

Business Innovation: 2022-2024



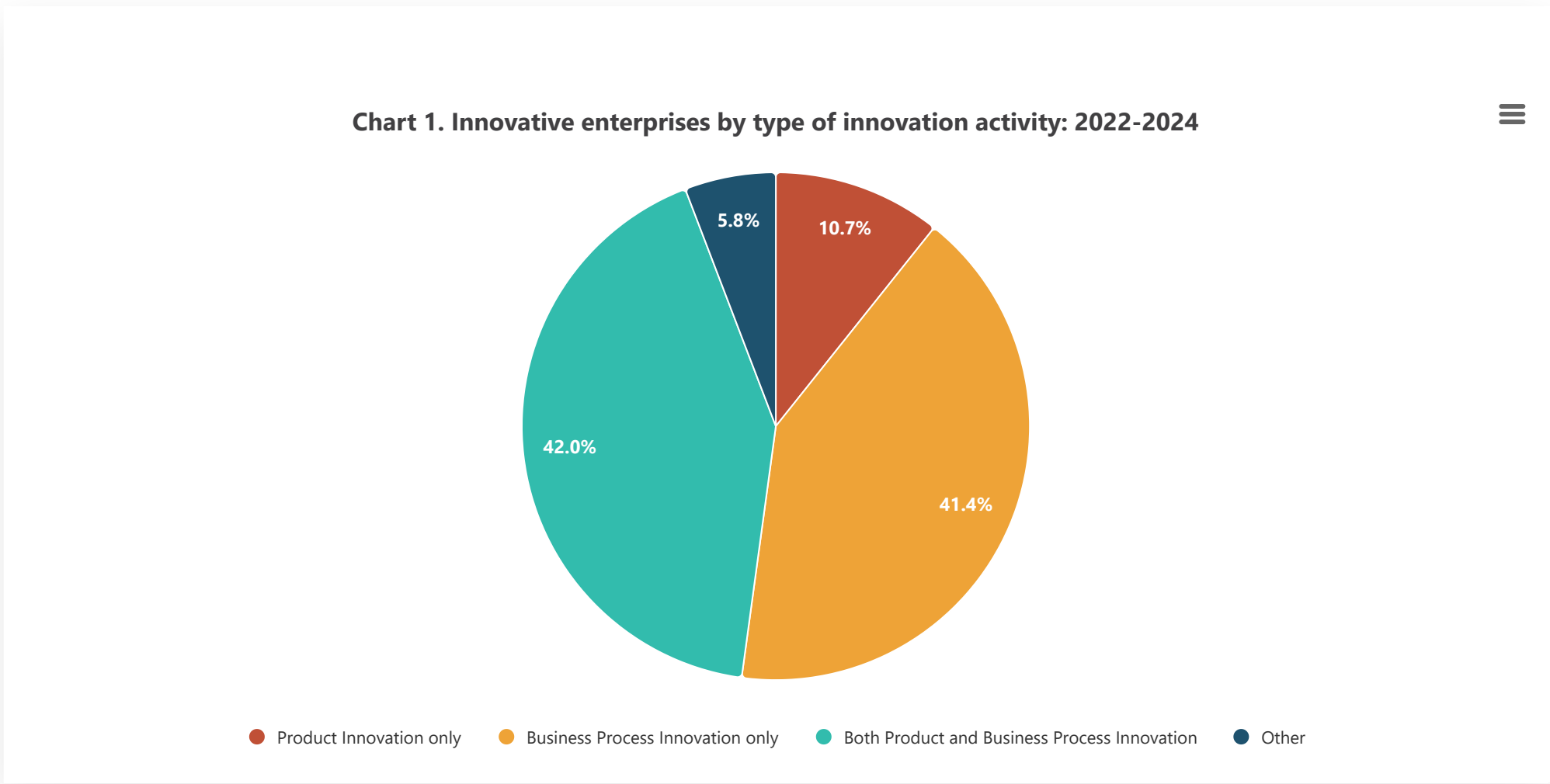
Salient Points

- Innovation expenditure for 2024 was estimated at €1.1 billion.
- Enterprises in Manufacturing (NACE C), Information and communication (NACE J), and Wholesale and retail trade; repair of motor vehicles and motorcycles (NACE G) accounted for the highest total expenditure, representing 66.6, 14.2 and 4.3 per cent, respectively, of the overall expenditure.
- 1,356 enterprises employing at least 10 persons, or 43.4 per cent of the surveyed enterprises, undertook innovation activity.

