



**Novamedia Holding B.V.**  
**Amsterdam**

**2023**

**Annual Report**

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# Postcode Lottery Group for a better world



**Purpose**  
By running our lotteries, we raise long-term funding for our local and international charity partners and increase awareness of their work



## Postcode Lottery Group



## **About Novamedia**

Novamedia is an international private company that combines business with ideals, establishing and operating charity lotteries out of a mission to contribute to a better world. Novamedia owns, develops and invests in lottery brands and formats, including those of the Postcode Lotteries. These enable us to successfully set up and operate Postcode Lotteries. We are on a mission - to change lives and communities through providing entertainment and prizes for players, and through making donations to good causes and increasing awareness of charities' work.

Our mission supports civil society: the Postcode Lottery Group is dedicated to raising as much funding as possible for charities and good causes, local and internationally, in fields such as culture, nature, climate, health, human rights, poverty alleviation and community projects. Our vision is for strong communities and charities to play an important role in creating a healthier, fairer, greener world.

Our successful Postcode Lottery format currently operates in the Netherlands, Sweden, Great Britain, Germany, and Norway. The lotteries are collectively known as the Postcode Lottery Group. With over 14 million subscriptions across five countries, our unique lotteries function as a fun, safe form of community fundraising. Neighbours win together, and communities locally and around the globe benefit from charity funding.

Novamedia is a frontrunner in responsible play and carries out its mission by establishing and financing Postcode Lotteries in various countries. Since the start of the first Postcode Lottery in 1989, Novamedia's lottery formats have raised a total of EUR 13.5 billion for thousands of charities and social initiatives around the world, which it has used to provide long-term, unrestricted and flexible funding, based on trust.

### **Charity lotteries**

Novamedia currently operates six charity lotteries in five countries: the Nationale Postcode Loterij and VriendenLoterij in the Netherlands, the Svenska Postkodlotteriet in Sweden, People's Postcode Lottery in Great Britain, the Deutsche Postcode Lotterie in Germany, and the Norsk Postkodelotteri in Norway.

Charity lottery fundraising is complementary to that of state lotteries, allowing countries to raise even more money for civil society organisations. Novamedia aims to further expand this model to enable more charities, communities and countries to reap the benefits of this type of charity fundraising.

### **Long-term, unrestricted funding**

Our funding philosophy is based on the concept that we focus on organizing our community lotteries and our charity partners are the experts to make the world a better place. We provide long-term, unrestricted, flexible funding, based on trust. This trust-based philanthropic approach allows charities to achieve maximum impact. Our charity partners know best how to - and, crucially, are free to - spend the money contributed by our players where they consider it to be most effective and impactful. This allows our charity partners to

flexibly shift priorities when circumstances change, as is for example the case when a crisis or natural disaster strikes.

### **Core values**

We are united and inspired by our core values: Courageous, Sharing, Sustainable, and Fun.

#### *Courageous*

With an entrepreneurial spirit, we strive to act outside established frameworks to keep the lotteries successful. We partner with NGOs so that they can act entrepreneurially with our unrestricted funding.

#### *Sharing*

Players win prizes together with their neighbours, and the charities we support win too, by receiving vital funding. As a team, we share our knowledge and skills with each other.

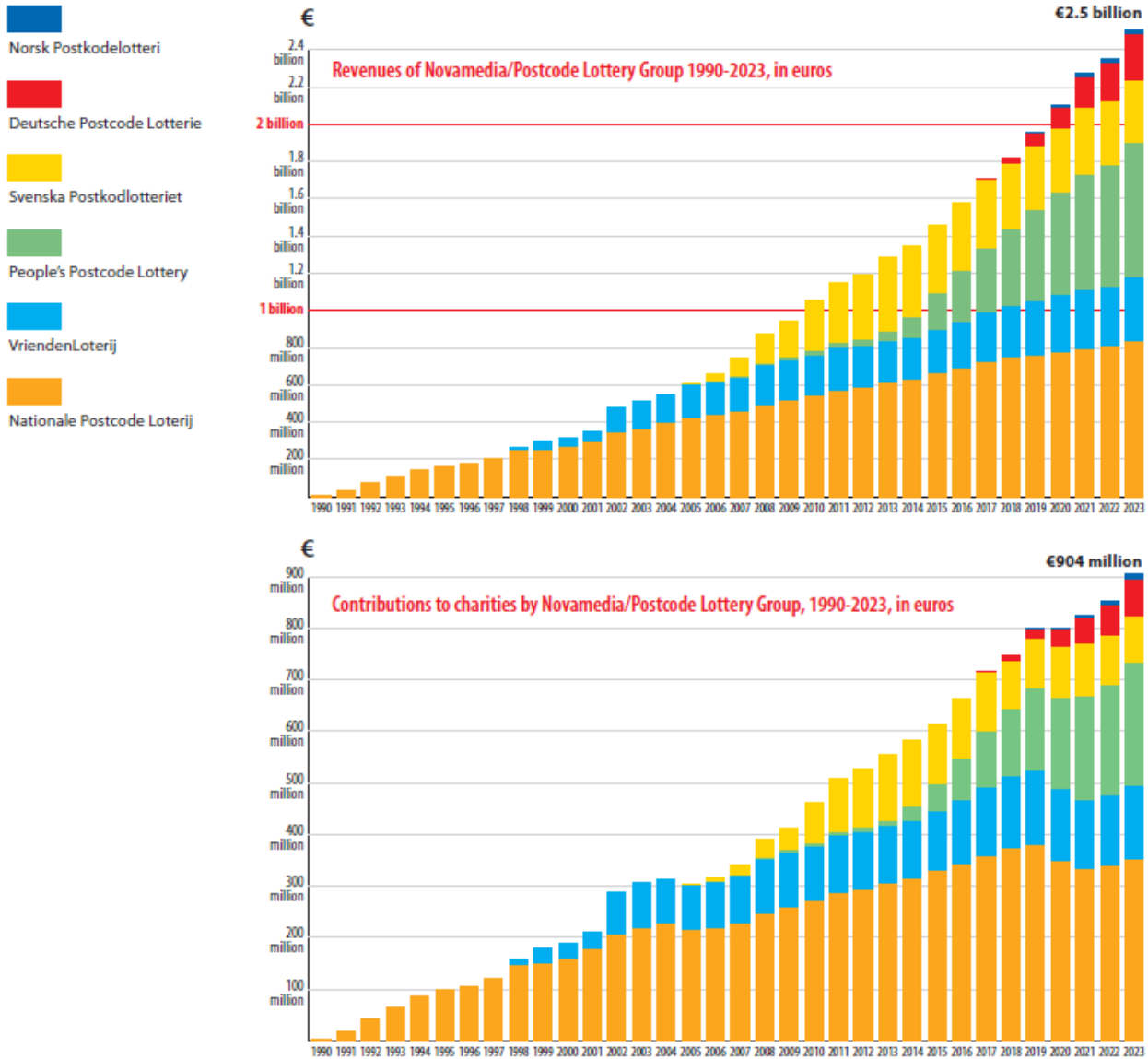
#### *Sustainable*

We support the global process towards sustainability. We strive to make sustainable choices wherever we can, through our actions and lottery operations, by working with sustainable partners, and by making charitable contributions.

#### *Fun*

Our players enjoy our games and win great prizes. We enjoy our jobs as well and ensure our offices are enjoyable places to work.

