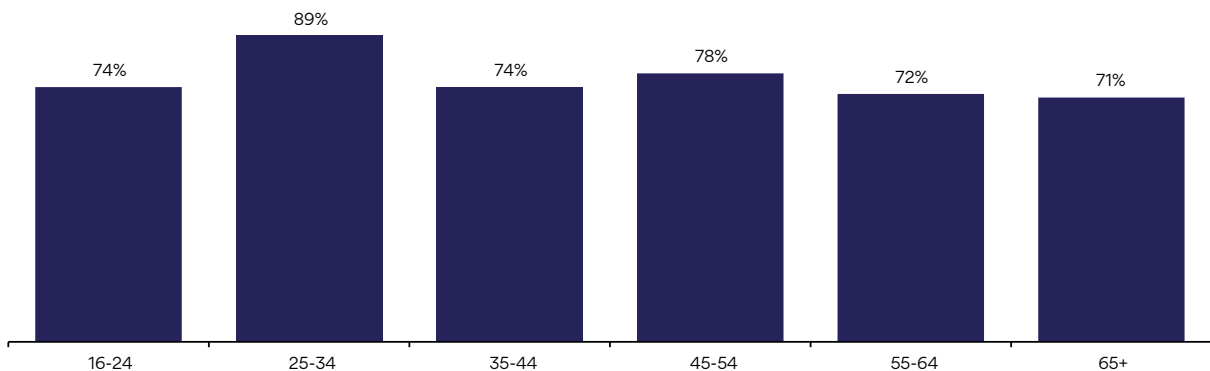
Hacking
27 mentions

Abuse
26 mentions

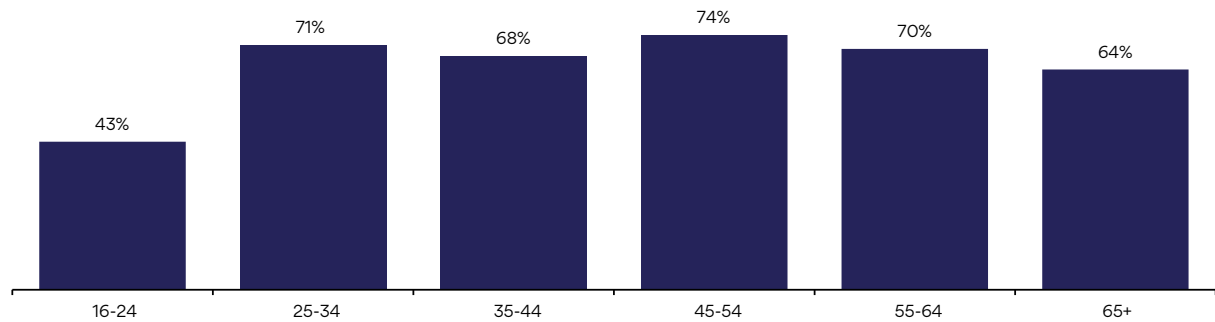
THE MAJORITY OF RESPONDENTS THINK MALTA IS MOST PREPARED FOR THE ADOPTION OF DIGITAL INNOVATIVE TECHNOLOGIES FOR INDUSTRIAL GROWTH



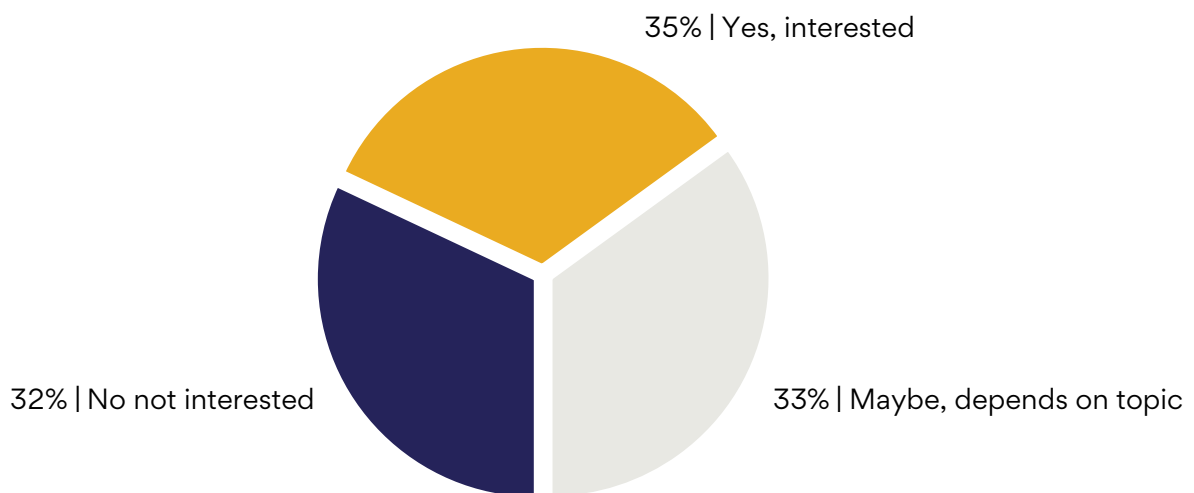
RESPONDENTS AGED BETWEEN 25 TO 34 SEEM MOST LIKELY TO BE OPEN TO USING MORE AI TECHNOLOGIES



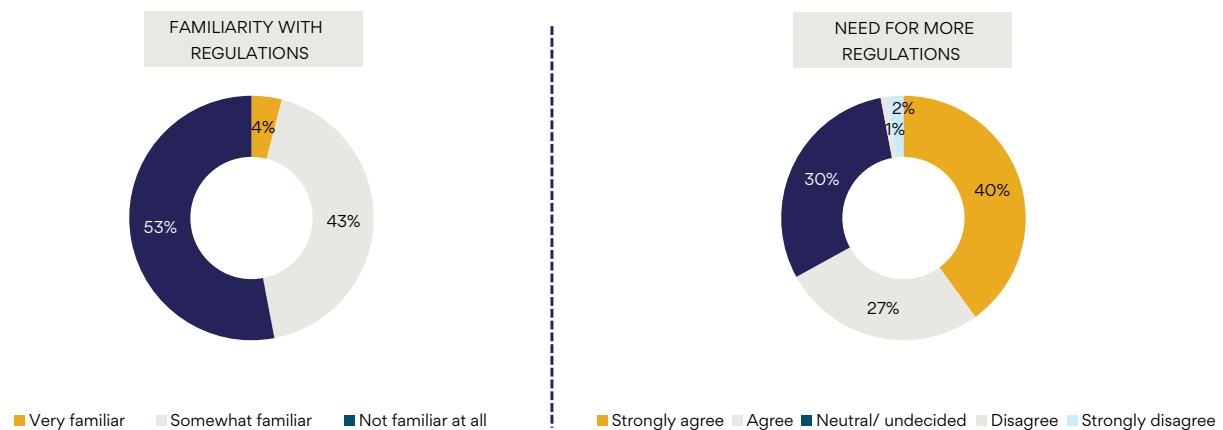
RESPONDENTS AGED BETWEEN 16 TO 24 SEEM MOST LIKELY TO NOT SEE THE NEED FOR MORE ACCESSIBLE AND COMPREHENSIVE EDUCATIONAL RESOURCES OR MATERIALS ABOUT AI