Commentary

In 2024, business innovation was estimated at €1.1 billion. This news release shows the data collected through the Community Innovation Survey conducted among enterprises with 10 or more employed persons for the three-year period 2022 to 2024.

Between 2022 and 2024, 1,356 enterprises employing at least 10 persons, or 43.4 per cent of the surveyed enterprises, undertook innovation activity. Results show that 570 enterprises were engaged in both product and business process innovation, 562 enterprises were engaged in business process innovation only, 145 enterprises were solely engaged in product innovation, and 79 enterprises performed either Research and Development (R&D) or other innovation activities (Chart 1).

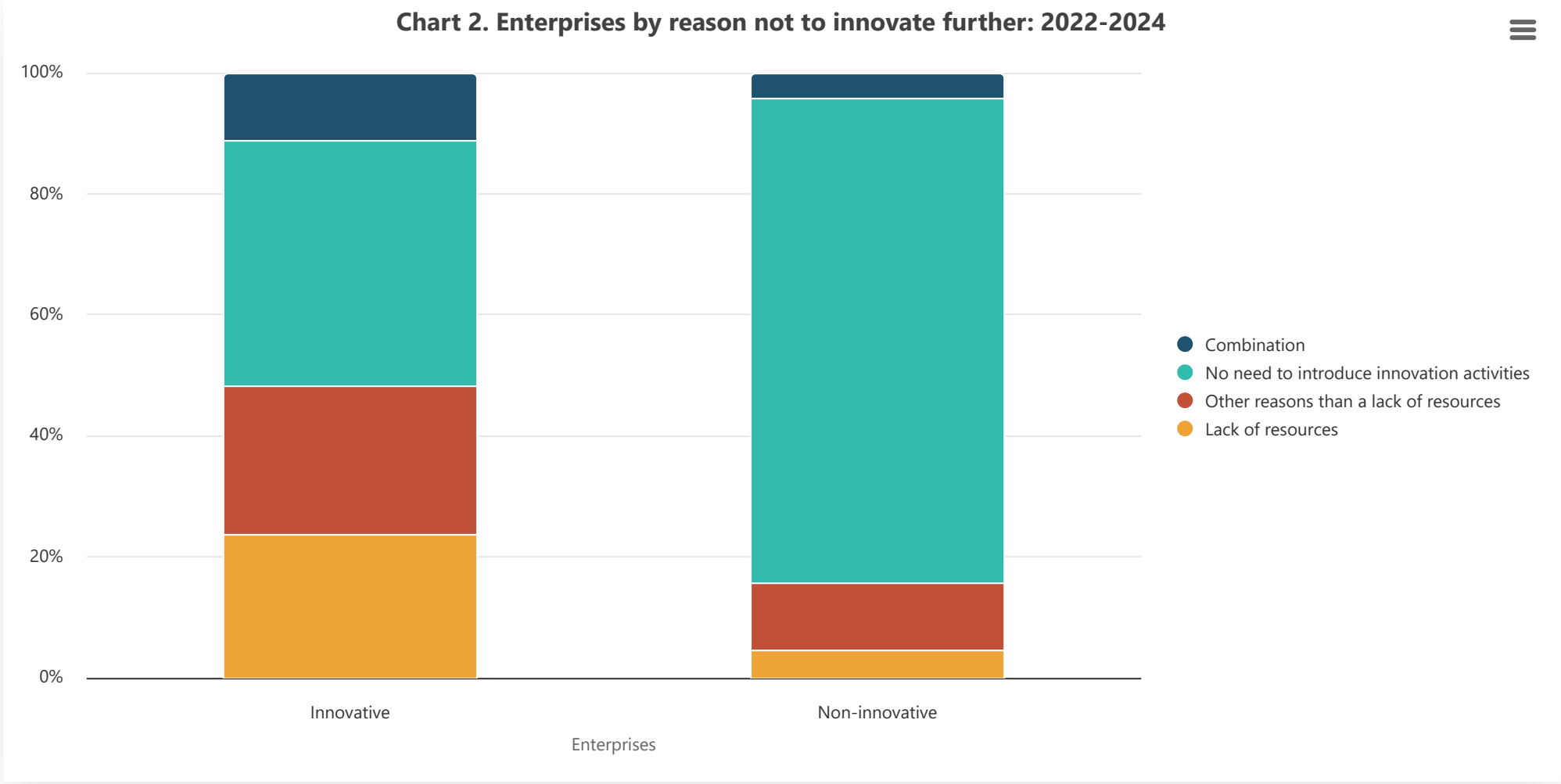


Innovation expenditure (excl. R&D) was predominant with a total of €921.4 million (85.4 per cent), followed by intramural R&D at €96.0 million (8.9 per cent). Enterprises in Manufacturing (NACE C), Information and communication (NACE J), and Wholesale and retail trade; repair of motor vehicles and motorcycles (NACE G) accounted for the highest total expenditure, representing 66.6, 14.2 and 4.3 per cent, respectively, of the overall expenditure (Table 2).

17.8 per cent of all innovative enterprises indicated in the survey that they had at least one cooperation arrangement with another enterprise or organisation, where most enterprises (52.3 per cent) had a cooperation with a private business enterprise from the business sector (Table 3).