## Growth of Novamedia/Postcode Lottery Group 1990-2023



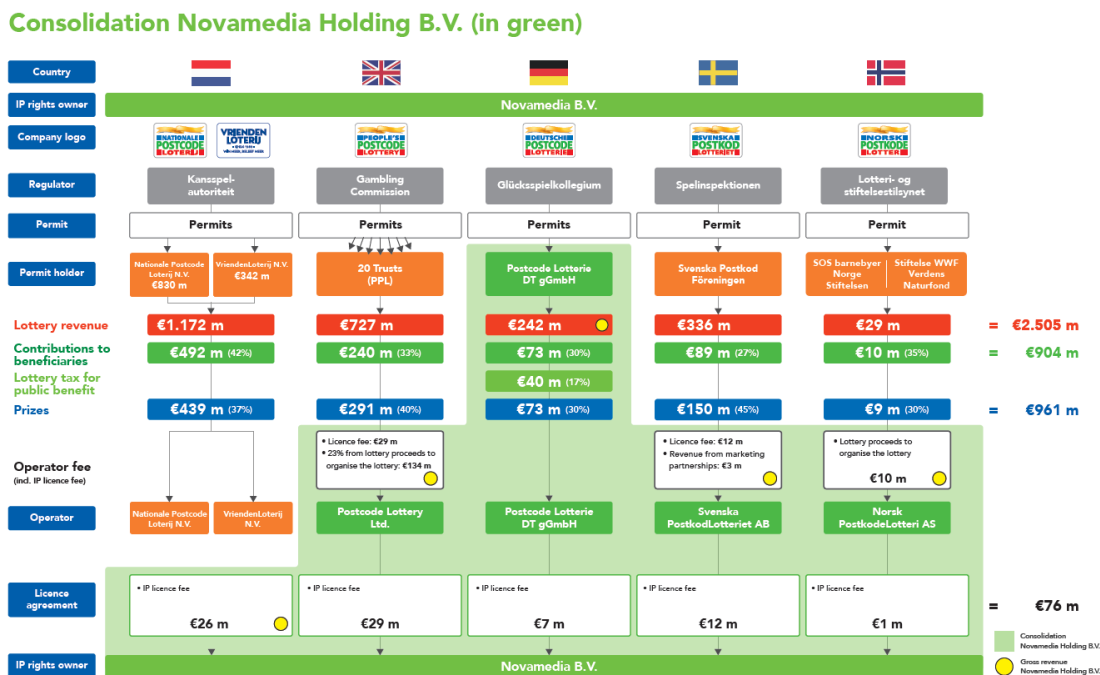
By December 2023, a total of 10.1 million unique players (2022: 9.7 million) were playing Novamedia’s lotteries with a total of 14.3 million tickets. The lotteries together reached a record of EUR 2.5 billion revenues and raised a record EUR 904 million for charities in 2023. In local currencies, the Dutch Postcode Loterie achieved 3.2% growth, the FriendsLottery 6.4%, the Swedish Lotterie 5.1%, the British Lotterie 14%, the German Lotterie 19%, the Norwegian Lottery 11.2%. For information on the charity donations totaling EUR 904 million, stories, and positive impact on millions of people worldwide, please refer to the local annual reports.

### Organisational structure by country

Novamedia is the owner of, creator of, and investor in lottery concepts which led to successful lotteries in various countries to raise funds for charitable organisations.

Novamedia receives a licence fee from each Postcode Lottery for the use of its intellectual property rights, including brands and formats. Each lottery’s licence fee is calculated as a percentage of its proceeds. The fees are used to cover the headquarter costs, which mainly relate to the continued development, and protection of Novamedia’s formats and to finance, set up and market Postcode Lotteries in new and existing countries. Novamedia bears high financial risks in setting up each new Postcode Lottery, and substantial investment is required to bring a local lottery to market and to enable it to offer an attractive prize plan and distribute donations to charities from the start. Charities receive their yearly donations from the local Postcode Lotteries in the countries where the money is raised by the players.

The structure of the organisation differs by country, due to regulatory requirements. The below chart shows the Postcode Lotteries’ structure by country and the entities included in Novamedia’s financial statements (in green). An enlarged version is available on p. 61.



### Report of the Executive Board

The Postcode Lottery Group continued to flourish in 2023. Thanks to successful campaigns, attractive prize schemes and quality entertainment, subscription growth continued across the group, resulting in revenue growth of 6.5%. We ended 2023 with a record combined revenue of EUR 2.5 billion (2022: EUR 2.4 billion), thanks to increased sales figures at all six lotteries in their own currencies.

As of December, 10.1 million unique players were taking part in our lotteries with 14.3 million subscriptions (2022: 9.7 million players, 13.9 million subscriptions). This figure represents a growth of 411,000 subscriptions, a 3% increase on the previous year.

Thanks to these successes, charitable donations hit an all-time high. In 2023 our six lotteries generated more than EUR 904 million for good causes (2022: EUR 854 million). Meanwhile, winners benefitted from a total prize pot of EUR 961 million over the year - surpassing the USD 1 billion mark.

With all the lotteries performing well, the Postcode Lottery Group forged ahead with its international growth acceleration strategy.

### **Novamedia as an international lottery operator**

In a European industry landscape, that has been rapidly transformed by the rise of online gambling and betting and increasing competition from state lotteries and large international companies, Novamedia continues to strive to strengthen its position as an international operator.

Our fun lotteries are a unique way of community fundraising. Neighbours win together and communities locally and globally benefit from charity funding. Our success and growth are based on entrepreneurship, strong partnerships, internationally successful formats and a value-based culture. We continue to explore with our international teams to determine where we can collectively create new value for our players and charity partners through working together. We want to strengthen our business position in challenging times and to give every one of our team members the tools and support they need to maximise their positive impact on the future.

In 2023 we opened an office in London's, Bedford Square to enhance our business network and strengthen our access to the world-class marketing and business expertise available in London. It will assist the Dutch headquarters with tasks such as setting out the group's marketing strategy for the group and supporting its expansion plans. The services performed out of the London office are of a supportive nature only.

We look forward to exciting product developments, and data insights helping to make our lotteries even more successful in 2024. The final elements of our new Oracle system went live across all countries in late 2023. New applications for human resources, enterprise resource planning, and financial consolidation and close have improved integration and alignment of processes across the group, making our work even more effective. The Group Tech team continues to improve the collaborative approach in IT development and processes. In 2023 it worked to develop software that can be used across the lotteries, replacing previous country-specific solutions.

### **Loan repayment and consolidation**

A loan made by Novamedia B.V. to Stichting de Novamedia Fundatie for the purchase of shares in Novamedia Holding B.V. was fully repaid during 2023. Since this repayment Stichting de Novamedia Fundatie meets all technical accounting requirements for consolidation. From 9



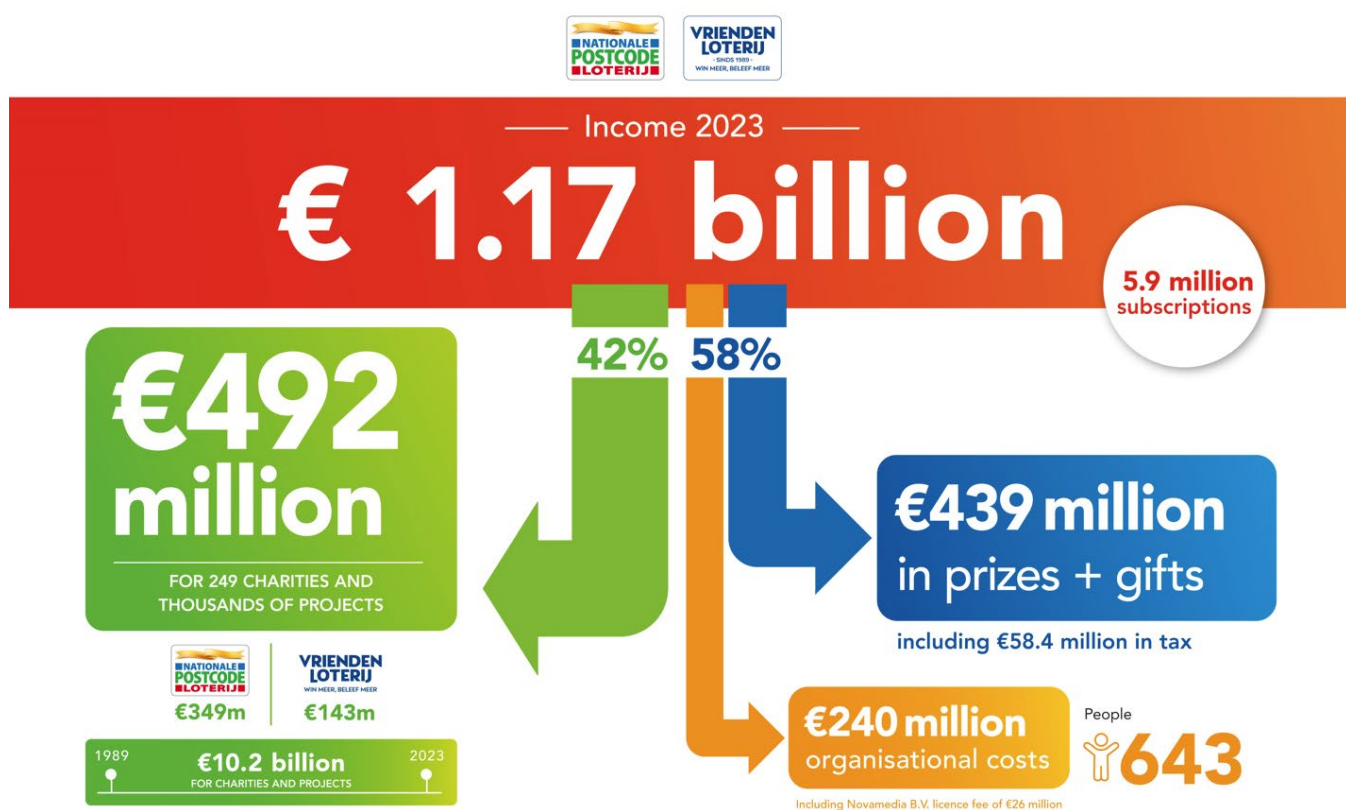
December 2023, Stichting de Novamedia Fundatie will be consolidated as part of the group, with Novamedia Holding B.V. as head of the group. Stichting de Novamedia Fundatie will also prepare a stand-alone annual report for 2023, which will be available on the website.