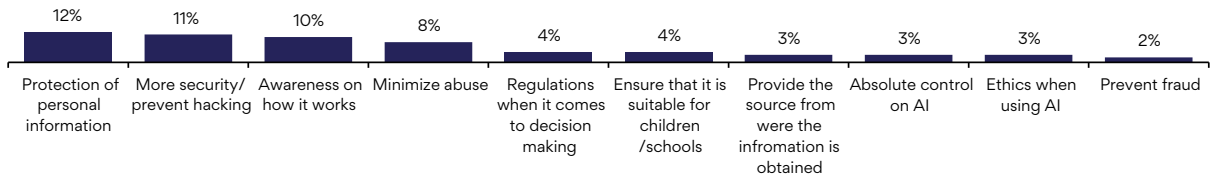
54% OF 65+ ARE NOT INTERESTED IN ATTENDING EVENTS TO INCREASE THEIR KNOWLEDGE AND AWARENESS OF AI TECHNOLOGY



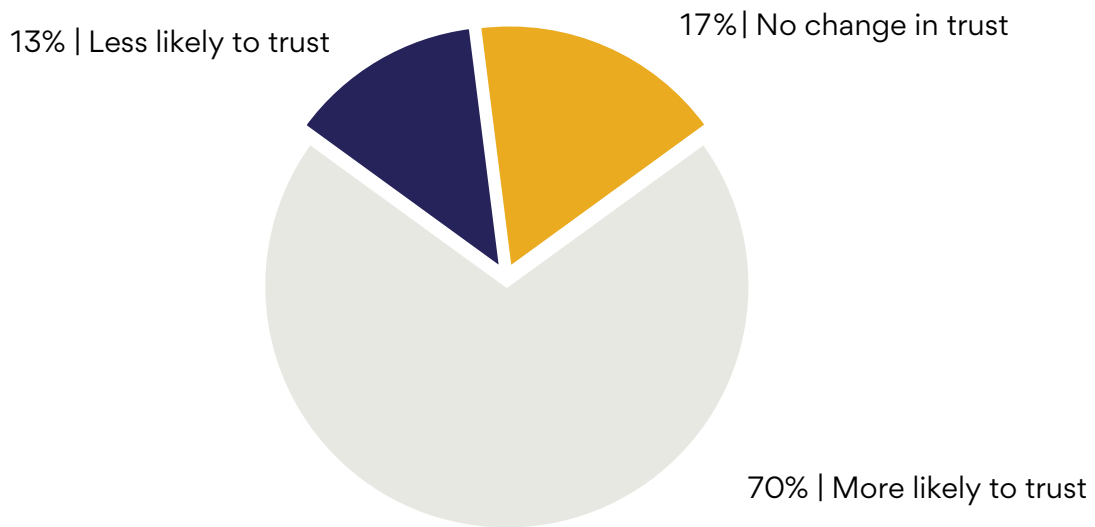
10% OF RESPONDENTS AGED 25-34 ARE VERY FAMILIAR WITH EXISTING REGULATIONS OR ETHICAL GUIDELINES RELATED TO AI



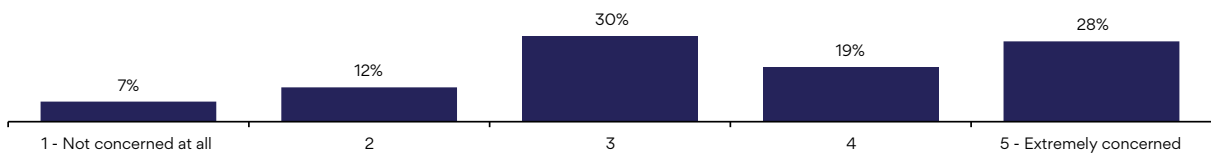
44% DO NOT KNOW WHAT SORT OF REGULATION IS NEEDED IN THE FIELD OF AI



ALMOST THREE QUARTERS OF RESPONDENTS ARE MORE LIKELY TO TRUST AI TECHNOLOGIES SHOULD THERE BE CLEARER REGULATIONS IN PLACE



THE OLDER THE RESPONDENTS, THE MORE LIKELY THEY ARE CONCERNED ABOUT CYBERSECURITY THREATS

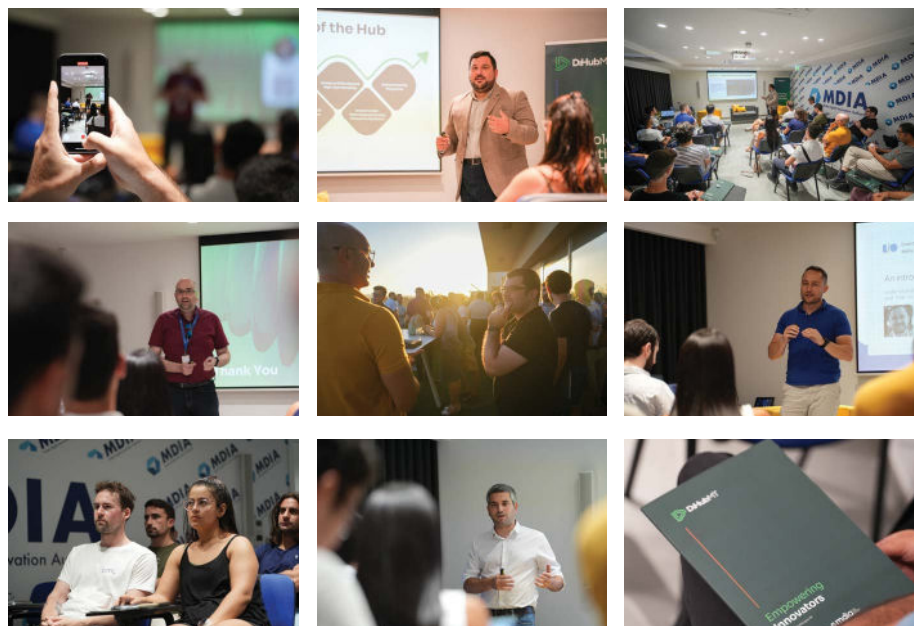


DiHubMT: Pioneering Digital Innovation

In the evolving realm of digital innovation, the DiHubMT emerged in 2023 as a catalyst for transforming the technological landscape and fostering collaborative endeavours through digital transformation. The strategic initiatives and notable achievements that characterized DiHubMT's journey highlight our commitment to this mission and the cultivation of a robust technology community fostering trust between local and international stakeholders.