11.9 per cent (373 enterprises) of the surveyed enterprises applied for an intellectual property right or license. Most enterprises (237 enterprises) applied for a trademark only. This was followed by enterprises which applied for more than one intellectual property right (75 enterprises) and those which used a trade secret only (34 enterprises) (Table 4).

40.6 per cent of innovative enterprises did not feel the need to introduce more innovation activity within their enterprise, while 23.5 per cent had a lack of resources which hampered them from introducing more innovation activities. 4.6 per cent of the non-innovative enterprises did not introduce any innovation activity due to lack of resources, whereas the majority (80.2 per cent) did not introduce any innovation activity as it was not needed (Table 5, Chart 2).



25.3 per cent of the total innovative enterprises successfully obtained either equity or debt finance, a third (33.8 per cent) of these enterprises having partly or fully utilised these funds for R&D or other innovation activities (Table 6).

32.8 per cent of the enterprises introduced innovations which reduced energy use or CO₂ footprint within their enterprise. These were followed by enterprises that recycled waste, water, or materials for own use or sale (31.4 per cent) (Table 7).

Out of the total enterprises, 37.7 per cent formed part of an enterprise group, of which 66.6 per cent had their head office located in Malta while the remaining companies had their head office located in the European Union (EU), in the European Free Trade Association (EFTA) countries or the rest of the world, amounting to 15.5, 1.2 and 16.7 per cent respectively (Table 8, Chart 3).