The following paragraphs describe the developments in each country in 2023.

**Nationale Postcode Loterij and VriendenLoterij (Dutch Charity Lotteries, Netherlands)**

Moving forward alongside the Nationale Postcode Loterij, the VriendenLoterij is now the third largest Lottery in the Netherlands and the most important lottery supporting partners that preserve cultural heritage and promote human well-being.

In February the Dutch Postcode Lottery successfully went live with its Plus and Premium ticket add-ons. These give players the ability to win additional prizes each month.

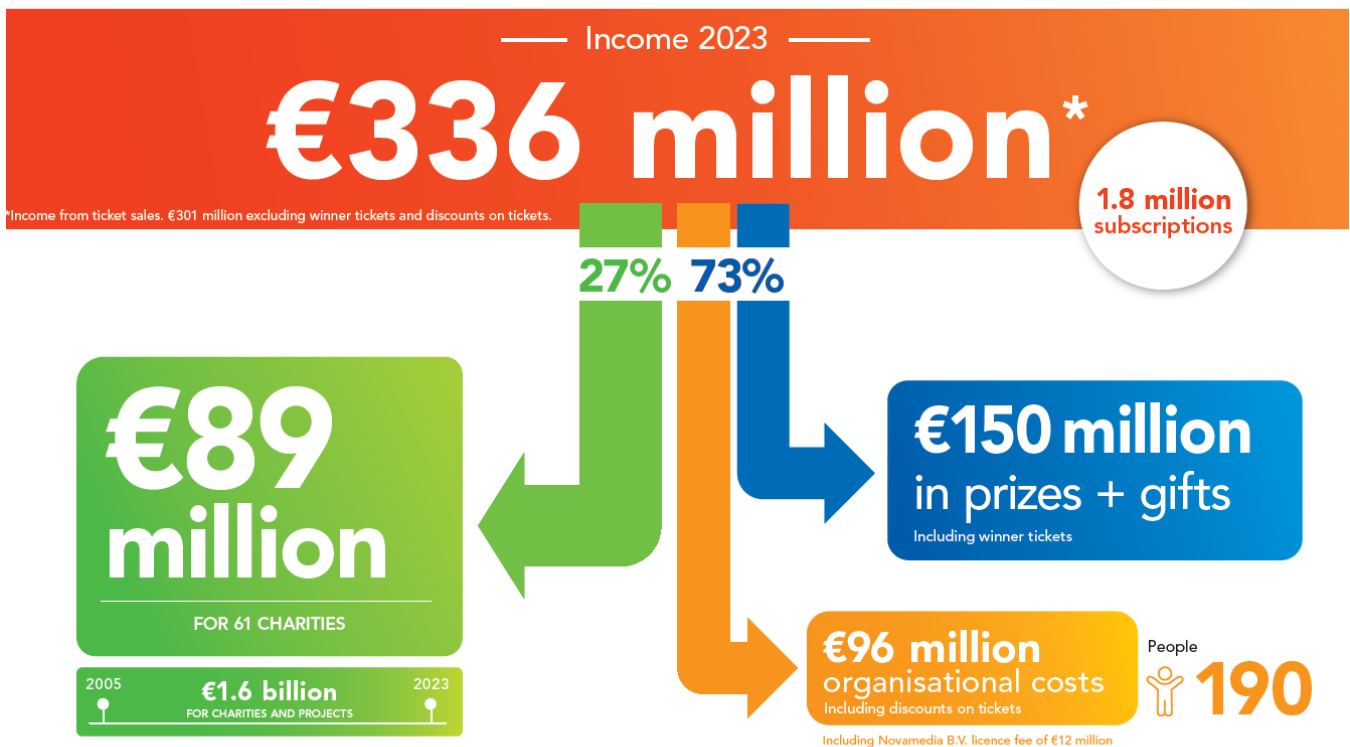


The Dutch Charity Lotteries managed to grow in 2023 for the 33<sup>rd</sup> consecutive year, and as a result of steady efforts their consolidated revenue increased by EUR 46 million to EUR 1.17 billion (2022: EUR 1.13 billion). The Dutch lotteries' permits require that at least 40% of their gross proceeds go directly to charity, and their total charitable contributions for 2023 amounted to EUR 492.1 million, or 42% of proceeds (2022: EUR 472.7 million, 42% of proceeds). Further, 37% of 2023 proceeds was allocated to prizes (net) and the remainder to cover organisational costs.

## Svenska Postkodlotteriet (Sweden)

The Swedish lottery continued its success in 2023, achieving its largest customer base since 2013 and its highest ticket base since 2015. We attribute these results to the efforts that went into the lottery's look and feel, the sales mix, and the successful launch of the Plus and Premium add-ons, following the example of the Dutch Postcode Lottery.

The Svenska Postkodlotteriet's total revenue in 2023 increased to SEK 3.8 billion (EUR 336.1 million<sup>1</sup>) (2022: SEK 3.7 billion, EUR 344.3 million), including winners' tickets and discounted tickets, as the Spelinspektionen (Swedish Gambling Authority) considers these to be revenue. Thanks to marketing activities and engagement with players, total proceeds for 2023 excluding winner tickets and discounts amounted to SEK 3.4 billion (EUR 301.5 million) (2022: SEK 3.3 billion, EUR 310.2 million). The number of tickets in the December draw was 1,813,044 (2022: 1,813,340), including 160,000 winner tickets.



The 2023 proceeds of the Swedish lottery have been allocated as follows: 27%<sup>2</sup> to beneficiaries, 45% to prizes, and the remainder to cover organisational costs. Novamedia B.V. has invested EUR 28 million in the Swedish lottery since it started in 2005. This money has been fully repaid over the years and is being used again by Novamedia for new charity lottery investments.