A key factor in DiHubMT's success was the development of a comprehensive Communication, Dissemination & Exploitation of Result Plan. This plan facilitated transparent engagement with the hub's target audience, encompassing industry leaders, innovators, and stakeholders from startups, SMEs, and scaleups. It outlined DiHubMT's operational approach, integrating social media, activities, and events to disseminate information and connect with the local eco-system. By strategically engaging with sub-networks, activities, and conferences, DiHubMT solidified its position as a pivotal player in shaping the local ecosystem and participating in international networks.




The Digital Entrepreneurship Launch of Support Service Conference and various programme launches played a pivotal role in creating a dynamic ecosystem for digital innovators, catalysing entrepreneurship locally and internationally. The launch of the Service Catalogue in late 2023 marked an important milestone. This curated roadmap offers fourteen (14) services designed to guide startups, SMEs, and scaleups through the intricacies of the digital landscape. These services ranged from guidance on accessing funding, mentorship, consultancy, test before investing, and access to technologies to a pre-accelerator, accelerator, and incubator.

DiHubMT's commitment to innovation materialised with the establishment of a cutting-edge 'Test Before Invest' Workspace, featuring an AR/VR Lab with high-spec workstations and an IoT facility Lab. The IoT lab included important high-tech tools such as vector network analyser, oscilloscope, soldering stations and kits. These tools empower innovators to experiment and refine ideas before making substantial investments. This allows them to develop a minimum viable product or test their solutions before going to market. These technologies were launched with the aim of sustaining the 'Test Before Invest' scheme and create a stronger approach to technologies while enabling stakeholders to test and sustain their products/services in their market and within the industry. This comprehensive approach fosters a positive economic climate and strengthens the industry as a whole. Simultaneously, essential committees were formed to ensure effective oversight and ethical standards in all hub activities, underlining the importance of governance and collaboration.



The recruitment of key positions, such as Technical Architect, Entrepreneurship Manager, and Training & Ecosystem Manager, underscored DiHubMT's dedication to building a skilled and diverse team. DiHubMT furthered its commitment to fostering innovation and entrepreneurship by forging collaborative partnerships. This included signing MOUs with Enterprise Europe Network and MaltaAccelerate. Additionally, talks with other partners are envisaged to expand the hub's network and reinforce its commitment to fostering innovation and entrepreneurship. These talks already resulted in important partners registering and joining DiHubMT's community. Such partners were pivotal to create synergies and work on multiple events in a conjoint venture.



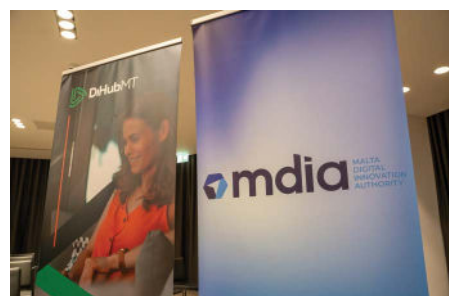
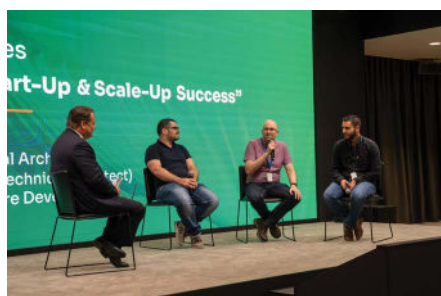
DiHubMT's ongoing Baseline Assessment set the foundation for an upcoming Digital Maturity Assessment, strategically aiming to enhance the hub's effectiveness in steering digital innovation. In its pursuit of technological excellence, DiHubMT initiated a tender process to procure a HPC. This initiative aimed to strengthen DiHubMT's technological capabilities and provide early access for its stakeholders.

DiHubMT established a strong global presence through its participation in the EDIH Summit and sub-networks, alongside the development of a recognisable brand identity. This offline strategy was complimented by a robust online presence, launching on Facebook and the EDIH Catalogue/Virtual Fair before expanding on the YouTube platform, LinkedIn, and Twitter. For content creation and dissemination, DiHubMT leverages a comprehensive multimedia strategy, including a scripted and managed YouTube channel. The DiHubMT website underwent continuous development to serve as a central hub for information, resources, and collaboration opportunities. This ultimately enhanced the hub's digital visibility and stakeholder engagement.

In response to the growing emphasis on ethical development within the digital revolution, MDIA adopted a forward-thinking approach in 2023. An Ethics Advisory Committee was established with a view to support DiHubMT clients. This committee serves as a valuable resource for the DiHubMT, its affiliated startups, SMEs, and even scaleup companies. When needed, the EAC offers expert guidance and assistance on navigating the ethical complexities of AI and digital innovation. The EAC's activities encompass a wide range of duties,

including providing ethical advice on cutting-edge technologies, conducting reviews to assess potential risks and societal impacts, and promoting responsible innovation practices through targeted workshops, seminars, and training programmes. By offering this tailored support, the EAC plays a pivotal role in ensuring that the DiHubMT fosters an ecosystem that prioritizes the development of ethical and trustworthy emerging technologies, particularly in the realm of AI. Ultimately, this contributes to a more responsible and sustainable digital future.

DiHubMT's transformative journey in 2023 surpassed expectations. The hub enabled the strengthening of the innovation sector and promoted digital transformation while fostering a thriving community. Strategic partnerships, cutting-edge facilities, and a commitment to transparency positioned DiHubMT as a driving force in the local and international innovation landscape. With a well-defined roadmap and ambitious goals for the coming years, DiHubMT is poised for continued growth and challenges. Looking ahead, the hub will champion innovation, collaboration, technology adoption, and ecosystem building, all supported by European co-funding through the Digital Europe programme.



Projects Highlights - Achievements and Impact

The MDIA's Project Management Unit (PMU) has spearheaded various initiatives and schemes to educate young citizens via training and educational courses, provide financial assistance to startups and academia, and increase the uptake of innovative technologies even by the public sector. These initiatives include:

MDIA AI APPLIED RESEARCH GRANT

The primary goal of this grant is to enhance AI research capacity in Malta. It seeks to promote increased research capabilities in AI, investment in AI-related R&D activities, adoption of AI technologies by both public and private sectors, and collaboration between academia and businesses. In 2023, five projects received funding:

- Customer Attitudes and Tolerance towards AI Chatbots
- Spoken corpus infrastructure for Maltese
- Exploring Malta's Urban Space with AI Classification of Malta's 3D Cloud Isle
- Smart Valletta: Balancing Tourism and Livability with AI
- AIMS-Lab: The setting up of the Artificial Intelligence Media Studio Lab.

PATHFINDER SCHOLARSHIP FUND

The third iteration of the MDIA Pathfinder Scholarship Fund witnessed continued dedication towards supporting aspiring individuals to pursue further studies at post-graduate level. 13 applicants poised to make significant contributions to the tech industry were awarded a total budget of €74,210.74.