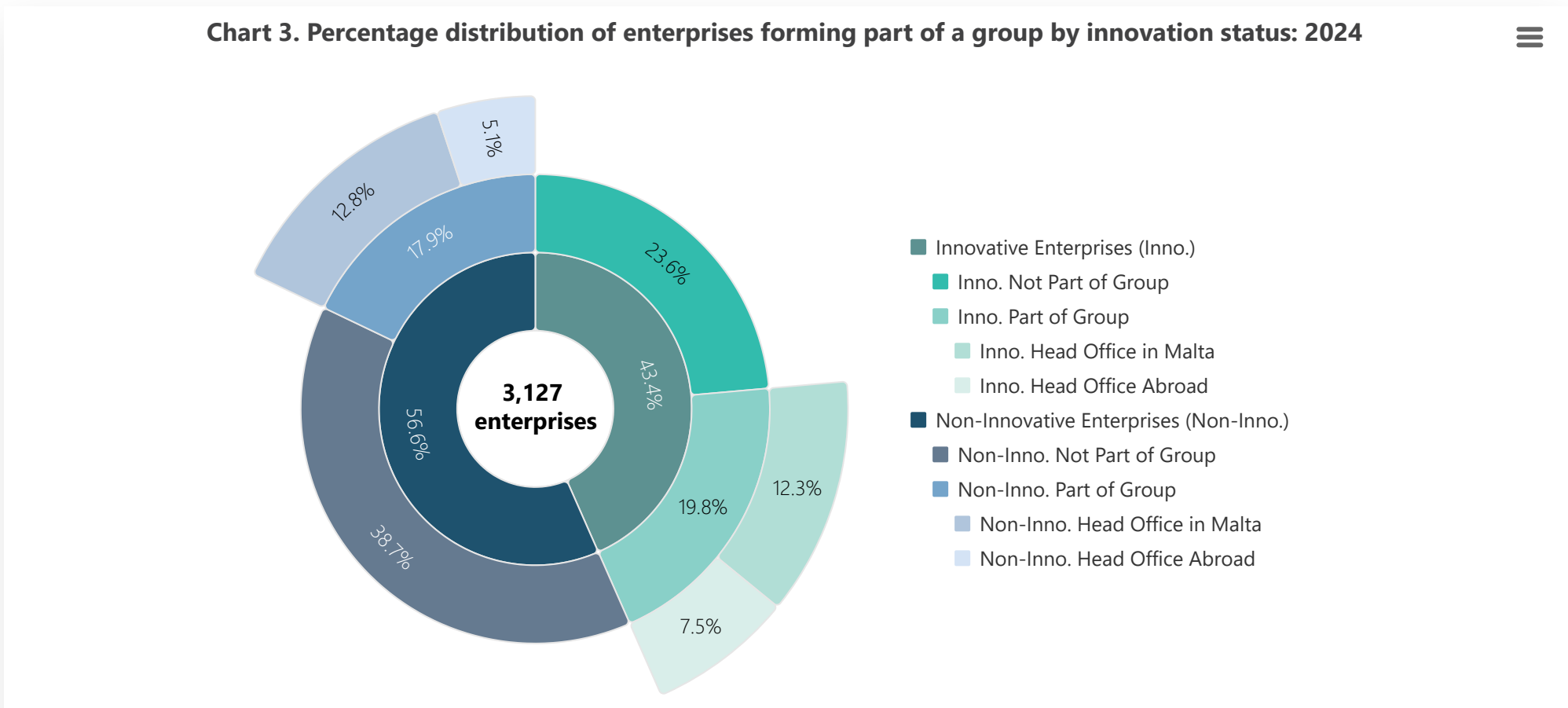


Table 1. NACE Rev. 2 Classification

Section	Division	Description
A	01 - 03	Agriculture, forestry and fishing
B	05 - 09	Mining and quarrying
C	10 - 33	Manufacturing
D	35	Electricity, gas, steam and air conditioning supply
E	36 - 39	Water supply, sewerage, waste management and remediation activities
F	41 - 43	Construction
G	45 - 47	Wholesale and retail trade; repair of motor vehicles and motorcycles
H	49 - 53	Transportation and storage
I	55 - 56	Accommodation and food service activities
J	58 - 63	Information and communication
K	64 - 66	Financial and insurance activities
L	68	Real estate activities
M	69 - 75	Professional, scientific and technical activities
N	77 - 82	Administrative and support service activities
O	84	Public administration and defence; compulsory social security
P	85	Education
Q	86 - 88	Human health and social work activities
R	90 - 93	Arts, entertainment and recreation
S	94 - 96	Other service activities
T	97 - 98	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use
U	99	Activities of extraterritorial organisations and bodies

Table 2. Enterprises with innovation expenditure by industry and type: 2024

NACE Section	Economic Industry	Innovation (excl. R&D) ¹	Intramural R&D ²	Extramural R&D	Total	Percentage total
		€000				
C	Manufacturing	677,553	41,100	797	719,450	66.6
E	Water supply; Sewerage, waste management and remediation activities	1,635	51	-	1,686	0.2
F	Construction	18,839	150	50	19,039	1.8
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	20,776	381	25,524	46,681	4.3
H	Transportation and storage	22,613	-	54	22,667	2.1
I	Accommodation and food service activities	36,900	-	253	37,153	3.4
J	Information and communication	78,496	43,653	30,912	153,061	14.2
K	Financial and insurance activities	31,689	2,810	3,591	38,090	3.5
L	Real estate activities	551	-	60	611	0.1
M	Professional, scientific and technical activities	28,193	6,775	800	35,768	3.3
N	Administrative and support service activities	4,044	969	30	5,043	0.5
Other ³		127	110	10	247	0.0
Total		921,416	95,999	62,081	1,079,496	100.0

¹ This is composed of expenditure arising due to own personnel working on innovation; services, materials, supplies purchased from others for innovation; capital goods for innovation (acquisition of machinery, equipment, software, IPRs, buildings etc.); and other expenditures.