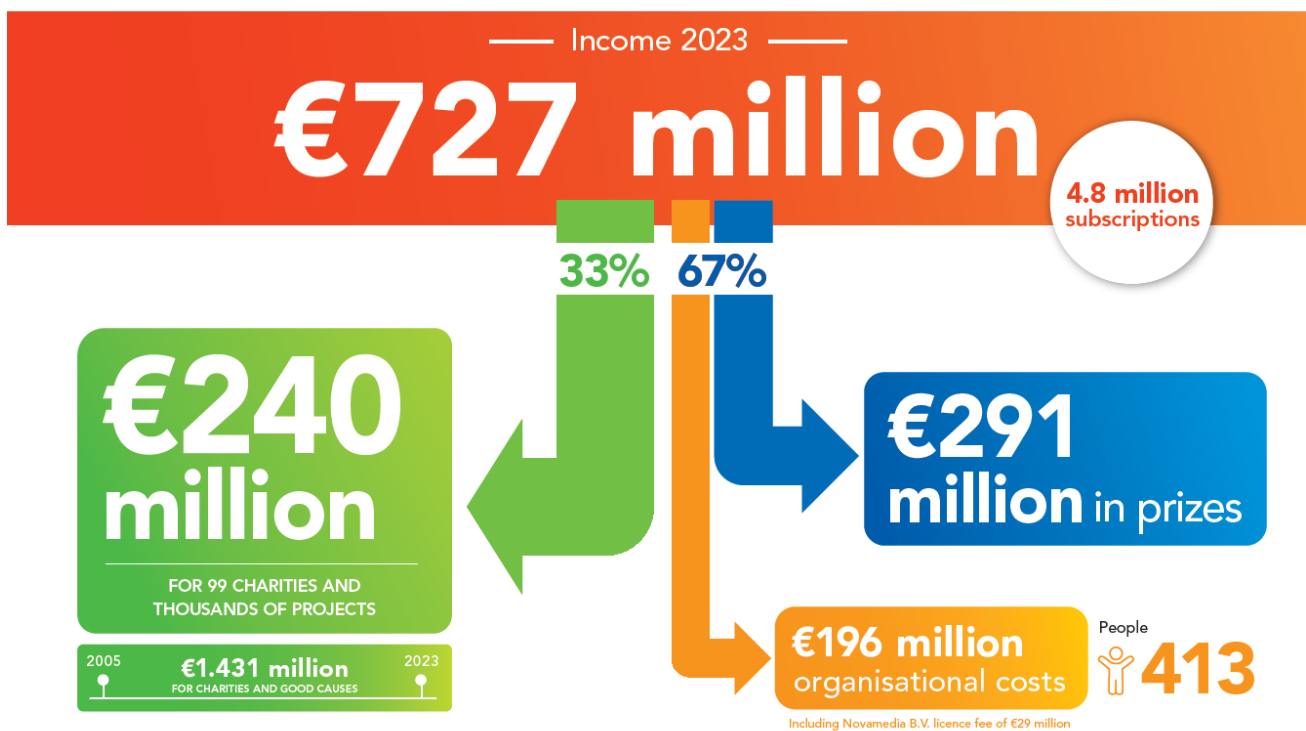
<sup>1</sup> Although revenue increased in SEK, it decreased in EUR due to exchange rates.

<sup>2</sup> The contribution to charities is 30% of the lotteries' income excluding winner tickets and discounts on tickets.

**People’s Postcode Lottery (Great Britain)**

The People’s Postcode Lottery in Britain enjoyed of strong revenue growth (14%) thanks to its campaigns, prizes and engagement with players during 2023. The lottery ended the year with 4,758,946 tickets on draw (2022: 4,738,281). It has raised more than £1.4 billion for charities and good causes since its start.

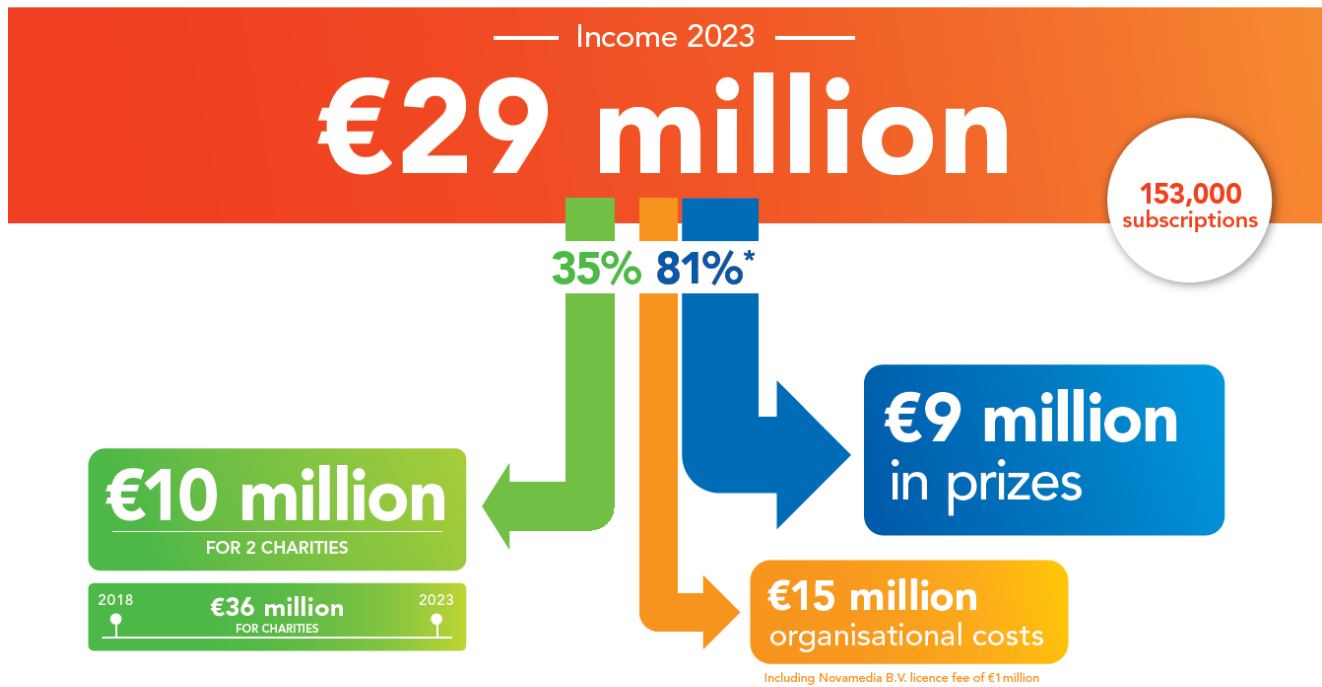
People’s Postcode Lottery had total revenues in 2023 of GBP 632.8 million (EUR 726.7 million) (2022: GBP 555.0 million, EUR 649.4 million). This increase means the lottery raised an additional GBP 25.7 million (EUR 25.5 million) in vital extra funds for charities compared to last year. Overall, in 2023 the lottery raised GBP 208.8 million (EUR 239.8 million) (33%) for good causes (2022: GBP 183.1 million, EUR 214.3 million). The proceeds have been allocated as follows: 33% to beneficiaries, 40% to prizes, and the remainder to cover organisational costs. Postcode Lottery Ltd is the operator and is licensed to run lotteries on behalf of charitable trusts known as promoting societies.



Postcode Lottery Ltd, a 100% subsidiary of Novamedia B.V., receives an operator fee to cover marketing and organisational costs. The distribution to promoting societies for 2023 amounted 33% of total lottery proceeds (2022: 33%). The 20 promoting societies, or Postcode Trusts, distribute funds to a range of charities. Since the start of the lottery in 2005, Novamedia B.V. has invested EUR 61 million. This amount has not been repaid yet, as Postcode Lottery Ltd is currently building up equity as a buffer to ensure its continuity.

### Norsk Postkodelotteri (Norway)

In 2023, the youngest Postcode Lottery passed a milestone of 150,000 monthly tickets (subscriptions) sold. By the end of December 2023 the number of tickets on draw was 153,053, an increase of 23,196 tickets (17.9%) compared to 2022 (2022: 129,857). The indexation of the revenue limit in 2023 means the Norsk Postkodelotteri is now able to sell up to 150,000 tickets per draw over a full year.