TAKEOFF SEED FUND 2023

The MDIA collaborated with the Ministry for Economy, European Funds and Lands and the University of Malta for the 2023 cycle of the TAKEOFF Seed Fund Award, focusing particularly on AI research initiatives. A total of €150,000 has been designated to assist startups and academics in advancing their projects towards commercialisation, offering grants ranging from €2,500 to €25,000. MDIA contributed to two projects: PRECISE and Marine Vision AI, and has committed to providing €50,000 for the 2024 TOFSA cycle.

THE UM BOOTCAMP- XPLORING INTELLIGENCE

MDIA funded and organised the UM's 'Xploring Intelligence' Bootcamp. Hosted by the UM's Faculty of ICT, the week-long programme (11th-15th September, 2023) catered to 60 students from Year 7 to Year 9. Through a combination of hands-on workshops, lectures, and collaborative team projects, the programme encouraged participants to delve into the exciting world of technology.



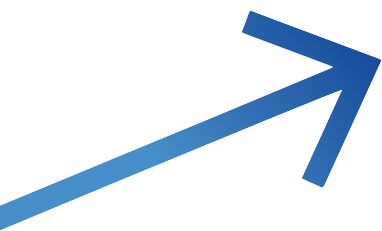
FUTURE INNOVATORS SUMMER SCHOOL

Held at MCAST Paola from July 7th to August 8th, 2023, the Future Innovators Summer School aimed to nurture innovation and entrepreneurship among students from Years 9 to Year 11. The programme welcomed 63 participants and provided a platform for hands-on learning, mentorship, and project-based activities designed to foster creativity and critical thinking. Structured to empower students to explore their potential as future innovators, the summer school concluded successfully, contributing to the development of participants' skills and innovative mindsets.



DIGINOVA CAMP

In collaboration with the MIF, the DigiNova Camp introduced students from Years 7 to 9 to the fundamentals of digital innovation. Held at Esplora, the camp catered to 30 students and offered a fun and engaging environment featuring interactive sessions, creative challenges, and collaborative projects. The programme aimed to ignite students' interest in digital innovation and equip them with foundational skills.



PODCAST POWERED BY MDIA

In 2023, the PMU collaborated with DiHubMT by recording 25 YouTube episodes featuring guest speakers who are experts in Technology, Startups & SMEs, and Innovation. These recordings serve to support the local ecosystem and inspire aspiring new entrants to enter the field.

MDIA ROAD SHOW - COMIC MALTAVERIANS

The MDIA Road Show employed a unique approach to engage students. Utilising a comic book focused on AI and innovative technologies, the Road Show not only promoted artistic creativity and technological literacy, but also raised awareness about the Future Innovators Summer School and the UM Bootcamp. This creative initiative encouraged students to participate and explore the exciting opportunities offered by these educational programmes.



MALTA PUBLIC LIBRARIES

The MDIA supported the Malta Public Libraries in expanding the Digital Library with a curated selection of new AI-focused eBooks. This initiative fosters a greater public understanding of the field of AI.

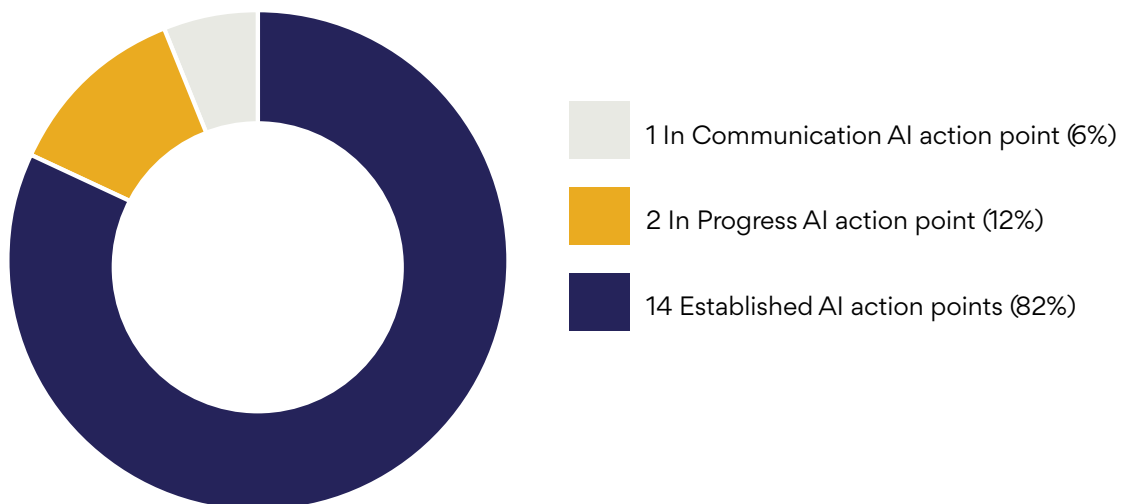
CENTRE FOR MALTESE LANGUAGE (CLM)

In November 2023, the CLM and MDIA signed an MOU to collaborate on developing an Automatic Spell Checker for the Maltese Language. This initiative aims to leverage various AI techniques to enhance language processing capabilities and improve the accuracy of Maltese spell checking. The project's primary objective is to develop an advanced Automatic Spell Checker specifically designed for Maltese. This tool will utilise state-of-the-art AI techniques to analyse and correct spelling errors efficiently and accurately in written Maltese text. By addressing the unique linguistic features of Maltese, the spell checker will enhance language processing capabilities and improve overall text quality.

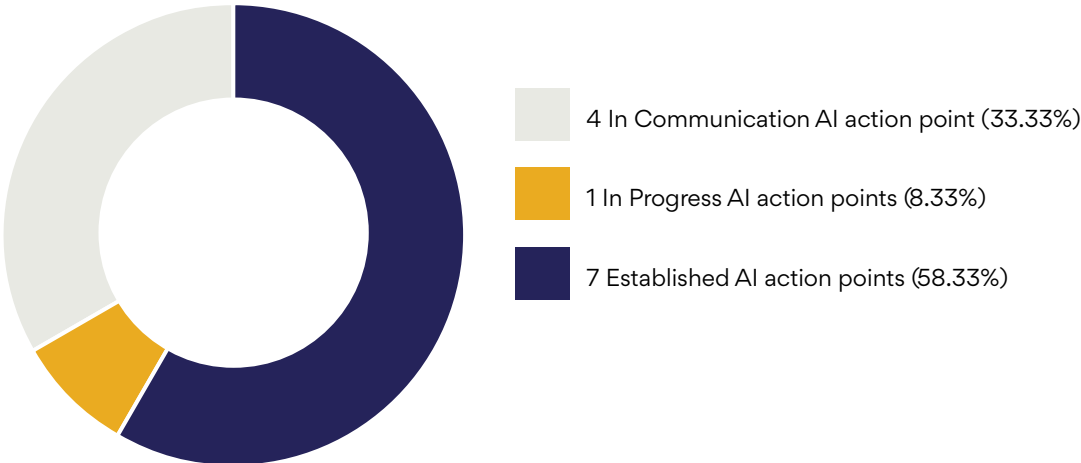
National AI Strategy and Vision for AI in Malta 2030

Malta's AI Strategy outlines 72 AI action points to advance AI across various sectors. This includes funding 6 pilot projects in traffic management, education, health, customer service, tourism, and utilities, all spearheaded by the public sector. Throughout 2023, the MDIA's PMU actively liaised with the various stakeholders to oversee the implementation of these action points, including the pilot projects. By the end of 2023, 39 AI action points have been established, 18 in progress, and 15 in communication.