² Intramural R&D coverage in the survey is based on the Innovation methodology. Actual R&D expenditure for 2024 should be taken from NSO Release 132/2026 due to a more extensive coverage (refer to methodological note 4).

³ Other includes NACE sections A (Agriculture, Forestry and Fishing) and D (Electricity, Gas, Steam and Air Conditioning supply).

Table 3. Innovative enterprises having cooperation arrangements by size class: 2022-2024

	Size class: employed persons			
	10-49	50-249	250+	Total
Total innovative enterprises	1,028	273	55	1,356
No cooperation arrangement	862	214	39	1,115
At least one cooperation arrangement	166	59	16	241
Private business enterprises from the business enterprise sector only	92	25	9	126
Enterprises within the enterprise group only	5	5	1	11
Private business enterprises from the business enterprise sector and enterprises within the enterprise group only	26	15	4	45
Private business enterprises from the business enterprise sector and universities or other higher education institutes only	6	1	-	7
Universities or other higher education institutes, government or public research institutes, clients or customers from the public sector and non-profit organisations only	5	1	1	7
Combination of multiple cooperation partners ¹	32	12	1	45

¹ This includes enterprises which had a combination from all the six types of cooperation partners.

Table 4. Enterprises applying for intellectual property rights or licensing by size class: 2022-2024

	Size class: employed persons			
	10-49	50-249	250+	Total
Total Enterprises	2,495	535	97	3,127
No type of intellectual property rights or licensing	2,209	462	83	2,754
At least one type of intellectual property rights or licensing	286	73	14	373
Registered a trademark only	186	46	5	237
Use trade secrets only	27	4	3	34
Applied for a patent only	10	6	2	18
Claim copyright only	5	1	-	6
Registered an industrial design right only	2	1	-	3
Applied for more than one type of intellectual property rights or licensing ¹	56	15	4	75

¹ This includes enterprises which had a combination from all types of intellectual property rights or licensing.

Table 5. Enterprises by reason not to innovate further: 2022-2024

	Innovative enterprises	Non-innovative enterprises	Total
Total enterprises	1,356	1,771	3,127
Lack of resources (e.g. lack of finance, qualified personnel, material) only	319	82	401
Other reasons than a lack of resources (e.g. strategic reasons; not the right time to innovate; other priorities; risks too high; low expected returns) only	334	194	528
No need to introduce innovation activities only	551	1,421	1,972
Combination ¹	152	74	226

¹ This includes enterprises which had a combination of different reasons not to innovate.

Table 6. Funding prospects for innovative enterprises: 2022-2024

	Type of funding	
	Equity finance	Debt finance
Total innovative enterprises	1,356	1,356
Have not tried to obtain funding	1,251	1,075
Funding attempt unsuccessful	18	25
Funding attempt successful	87	256
of which was partly or fully used for R&D and/or other innovation activities	37	79

Table 7. Innovative enterprises having introduced innovations with environmental benefits: 2022-2024

	Size class: employed persons			
	10-49	50-249	250+	Total
Innovative enterprises	1,028	273	55	1,356
of which:¹	%			
Obtained within the enterprise				
Reduced material or water use per unit of output	28.8	31.9	49.1	30.2
Reduced energy use or CO ₂ 'footprint' (i.e. reduced total CO ₂ emission)	30.1	38.1	58.2	32.8
Reduced soil, light, noise, water or air pollution	18.8	22.0	36.4	20.1
Replaced a share of materials with less polluting or hazardous substitutes	19.6	26.0	34.5	21.5
Replaced a share of fossil energy with renewable energy sources	14.5	18.7	36.4	16.2
Recycled waste, water, or materials for own use or sale	29.5	34.1	54.5	31.4
Protection of bio-diversity	13.0	14.3	21.8	13.6
Obtained during the consumption or use of a good or service by end user				
Reduced energy use or CO ₂ 'footprint'	25.3	30.4	56.4	27.6
Reduced oil, light, noise, water or air pollution	19.3	20.9	36.4	20.3
Facilitated recycling of product after use	27.9	30.4	52.7	29.4
Extended product life through longer-lasting, more durable products or easier-to-repair products	21.0	23.8	23.6	21.7
Protection of bio-diversity	12.2	12.5	16.4	12.4

¹ Enterprises may have a combination of more than one environmental benefit.