\*Novamedia has provided the additional funding needed

The Norsk Postkodelotteri generated proceeds in 2023 of NOK 330 million (EUR 29 million) (2022: NOK 297.1 million, EUR 29.4 million). The proceeds have been allocated as follows: NOK 116.2 million (EUR 10.2 million) to the charity partners (2022: NOK 103.4 million, EUR 10.2 million), NOK 97.6 million (EUR 8.6 million) to prizes (2022: NOK 90.3 million, EUR 8.9 million), and NOK 166.4 million (EUR 14.6 million) to organisational costs (2022: NOK 150.4 million, EUR 14.9 million).

Novamedia supplied EUR 4.4 million in financing in 2023 to further establish the community lottery and increase future charity funding for initiatives in Norway, bringing the total investment since the start of the lottery to EUR 36.6 million.

WWF verdens naturfond (the World Wildlife Fund Norway) and SOS-barnebyer Norge (SOS Children’s Villages Norway) obtained a Norwegian lottery licence in 2017, and it will remain valid until 2026. Norsk Postkodelotteri AS is a 100% subsidiary of Novamedia B.V. and is the operator of the lottery.

Our goal is to fund more organisations and plan to include additional organisations in the future license application. We, as in Norsk Postkodelotteri, work closely together with several beneficiaries and therefore look forward with confidence to obtaining the new license from 2027.

#### **Deutsche Postcode Lotterie (Germany)**

The Deutsche Postcode Lotterie enjoyed yet another highly successful year: thanks to very effective nationwide campaigns, we achieved growth of 19%, resulting in a turnover of EUR 241.8 million in 2023 (2022: EUR 203.2 million). In 2023 more prizes in kind became part of the prize plan, after their successful introduction in 2022.

The German lottery distributes its income as follows: 30% to beneficiaries, 16.7% to lottery tax for public benefit, and 30% to prizes. The charity committee (Beirat) gives final approval to which beneficiaries the lottery's proceeds will be donated to. The distribution of proceeds for 2023 was as follows: EUR 72.5 million to beneficiaries (2022: EUR 61 million), EUR 40.3 million to lottery tax for public benefit (2022: EUR 33.9 million), and EUR 72.5 million to prizes (2022: EUR 61.0 million) and the remain to cover organisational costs.

The Deutsche Postcode Lotterie donates 30% of the price of all tickets sold to a wide range of social initiatives and community organisations working to improve social cohesion, human rights and nature protection across all the German federal states.

Its legal structure is designed to meet national licensing requirements. The lottery is operated by a non-profit organisation that is 100% owned by Novamedia Deutschland GmbH, a 100% subsidiary of Novamedia B.V., which is ultimately owned by a foundation. As of 1 July 2022, the lottery's permit was renewed for another five years, until 30 June 2027.

#### **Book activities**

After a strong 2022, our bookstore, Scheltema, saw customer traffic grow and revenues rise accordingly. The total revenues from sales of books and entertainment products in 2023 amounted to EUR 7.2 million, representing a growth of 6% compared to the previous year (2022: EUR 6.8 million). Remaining losses after deduction of costs were absorbed within the group results.

#### **Phase2.earth**

Novamedia is an investor in the impact investment fund Phase2.earth, launched in 2021. In 2023 Novamedia contributed EUR 5.5 million in share premium bringing the total to EUR 16.1 million (2022: EUR 10.6 million). Phase2.earth invests in socially and environmentally sustainable social enterprises. In 2023 Phase2.earth added Phycom to its portfolio. Phycom is a company that produces and sells microalgae ingredients for food and feed production.

**Novamedia Holding B.V.**

The consolidated revenue of Novamedia Holding B.V. increased by 14% in 2023, to EUR 465.96 million (2022: EUR 408.7 million), mainly as a result of revenue growth at the lotteries (2023: EUR 458.8 million; 2022: EUR 401.9 million).

Novamedia Holding B.V.'s net result for 2023 amounts to EUR 12.6 million (2022: EUR 20.5 million). Overall operating costs (see notes 19 to 26) increased by EUR 66.5 million to EUR 447.1 million (2022: 380.6 million), mainly as a result of intensified marketing investments designed to increase contributions to charities, prize payments to players, and lottery tax for public benefit paid by the German lottery.

In 2023 the average total number of employees (FTE) groupwide, excluding the Dutch lotteries, was 781 (2022: 746). We further refer to note 31.

**Cash flows, liquidity and solvency**

Novamedia has EUR 293.5 million cash at bank (2022: 264.7 million) and has sufficient positive cash flows from operating activities. Positive cash flows were generated from operations in 2023 as a result of increasing lottery revenues. Investments in lotteries which are not break-even, such as those in Germany and Norway, are financed from these cash flows. Novamedia has no external debt or loans. Its liquidity ratio (current ratio) is 1.61 (2022: 1.72) and its solvency ratio (equity ratio) is 0.39 (2022: 0.42) as at 31 December 2023.

**Interest rate effects**

Substantial interest rate rises had a positive effect in 2023 on the income of Novamedia and its lotteries, which hold significant liquid assets.

### **Good Operations: How we live our mission**

Our mission is to raise funds by organising lotteries to benefit charitable organisations worldwide and community projects near where our players live. We also strive to increase public awareness by promoting the work of these charities and social initiatives. As an international company ourselves, we want to run our own operations as sustainably and inclusively as possible. The Good Operations (GO) agenda directs our efforts towards achieving this goal.

Based on our vision, mission and core values and formulated in dialogue with our stakeholders, the GO agenda focuses on five areas:

- Being a great place for people to work and meet
- Maximising the positive impact of our funds
- Engaging in customer-focused campaigning
- Achieving leadership in responsible value chains
- Operating with integrity

We have an international GO team made up of representatives from each country. The GO agenda is applied within the framework of each lottery's operations and adapted to circumstances in the individual countries.

### **Key ambitions**

Within the main GO agenda, the GO team has identified three key ambitions around sustainability and inclusion:

- Everyone should feel welcome
- We compensate for our CO<sub>2</sub> emissions and aim to reduce them as much as possible
- We are working to ban single-use plastics

### **Everyone should feel welcome.**

In 2023, many activities have taken place to promote an open and welcoming workplace, this paragraph contains some examples from the activities we have undertaken as a group and per country.

As Postcode Lottery Group we developed our Employer value proposition (EVP) and playbook. The employer value proposition **is a description of our culture and who we want to be as an employer and how our culture is experienced by the colleagues who work with us.** To attract and retain the right people, it's important that our EVP is reflected in our communications and behaviour, both internally and externally.

The internal goal of creating an EVP is to stimulate development/growth within the (international) organisation. Involving colleagues, getting them on board as ambassadors based on intrinsic motivation. And to stimulate internal referrals.

The external goal is related to our external visibility. By using the EVP we aim to create a positive and progressive employer image among potential colleagues. Introducing a wider audience to our colleagues and employer's vision, that contribute to our reputation.

The EVP Playbook is a compass for creating on-brand content and delivering an optimal candidate and employee experience. We identified the following themes and keywords from the research we conducted within the organisation:

- **Open**

welcoming, friendly, and supportive

- **Determined**

perseverant, passionate, and results-driven

- **Collaborative**

feedback-focused, multidisciplinary and improvement-seeking

- **Playful**

fun, entertaining and connective

- **Purposeful**

impactful, sustainable, and relevant

### **The pillars: a closer look**

#### **Open**

You should feel welcome at the Lotteries from the first time you enter our offices. We want you to do your best work with us. We take care of you and offer support whenever we can.

#### **Determined**

If you believe in your ideas, it is up to you to make them happen. The road to success won't be straight. In the end it's your results that matter.

#### **Collaborative**

We value team success and foster collaboration. Everybody counts. Together we make magic happen. What skills and perspective will you bring?

#### **Playful**

We believe getting results and being inspired at the same time is what makes working here great. We offer a unique range of activities to choose from, for personal development as well as entertainment. From lectures by charity partners and international keynote speakers to surprising and fun moments.

#### **Purposeful**

We are a private company with a singular mission: raising money for good. We share an average of 30% of our turnover with our charity partners. We want to do better every day. Our goal is to keep winning together: employees, players, and society.

Furthermore, in the Netherlands, all teams received training about (in) appropriate behaviour. And there has been organised an inclusion day. The Heads of departments attended an insightful presentation about hiring people with disabilities from the Comedian Sven Romkes.