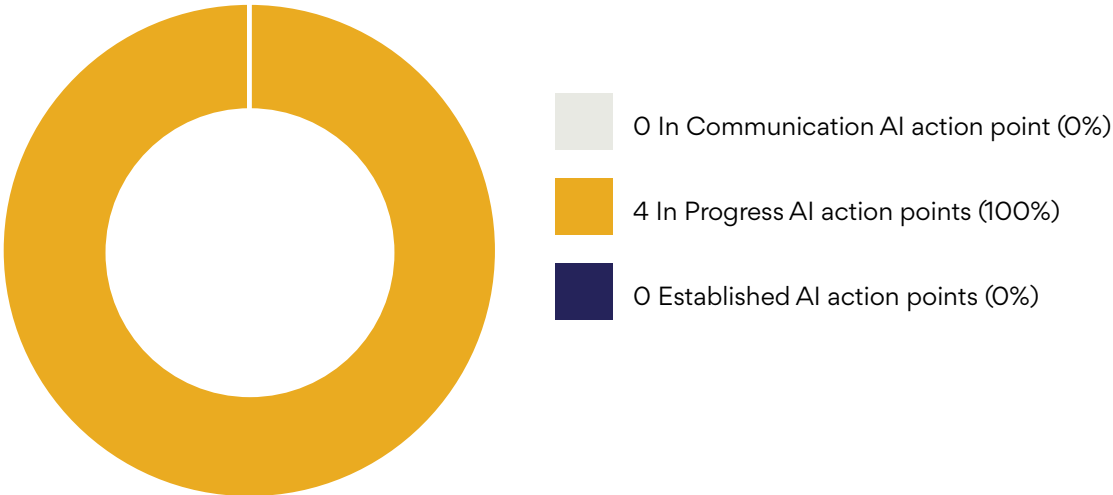
MALTA'S 17 INVESTMENT, START-UPS AND INNOVATION AI ACTION POINTS



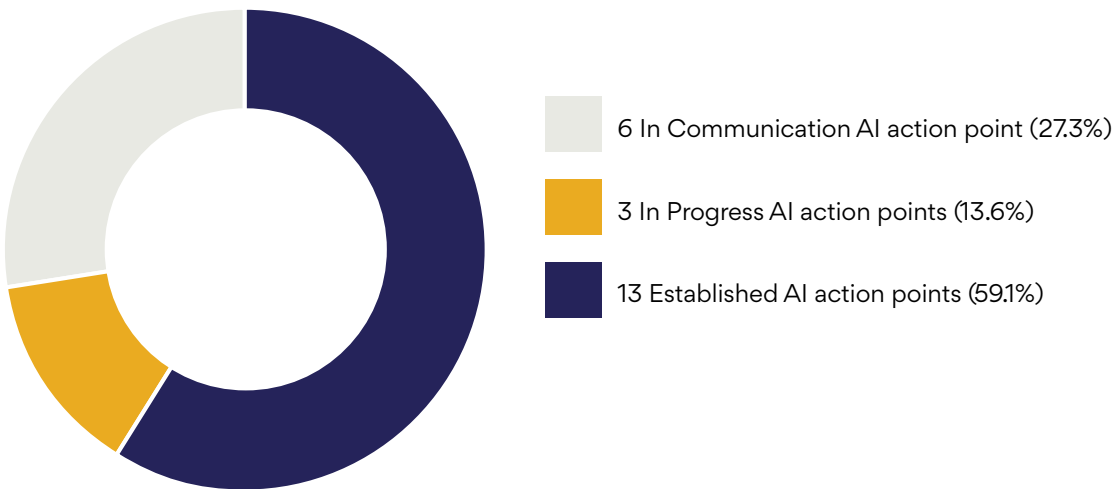
MALTA'S 12 PUBLIC SECTOR ADOPTION AI ACTION POINTS



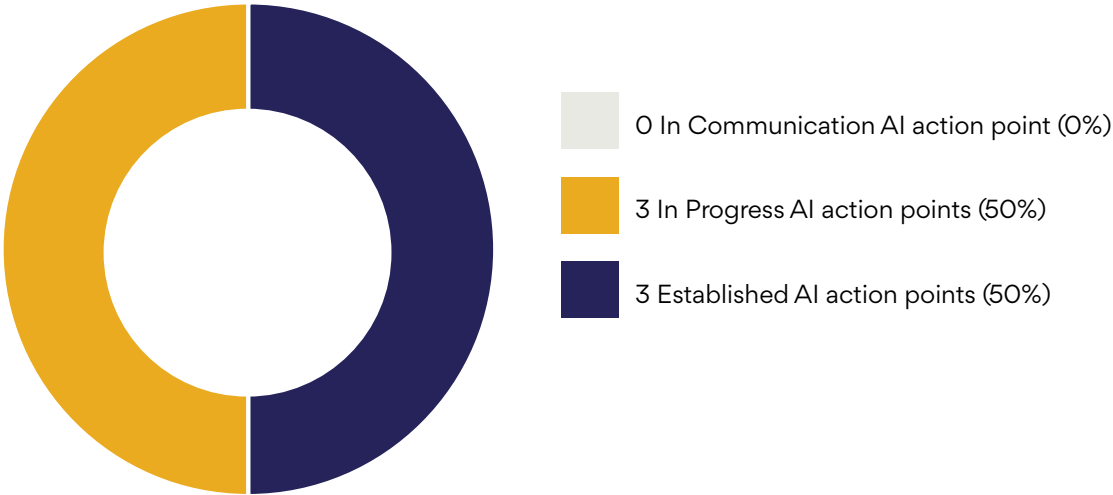
MALTA'S 4 PRIVATE SECTOR ADOPTION AI ACTION POINTS



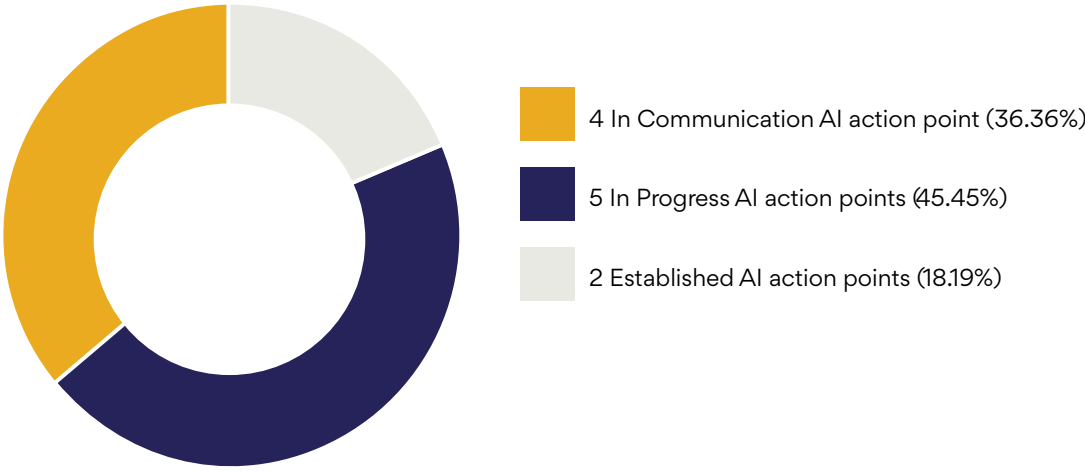
MALTA'S 22 EDUCATION & WORKFORCE AI ACTION POINTS



MALTA'S 6 LEGAL & ETHICAL FRAMEWORK AI ACTION POINTS



MALTA'S 11 ECOSYSTEM INFRASTRUCTURE AI ACTION POINTS




Looking Forward: Key Objectives for 2024

The MDIA is poised for a productive and impactful year in 2024, working towards a flourishing digital future in Malta. Building on past successes, the Authority will continue to actively shape the landscape through strategic investments in talent, technology, and collaboration. Understanding the vital importance of continuous progress, the MDIA prioritises the sustained execution of its Strategic Plan in 2024. This ensures achievement of its key strategic objectives.

Strengthening trust and confidence in AI remains a top priority for MDIA. This focus aligns perfectly with the upcoming EU AI Act regulations and safeguards, which aim to address public concerns while fostering a thriving and responsible AI ecosystem in Malta. Recognising the rapid pace of technological change, the MDIA will launch a realigned National AI Strategy and Vision for public consultation in 2024. This updated strategy will reflect advancements in technology and regulations, with a specific focus on sustainability and well-being. This ensures that Malta's AI strategy remains relevant and addresses the ethical considerations surrounding this powerful technology.

The MDIA's commitment extends beyond its internal operations. **DiHubMT**, a key initiative, boasts a well-defined roadmap for continued growth and ambitious goals. Moving forward, the hub will champion innovation, collaboration, technology adoption, and ecosystem building – all supported by European co-funding through the Digital Europe programme. This collaborative effort not only positions Malta as a leader in fostering a vibrant tech ecosystem but also fuels technological innovation across the nation.

By leveraging existing partnerships and fostering **new collaborations**, the MDIA will bolster national research and development efforts, actively participate in international discussions and shape relevant EU legislation. This comprehensive approach to collaboration, both domestically and internationally, strengthens Malta's overall digital capacity, ensures consistent implementation of best practices and positions Malta as a gateway for attracting new partners in the digital landscape. Continued engagement with local events and a focus on future-oriented discussions through forums and conferences solidify MDIA's commitment to communication, education, collaboration, and promotion in the year ahead.



The MDIA is spearheading key advancements in **policy for new technological domains**. The anticipated revisions to the legislative framework in 2024 is intended to ensure that Malta will continue to be at the forefront in its preparedness to implement innovative technology legislation. It is planned that the term ‘innovative technology’ is amended to support technology neutrality in line with recent advancements in policy and technology. MDIA’s functions are to be revised to sustain nimble processes, independence, impartiality, proportionality, good governance and transparency and the terms ‘System Auditor’ and ‘Certifications’ replaced with a wider scope of service providers and recognitions.