Table 8. Enterprises forming part of a group by innovation status: 2024

	Innovative enterprises	Non-innovative enterprises	Total
Total Enterprises	1,356	1,771	3,127
Not part of an enterprise group	736	1,211	1,947
Part of an enterprise group	620	560	1,180
of which the head office is located in Malta	384	402	786
of which the head office is located abroad	236	158	394
European Union (EU)	110	73	183
European Free Trade Association (EFTA)	10	4	14
Rest of the world	116	81	197

Methodological Notes

1. The Community Innovation Survey (CIS) collects information about innovative activities carried out in a specific three-year period in the business sector. The target population is the minimum coverage requested, namely total enterprises with 10 employed persons or more.
2. The Survey is conducted in accordance with the Implementing Regulation (EU) 2022/1092 pursuant to the Regulation (EU) 2019/2152 of the European Parliament and of the Council, and the Oslo Manual (2018 edition).
3. The following activities (NACE Rev. 2) are included in the target population:
- Mining and quarrying (NACE B: 05-09);
 - Manufacturing (NACE C: 10-33);
 - Electricity, gas, steam and air conditioning supply (NACE D: 35);
 - Water supply; sewerage, waste management and remediation activities (NACE E: 36-39);
 - Wholesale trade, except of motor vehicles and motorcycles (NACE 46);
 - Transportation and storage (NACE H: 49-53);
 - Information and communication (NACE J: 58-63);
 - Financial and insurance activities (NACE K: 64-66);
 - Architectural and engineering activities; technical testing and analysis (NACE 71);
 - Scientific research and development (NACE 72);
 - Advertising and market research (NACE 73).

Additional coverage was also conducted for the following non-core activities:

- Agriculture, forestry and fishing (NACE A: 01-03);
 - Construction (NACE F: 41-43);
 - Wholesale and retail trade and repair of motor vehicles and motorcycles (NACE 45);
 - Retail trade, except of motor vehicles and motorcycles (NACE 47);
 - Accommodation and food service activities (NACE I: 55-56);
 - Real estate activities (NACE L: 68);
 - Legal and accounting activities (NACE 69);
 - Activities of head offices; management consultancy activities (NACE 70);
 - Other professional, scientific and technical activities (NACE 74);
 - Veterinary activities (NACE 75);
 - Administrative and support service activities (NACE N: 77-82).
4. Enterprises with innovation expenditure by industry and type (table 2). Research and Development (R&D) Intramural Expenditure reported (table 2) is collected from the CIS 2024, which due to difference in the coverage of the survey is to be used only for the compilation for the total innovation expenditure for 2024. Actual R&D expenditure for 2024 should be taken from News Release 132/2026 – Research and Development in Malta: 2024.

5. **Definitions:**

- Total enterprises:
 - Enterprises with innovation activity
 - Product and/or business process innovation
 - Product innovators only
 - Business process innovators only
 - Both product and business process innovation
 - Enterprises with completed, abandoned and/or ongoing innovation activity and/or R&D
 - Non-innovative enterprises
 - Enterprises which did not record any innovation activity in the reference years
- A product innovation is a new or improved good or service that differs significantly from the firm’s previous goods or services and which has been implemented on the market. It includes significant changes to the design of a good and digital goods or services while excludes the simple re-sale of new goods and changes of a solely aesthetic nature.
- A business process innovation is a new or improved business process for one or more business functions that differs significantly from the firm’s previous business processes and which has been implemented within the firm.

Business Innovation Expenditure

- R&D performed in-house is undertaken by the enterprise to create new knowledge or solve scientific or technical problems. This includes current expenditures (i.e.) labour costs and capital expenditures on buildings, machinery, equipment and software specifically for R&D.
- R&D contracted out: The enterprise contracted out R&D to other enterprises (including enterprises in same group) or to public or private research organisations.
- Other innovation expenditure consists of all other activities related to the development of new or significantly improved products and processes. This includes own personnel working on innovation; services, materials, supplies purchased from others for innovation; capital goods for innovation (acquisition of machinery, equipment, software, IPRs, buildings etc.); and other expenditures.

6. More information relating to this news release may be accessed at:

- Statistical Concepts
- Metadata
- Classifications

7. A detailed news release calendar is available [online](#).

8. References to this news release are to be cited appropriately. For guidance on access and re-use of data please visit our [dedicated webpage](#).

9. For further assistance send your request through our [online request form](#).