The Swedish lottery continued to provide seminars and lectures on relevant topics, with a focus in 2023 on neurodiversity. Changes are introduced to make lottery events more inclusive. We pay tribute to and celebrate various cultural and religious holidays in the office beyond the traditional Swedish ones.



And under the "My Day" scheme employees can now pick a day to take time off as a substitute for one Swedish public holiday. This allows people who celebrate different religious holidays to take a day off without using a vacation day. The Swedish Lottery aimed to be norm-conscious in its communication by analysing identified comms areas for improvement and begun educating the relevant people on this topic.

At People's Postcode Lottery in Great Britain, awareness months took place in 2023, with Equality, Diversity, and Inclusion (EDI) Champions in different departments taking the lead to encourage progress, challenge perceptions, and inspire people through facilitating understanding of the various experiences of team members. We started with Women's Health Month, focusing on endometriosis (we are an endometriosis-friendly employer); this was followed by Stress Awareness, Neurodiversity, Pride, Anti-racism, and Disability. An EDI hub was launched on the intranet, with informative videos, signposting training, and celebrations to help everyone to feel valued and respected.

The Deutsche Postcode Lotterie employs people of about 20 nationalities. In 2023 the lottery continued to implement a range of measures to help strengthen employee cohesion and well-being. An online psychological counselling platform Instahelp, for example, can support colleagues in coping with a wide range of challenges in their (private) life. Furthermore, we trained two team members in taking up the role of company confidential counsellors. These roles are also assigned in other countries.

In all countries we are committed to creating a safe inclusive workplace by organizing training and dialogue sessions in the field of dignity at work. These sessions are around being valued and treated with respect, including workplace harassment and discrimination. We also regularly measure how our colleagues experience the working atmosphere.

#### **Compensating and reducing CO<sub>2</sub> emissions**

In the Netherlands, we have almost reached our local target of a 50% reduction of our CO<sub>2</sub> emissions by 2025 compared to 2018. We have begun working with Acorn to compensate for our emissions. By investing in certified carbon removal units, we are empowering smallholder farmers, who are severely impacted by climate change, to transition to climate-smart carbon-capturing agroforestry.

In Sweden, we have climate-compensations across the entire value chain since 2011 by investing in Gold Standard-certified carbon-reducing projects, such as renewable energy efforts and tree planting.

In Britain, we continued improving energy efficiency by reducing office air-conditioning running times to match occupancy and maintaining the transition to LED lighting. The office now runs on 100% renewable electricity and 100% green gas. In 2023, daily team lunches were sourced from local Scottish suppliers, and 98% of collected office waste was recycled. People's Postcode Lottery compensated for its 2023 residual carbon emissions by engaging with an offsetting partner to protect land, biodiversity, and communities in the Global South.

The Deutsche Postcode Lotterie strives to reduce internal and external CO<sub>2</sub> emissions as much as possible. The Düsseldorf office uses only renewable electricity. To further reduce its carbon footprint, the Deutsche Postcode Lotterie offers every employee a Deutschland-Ticket, which allows them to use local trains and buses throughout Germany - every day, any time.

### **Banning single-use plastics**

In close cooperation with our suppliers, the Dutch team has taken further steps to keep cosmetics containing microplastics out of the prize plan. We have also worked with them on alternative packaging. In some cases, this resulted in entire retail ranges transitioning to plastic-free packaging.

Sweden also continues to work with suppliers to reduce single-use plastic in packaging and strives to avoid using plastic in the office.

In Britain, we stopped providing individually wrapped sandwiches and salads, moving to a buffet-style lunch with a salad bar. Aluminium soft drink cans are no longer supplied, and a drinks dispenser has been installed to help people avoid purchasing them. A popular change to the prize plan was the addition of socks made from regenerated nylon, partly made from waste fishing nets. Where possible, the Events team continued to use innovative solutions to avoid single-use plastics in sourcing and supplier engagement. Volunteering days have seen team members pick up plastic waste and other rubbish on beaches and pavements and in other public spaces.

The Deutsche Postcode Lotterie provides guests at its annual Charity Gala with Wings Water, from which 100% of the profits are donated to support water projects worldwide. Wings also minimises its transport CO<sub>2</sub> footprint with regional production and ultra-light packaging. At its Monthly Prize celebrations, the lottery only serves drinks in glass bottles and encourages suppliers to work plastic-free. The lottery is the leading supporter of the nationwide RhineCleanUp, in which over 50,000 volunteers collected more than 300 tonnes of plastic waste on the shores of 26 rivers in 2023. Once again, a large group of employees participated in this campaign to protect the environment.

### **Legal structure**

The consolidated financial statements of Novamedia Holding B.V. include the following four types of enterprises:

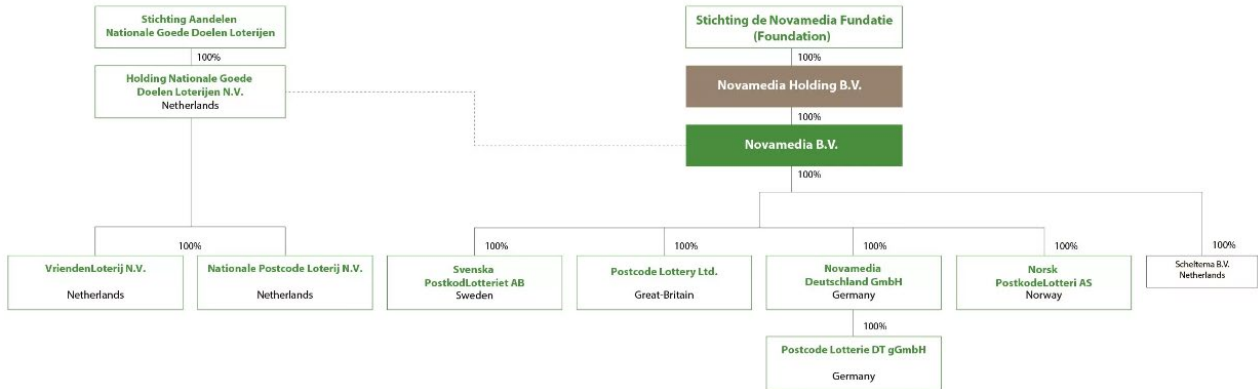
- Charity lottery operators (the Netherlands<sup>3</sup>, Sweden, Great Britain and Norway)
- Charity lottery (Germany)
- Bookstore (Scheltema B.V.)
- Stichting de Novamedia Fundatie

The first three enterprises are managed by the Executive Board of Novamedia B.V.