The Authority will take on new responsibilities associated with **Data Governance and Innovation** to ensure a holistic regulatory approach towards innovative technology regulation. This ensures Malta’s legal landscape remains agile and responsive to the evolving digital landscape, empowering the MDIA with the necessary functions to address emerging technologies effectively.

The MDIA has been mandated with the oversight of the **implementation of a digital wallet** that will allow Maltese citizens, residents and businesses, to identify and authenticate themselves both online and offline to public and private digital services. Through the voluntarily-use of the EU Digital Identity Wallet, users will be able to sign with qualified electronic signatures and share other qualified electronic attestations in a secure, trusted manner, continuously maintaining control and visibility of how and with whom data is shared. The provision of this EU Digital Identity Wallet as per Regulation (EU) 2024/1183 will support further the development of Malta’s digitally innovative ecosystem.

Further nurturing the future, the MDIA’s is committed to spearheading innovative projects and **educational initiatives** aligned with its strategic goals to further cultivate a culture of innovation, fostering critical thinking and practical skills. Additionally, the DiHubMT YouTube channel, with its upcoming second season, continues to provide valuable insights and support, empowering the local tech ecosystem. Through these forward-thinking initiatives and unwavering collaboration, the MDIA remains at the forefront of driving Malta’s technological innovation landscape and talent development.

Looking ahead, MDIA’s unrelenting drive and collaborative spirit, along with its talented team, will continue to fuel Malta’s digital future. Looking ahead, expect an exciting year of innovation and progress.

Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Members of the 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 2023, and of its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (‘IFRSs’); and
- The financial statements have been prepared in accordance with the requirements of the Malta Digital Innovation Authority Act (the “Act”).

What we have audited

The Authority’s financial statements, which comprise:

- the statement of financial position as at 31 December 2023;
- 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 significant 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.



INDEPENDENT AUDITOR'S REPORT

To the Members of the Malta Digital Innovation Authority

Other information

The Authority's Board is responsible for the other information. The other information comprises the Foreword by Minister, Foreword by Chairman, Foreword by CEO, Functions & Responsibilities, Organizational Chart, Board of Directors, Executive Team, Human Resources Data, 2023 Highlights and Plans for 2024 which are expected to be included in the 2023 Annual Report, but does not include the financial statements and our auditors' report thereon. The other information has not yet been provided to us for our review as at the date of this report. Our opinion on the financial statements does not cover the other information.

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 representatives are 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' responsibility 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.

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.