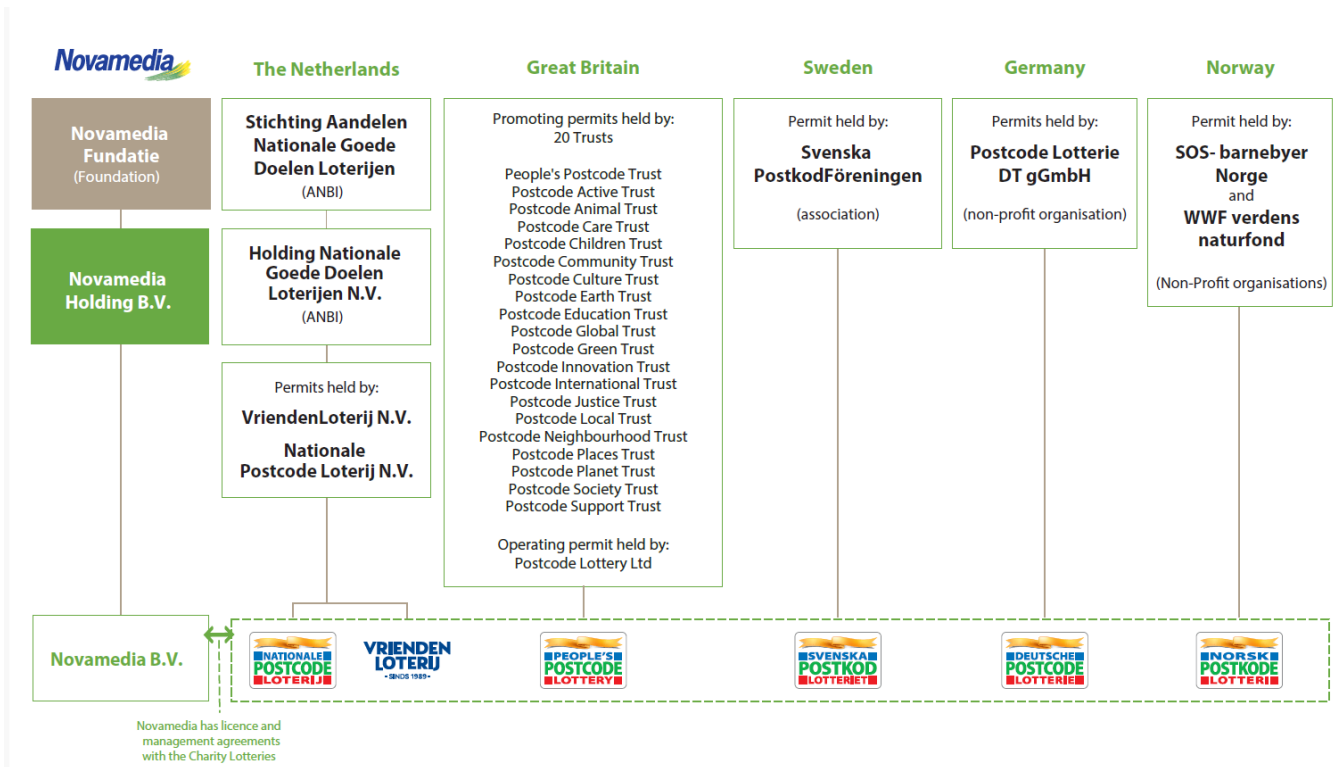
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<sup>3</sup> The Nationale Postcode Loterij and the VriendenLoterij are not part of Novamedia's legal structure but are managed by Novamedia's Executive Board.

## Novamedia Structure

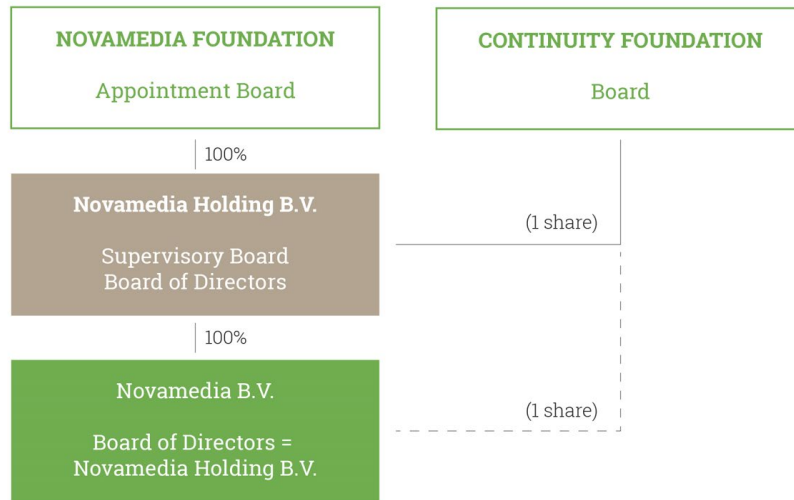


## Novamedia's governance structure



Novamedia has a governance structure designed to enable it to realise its mission and, importantly, to guarantee its continuity. The relationship between the different decision-making bodies facilitates the fulfilment of our mission while maintaining our entrepreneurial spirit and further protecting the organisation.

# Governance



## *Novamedia Executive Board*

Novamedia B.V.'s Executive Board in 2023 comprised Sigrid van Aken (CEO), Imme Rog (CMO) and Michiel Verboven (CCO). The Executive Board had two female members and one male member during 2023 and is satisfied with this balanced gender ratio.

## *Novamedia Holding Supervisory Board*

The Supervisory Board oversees the implementation of policies set by the Executive Board and the daily management of Novamedia Holding B.V. and its affiliated companies. Guided by the interests of Novamedia Holding B.V., the Supervisory Board advises the Executive Board and approves the annual budget and major investments. At the close of 2023, the board comprised Gerdi Verbeet (chair), Rob van den Bergh, Gert-Jan van der Vossen, Derk Sauer and Kick van der Pol. Rob van den Bergh's term ended at the end of 2023. The Executive Board is grateful for his long and dedicated contribution and focus on Novamedia's mission as a Supervisory Board member, member of the Audit Committee, and member of the Remuneration and Nomination Committee and his substantial contribution to Novamedia's future governance as a member of the Governance Committee. The Supervisory Board is currently working to fill the vacancy.

## *Novamedia Foundation (Stichting de Novamedia Fundatie)*

Novamedia is wholly owned by the Novamedia Foundation, whose main objective is to safeguard the continuity of the company's mission. The Foundation has been incorporated with the core function of perpetually holding all shares in Novamedia Holding B.V., to ensure that it will never sell any of those shares to another party.

In this way, since 2017, Novamedia and its lotteries have become a so "steward-owned" company. Steward ownership is a proven model that ensures a business prioritises its long-term purpose over short-term profits. In this type of organisation, power over the company cannot be speculated with and profit is a means to fulfilling a purpose, not a goal in itself. Value created in the company cannot be extracted by the shareholder; profits are reinvested, used to cover capital costs or donated.

At the close of 2023 the Novamedia Foundation Board members were Pieter van Geel (chair), Peter Prein and Dennis de Breij.

After donating its shares to the Novamedia Foundation in 2017, Cella Media B.V. obtained usufruct rights on 18.97% of the shares in Novamedia Holding, which allow it to exercise voting rights and receive dividends. Cella Media B.V. agreed to donate the full amount of its dividends to a charitable organisation (categorised as an ANBI in the Netherlands).

#### *Continuity Foundation*

The Continuity Foundation's purpose is to safeguard Novamedia's objectives and continuity. If a request for a change to the Articles of Association is brought before the Novamedia Supervisory Board or the Novamedia Foundation Board, the Continuity Foundation will then obtain a *deciding* share in Novamedia Holding B.V. and/or Novamedia B.V. Other than in such exceptional cases, the Continuity Foundation will not have a share in or any control over Novamedia.

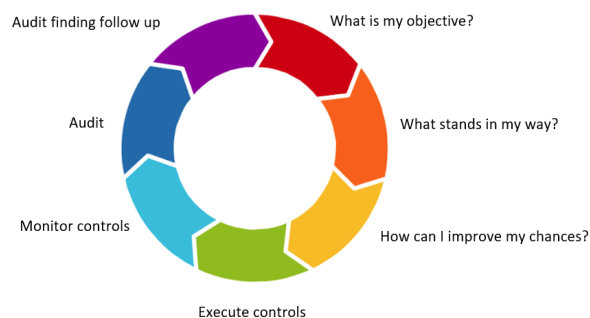
At the end of 2023 the Continuity Foundation Board consisted of members Ben Knapen (chair), Jan Piet van Harseler and Simone van Bijsterveldt.

#### **Risk management and control**

Novamedia recognises that proactive management of risk creates and protects value by enabling better-informed decision-making throughout the organisation. Novamedia's risk management approach, based on the ISO 31000 standard, is designed to identify risks, as well as opportunities, as soon as possible and to enable us to respond with appropriate measures when and where necessary. A summary of our framework and risk-related developments during the past year is given below.

#### *Risk management framework*

Our entrepreneurial culture is supported by a risk management and internal control framework designed to help us to achieve our objectives across all the lotteries.



Roles and responsibilities with regard to risk management are defined along the "three lines of defence", whereby:

1. The first line of defence is formed by functions that own and manage risks and their accompanying controls (business operations).

2. The second line is formed by those who specialise in risk management and compliance (oversight functions).
3. The third line of defence consists of functions that provide assurance on the performance of the first and second lines of defence (assurance providers are internal/external independent auditors).