INDEPENDENT AUDITOR'S REPORT

To the Members of the Malta Digital Innovation Authority

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

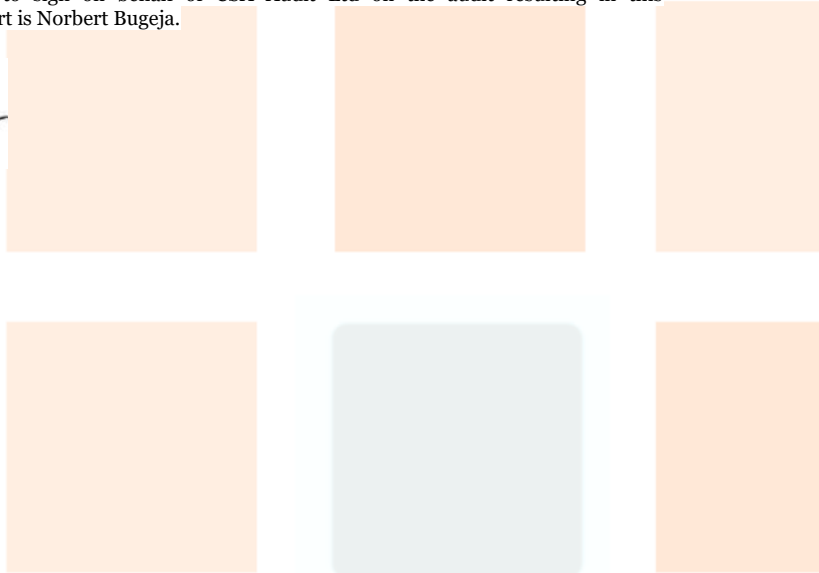
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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.

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

CSA Audit Ltd
Registered Auditors

25 March 2024



Statement of financial position

	Notes	As at 31 December		As at 1
		2023	2022	January
		€	Restated* €	Restated* €
ASSETS				
Non-current assets				
Property plant and equipment	6	5,804,880	4,520,033	4,769,063
Current assets				
Trade and other receivables	7	1,199,398	638,512	294,653
Cash and cash equivalents	8	3,015,938	2,152,272	1,220,924
Total current assets		4,215,336	2,790,784	1,515,577
Total assets		10,020,216	7,310,817	6,284,640
EQUITY AND LIABILITIES				
Accumulated funds		981,481	852,979	572,188
Non-current liabilities				
Trade and other payables	9	8,155,807	5,616,445	4,618,828
Current liabilities				
Trade and other payables	9	882,928	841,393	1,093,624
Total liabilities		9,038,735	6,457,838	5,712,452
Total equity and liabilities		10,020,216	7,310,817	6,284,640

*The comparative information is restated on account of correction of errors. See Note 16.

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

The financial statements on pages 5 to 24 were authorised for issue by the Authority's Board on 25 March 2024 and were signed on its behalf by:



Wayne Grixti
Chairperson

Statement of comprehensive income

	Notes	Year ended 31 December	
		2023 €	2022 €
Revenue	10	3,121,046	3,023,333
Direct costs		(13,480)	(372,753)
Operating profit		3,107,566	2,650,580
Other income		65,944	109,554
Administrative expenses	11	(2,852,779)	(2,269,166)
Finance expense		(192,229)	(210,177)
Surplus for the year		128,502	280,791
Comprehensive income		128,502	280,791

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

Statement of changes in accumulated funds

	Accumulated funds €
As at 1 January 2023	852,979
Surplus for the year	128,502
As at 31 December 2023	981,481
As at 1 January 2022	572,188
Surplus for the year	280,791
As at 31 December 2022	852,979

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



Statement of cash flows

	Notes	2023 €	2022 €
Cash flow from operating activities			
Surplus for the year		128,502	280,791
Adjustments for:			
Depreciation and amortisation		387,419	219,289
Finance expense		192,229	210,177
Movement in working capital for:			
Trade and other receivables		(560,886)	(343,859)
Trade and other payables		1,043,481	904,935
Net cash outflow from operating activities		1,190,745	1,271,333
Cash flow from investing activities			
Acquisition of property, plant and equipment		(113,085)	(129,808)
Net cash outflow used in investing activities		(113,085)	(129,808)
Cash flow used in financing activities			
Payment of lease liabilities		(213,994)	(210,177)
Net cash outflow used in financing activities		(213,994)	(210,177)
Movement in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		863,666	931,348
Cash and cash equivalents at the end of the year	8	2,152,272	1,220,924

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.

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 Summary of material accounting policies

The principal 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

All property, plant and equipment are initially recorded at historical cost. All 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 Summary of material 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 and electrical	6.67
Air-conditioning and ventilation	16.67
Computer equipment	25
Computer software	25
Furniture & Fittings	10
Brand & website	20
Motor vehicles	20

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

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Authority becomes a party to the contractual provisions of the instrument.

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 Summary of material accounting policies - continued

2.4 Financial instruments - continued

2.4.2 Classification and subsequent measurement

(i) Financial assets

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.

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.

2 Summary of material accounting policies - continued

2.4 Financial instruments - continued

2.4.2 Classification and subsequent measurement - continued

(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.

(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.

2 Summary of material accounting policies - continued

2.4 Financial instruments - continued

2.4.2 Classification and subsequent measurement - continued

(v) Financial liabilities – 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 Summary of material 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 Revenue

Revenue is measured at the fair value of the consideration received or receivable by the Authority for services provided. Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Authority and these can be measured reliably.

2.7 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.

2.8 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.

2 Summary of material accounting policies - continued

2.8 Leases - continued

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.

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 Standards not yet adopted

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Authority has not early adopted the new or amended standards in preparing these consolidated financial statements.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments, as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024. The Authority is assessing the impact of these amendments on the financial statements in the period of initial application.

Other standards

The following new and amended standards are not expected to have a significant impact on the Authority's financial statements.

- Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements
- Amendments to IAS 21 - Lack of exchangeability

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

(i) Interest rate risk

The Authority is not exposed to interest risk on its financial assets and liabilities since these do not bear any interest.

5 Financial risk factors - continued

(b) Credit risk

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

As at statement of financial position date, the Authority did not have significant pending financial assets, except the below:

(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.

(b) 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 and committed credit lines 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.

All financial liabilities which exclude deferred income from grants and lease liability are due on demand.

(c) Foreign currency risk

The Authority is not significantly exposed to foreign currency risk since most of its transactions are carried out in Euro.

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6 Property, plant and equipment

6.1

	Buildings & improvements	Right of use Assets	Mechanical & electrical	Air conditioning & ventilation	Computer equipment	Computer software	Furniture & fittings	Brand & website	Motor Vehicles	Totals
	€	€	€	€	€	€	€	€	€	€
Cost										
As at 1 January 2022 (as restated -note 16)	989,114	2,981,235	453,007	250,101	68,560	10,028	470,086	6,902	-	5,229,033
Additions	58,435	-	17,948	12,229	11,934	19,343	1,919	8,000	-	129,808
Adjustment to ROU asset	-	(159,549)	-	-	-	-	-	-	-	(159,549)
As at 31 December 2022 (as restated -note 16)	1,047,549	2,821,686	470,955	262,330	80,494	29,371	472,005	14,902	-	5,199,292
As at 1 January 2023	1,047,549	2,821,686	470,955	262,330	80,494	29,371	472,005	14,902	-	5,199,292
Additions	10,606	-	-	-	23,754	10,582	13,832	12,636	41,675	113,085
Adjustment to ROU asset (refer to note 6.2)	-	1,559,181	-	-	-	-	-	-	-	1,559,181
As at 31 December 2023	1,058,155	4,380,867	470,955	262,330	104,248	39,953	485,837	27,538	41,675	6,871,558
Depreciation										
As at 1 January 2022	153,462	-	66,966	86,950	39,355	6,711	101,004	5,522	-	459,970
Charge for the year	69,872	-	31,413	43,730	16,751	7,343	47,200	2,980	-	219,289
As at 31 December 2022	223,334	-	98,379	130,680	56,106	14,054	148,204	8,502	-	679,259

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6 Property, plant and equipment – continued

	Buildings & improvements €	Right of use Assets €	Mechanical & electrical €	Air conditioning & ventilation €	Computer equipment €	Computer software €	Furniture & fittings €	Brand & website €	Motor Vehicles €	Totals €
As at 1 January 2023	223,334	-	98,379	130,680	56,106	14,054	148,204	8,502	-	679,259
Charge for the year	70,579	146,029	31,413	43,730	26,062	12,347	48,583	5,898	2,778	387,419
As at 31 December 2023	293,913	146,029	129,792	174,410	82,168	26,401	196,787	14,400	2,778	1,066,678
Net book value as at 31 December 2023	764,242	4,234,838	341,163	87,920	22,080	13,552	289,050	13,138	38,897	5,804,880
Net book value as at 31 December 2022	824,215	2,821,686	372,576	131,650	24,388	15,317	323,801	6,400	-	4,520,033
Net book value as at 31 December 2021	835,652	2,981,235	386,041	163,151	29,205	3,317	369,082	1,380	-	4,769,063

6.2

During the year the Authority entered into an addendum whereby it leased an additional floor and additional car spaces. Therefore the value of the right of use asset has been revised accordingly.

7 Trade and other receivables

	2023	2022
	€	€
Trade receivables	9,202	12,562
Other receivables	112,201	73,431
Payments in advance to related parties	785,437	251,654
Payments in advance	73,650	73,650
Prepayments	218,908	227,215
	1,199,398	638,512

8 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	2023	2022
	€	€
Cash in hand	443	487
Cash at bank	3,015,495	2,151,785
	3,015,938	2,152,272

9 Trade and other payables

9.1

	2023	2022
	€	restated €
Note		
Non-current		
Deferred income from grants	9.2 3,903,135	2,962,830
Lease liability	9.3 4,252,672	2,653,615
	8,155,807	5,616,445
Current		
Trade payables	13,461	17,820
Deferred income from grants	9.2 593,491	593,491
Indirect taxation	58,173	13
Lease liability	9.3 106,431	168,071
Accruals	111,372	61,998
	882,928	841,393

9 Trade and other payables - continued

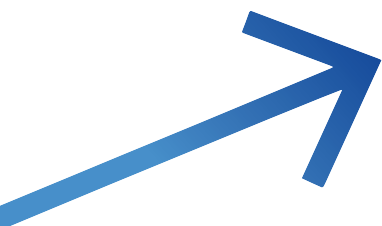
9.2 Deferred income from grants relates to grants received from the Government of Malta and the European Commission and includes capital grants relating to improvements to premises and acquisition of software which are deferred over the assets' useful lives and income grants relating to expenses pertaining to a project which will be implemented between 2024 and 2025.

	2023	2022
	€	€
Opening balance	3,556,321	2,587,300
Additions	1,139,106	1,722,354
Amounts transferred to profit or loss	(198,801)	(753,333)
Closing balance	4,496,626	3,556,321

9.3 Lease liability relates to the operating 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 €192,229. The Authority discounted lease payments at the rate of 4% (2022: 1.5%).

10 Revenue

	2023	2022
	€	€
Government subvention	2,500,000	2,250,000
Other grants	559,046	753,333
Revenue from own operations	62,000	20,000
	3,121,046	3,023,333



11 Administrative expenses

	2023	2022
	€	€
Salaries and social security costs (note 12)	1,110,723	928,473
Audit fees	2,500	2,500
Legal fees	93,513	152,491
Professional fees	391,793	301,599
Transport	18,870	27,227
Travel	55,127	25,133
Depreciation and amortisation	387,419	219,289
Information services	490,978	428,435
Contractual services	188,155	60,962
Repairs and maintenance	29,824	28,579
Training	12,478	4,665
Printing and stationery	3,816	23,795
Water and electricity	28,779	29,227
Office general expenses	31,730	27,769
Hospitality	5,924	2,386
Other	1,150	6,636
	2,852,779	2,269,166

12 Salaries and social security costs

	2023	2022
	€	€
Wages and salaries	908,412	801,559
Remuneration of board of governors	91,803	35,244
Social security costs	110,508	91,670
	1,110,723	928,473

The average number of persons excluding directors employed during the year was 24 (2022:19).

13 Taxation

With reference to the Malta Digital Innovation Authority Act, article 54, 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.

	2023	2022
	€	€
<i>Transactions with related parties:</i>		
Government subvention	2,500,000	2,403,333
Remuneration of board of governors	91,803	35,244

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 Correction of errors

During 2023, the Authority noted that the accounting for operating lease was not reflected in accordance with the revised accounting treatment. As a consequence, only the impact of the payment of the lease was included in the financial statements and no right of use asset, lease liability and their respective impact in the income statement through amortisation and finance expense was recognised. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following table summarises the impact on the financial statements.

	As restated €	As previously reported €	Change €
Statement of financial position			
As at 1/1/2022			
Non-current assets			
Property, plant and equipment	4,769,063	1,787,828	2,981,235
Current assets			
Trade and other receivables	294,653	294,653	-
Cash and cash equivalents	1,220,924	1,220,924	-
Total current assets	1,515,577	1,515,577	-
Total assets	6,284,640	3,303,405	2,981,235
Non-current liabilities			
Trade and other payables	4,618,828	1,797,142	2,821,686
Current liabilities			
Trade and other payables	1,093,624	934,075	159,549
Total liabilities	5,712,452	2,731,217	2,981,235
Total equity	572,188	572,188	-

16 Correction of errors - continued

	As restated €	As previously reported €	Change €
Statement of financial position			
As at 31/12/2022			
Non-current assets			
Property, plant and equipment	4,520,033	1,698,347	2,821,686
Current assets			
Trade and other receivables	638,512	638,512	-
Cash and cash equivalents	2,152,272	2,152,272	-
Total current assets	2,790,784	2,790,784	-
Total assets	7,310,817	4,489,131	2,821,686
Non-current liabilities			
Trade and other payables	5,616,445	2,962,830	2,653,615
Current liabilities			
Trade and other payables	841,393	673,322	168,071
Total liabilities	6,457,838	3,636,152	2,821,686
Total equity	852,979	852,979	-

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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