#### *Risk appetite*

Novamedia's risk appetite is divided into three types:

##### 1. Strategic risk appetite

Novamedia allows strategic risks to be taken in pursuit of its mission. All major risks within this area are taken on only after careful consideration by Novamedia's Executive Board and Supervisory Board.

##### 2. Operational and compliance risk appetite

Novamedia aims to make informed decisions and only take on risks which are justified by the potential rewards. Observance of laws and regulations is fundamental to the continued operations of Novamedia and its related entities. Therefore, Novamedia takes a strict approach to compliance. On the operational side, we strive for organisational excellence. This translates into being able to detect and correct errors as soon as possible when things go wrong, as well as sharing lessons learned across our organisations.

##### 3. Financial risk appetite

Acceptable financial risk levels are minimised. Risk appetite is equally low with respect to both the finances and financial reporting of the lotteries.

#### *Overview of top risks*

Below we summarise the risks that we believe are the most relevant to the fulfilment of our mission. These risks have been identified by the Executive Board and analysed by the Novamedia Supervisory Board. The order in which they are listed does not imply an order of significance.

##### Discontinuation of lottery licences

Going-concern risks may arise in, but are not limited to, situations that would mean the licences of the lotteries in the Netherlands, Sweden, Great Britain, Germany and/or Norway would be discontinued. There are currently no indications that this is likely to occur in the short term.

##### Pressure on sales

Each market that has opened to remote gambling products has faced an enormous increase in gaming advertising. Regulators have consistently responded by implementing restrictions on such advertising. While these are understandable from a responsible gaming perspective, they can unintentionally cause harm to the safe, non-addictive charity lotteries we operate. We, together with other lotteries and our charity partners, continue to highlight the differences between lotteries and the wider gambling sector in respect of matters such as the mission to

raise funds for good causes and the fact that lotteries are not-for-profit and widely considered low-risk from a problem-gambling perspective.

#### Information and IT security risk

The availability, integrity and confidentiality of data are crucial for the continuity of the lotteries' business processes. Ransomware attacks are prolific and form a threat to our operations, as they do for any B2C company. Human and technical errors can also endanger the availability, integrity and confidentiality of our data.

In order to keep information security top of mind, we have continuous education programmes in place and train staff in handling cyber crises through simulations across the group. In addition, we strive to simplify processes and procedures as much as possible across the group. We also monitor our intrusion defences 24/7 and test them regularly and work to harmonise our IT platform and use of security and other tools.

We use a layered defence strategy made up of different measures. To leverage economies of scale, we are striving to improve the international alignment of systems, software and security measures across the lotteries. Vulnerability scanning, international collaboration (internally as well as externally), and external audits and certifications help us to identify areas where improvements can be made.

#### Intellectual property infringements

One of Novamedia's primary assets is its intellectual property rights to the lottery formats and related trademarks. Therefore, Novamedia monitors the market and trademark registers and takes immediate action against infringers.

#### Risk of inability to attract, develop and retain talent

Maintaining an adequate number of well-trained staff members is crucial to the operation of Novamedia and its related entities. In order to attract and maintain well-qualified personnel, we offer a competitive package of employment terms and training. In addition, international collaboration and job mobility make for an exciting work environment, with traineeships and exchanges available across the group; this also aids in optimal resource planning.

#### Reputational damage

Reputational damage can arise from a multitude of sources. An organisation's reaction to an incident or crisis can have a critical impact on its reputation, over and above the incident itself. Therefore, in addition to striving for effective and compliant execution of operational processes, the lottery organisations have communication departments that work to maintain a good reputation in traditional and social media and among players and the general public. They monitor various outlets, observe media statements about the organisations, devise strategies to address misinformation, and prepare for crisis situations through simulations.

## Governance

Thanks to an improvement made to the Articles of Association in January 2023, Novamedia's corporate governance has become more effective at the shareholder level. This will contribute to the growth strategy of the Postcode Lottery Group.

Due to historical legal factors, in 1989 Novamedia's Dutch lotteries were established as a separate entity in the Netherlands. However, following a 2016 amendment to the Wet op de Kansspelen (Dutch Betting and Gaming Act), the Nationale Postcode Loterij and VriendenLoterij can become fully part of Novamedia, like all Novamedia's Lotteries across Europe. This is expected to happen in 2024, when they become part of the international organisational structure that already includes the four Postcode Lotteries outside the Netherlands.

## Fraud

Even though typical fraud schemes related to cash are minimised due to our subscription-based model and the absence of cash in players' transactions, we expend considerable time and effort on fraud prevention and detection across our lotteries. Fraud risks are present across a wide variety of processes and have traditionally been taken into account in the context of individual processes and projects. In other words, fraud risks and control measures are not new. However, we have recently adapted our approach, bundling our most significant fraud risks and control measures in a framework based on that of the Association of Certified Fraud Examiners and including the impact of the highest-scoring fraud risks in our annual strategic risk assessment with the Supervisory Board.

## Liquidity risk

Endangerment of Novamedia's continuity through, e.g., fraud or a new financial crisis is captured under liquidity risk. Control measures such as the use of only highly rated banks, the spreading of funds across those banks, and strong controls within the payment process are employed to reduce the level of liquidity risk. In 2023 the board engaged KPMG to review the current treasury policy and counterparty risk of the banks used within the group. The overall review was positive, and the board will follow up on recommendations from this review in 2024. Other financial risks assessed by the Executive Board are listed in the financial statements.



## **Expected developments in 2024 by country**

### **Dutch Charity Lotteries**

The ambition of the Nationale Postcode Loterij and VriendenLoterij is to continue to grow in 2024. They will keep working to increase the amounts raised for charities, focusing on sustainable acquisition as well as retention. The Nationale Postcode Loterij will also focus on the further adoption of its Plus and Premium product additions, which were successfully introduced in 2023.

### **Svenska Postkodlotteriet**

Player retention and acquisition remain the Svenska Postkodlotteriet's primary goals in 2024. It will work to grow via the sustainable marketing channels it has tapped so far. The lottery will also, like its counterpart in the Netherlands, focus on the further adoption of its Plus and Premium product additions, which were successfully introduced in 2023.

### **People's Postcode Lottery**

People's Postcode Lottery aims to expand this year by using targeted marketing via multiple channels to recruit new players. A new loyalty programme will encourage retention, alongside new communication strategies, and additional coordination with charities.

### **Deutsche Postcode Lotterie**

Of all the group's markets, Germany currently offers the greatest growth potential. The Deutsche Postcode Lotterie will keep working to expand the amount raised for charities to increase its grants to local and regional projects and communities.

### **Norsk Postkodelotteri**

The Norwegian lottery aims to maintain stability in 2024, as it has reached its limit of 150,000 monthly subscriptions on draw. Norwegian law caps charity lotteries' turnover and hence the number of tickets they can sell. The revenue cap negatively impacts the amount the lottery is able to raise for charities. The charities are urging the government to raise or remove the cap to enable charity lotteries and their players to raise more vital charity funding in Norway.

### **Canadian Postcode Lottery Foundation**

We established the Canadian Postcode Lottery Foundation in the province of Ontario in 2023. In 2024 it will undertake activities designed to empower charitable organisations and bolster its application for a permit for a new Canadian Postcode Lottery to benefit Ontario's citizens and civil society organisations. Newly appointed Canadian board member Mary Ann MacKenzie visited Novamedia in Amsterdam in 2023. The Canadian Postcode Lottery Foundation's board invited 40 charity representatives at the foundation's inaugural event in January 2024, a special session on "The Power of Postcodes", also attended by Novamedia's Executive Board.

### **Financing and staffing**

Novamedia generates sufficient positive cash flows to meet the funding needs of the group. We expect the number of FTE employees to stay at its current level. We are carefully looking into how best to obtain new expertise to support the international development and growth of the lotteries.

### **Management expectations for 2024**

#### **Dutch lotteries part of international governance**

Due to historical legal factors in 1989 Novamedia's Dutch lotteries were established as a separate entity in the Netherlands. Following a 2016 amendment to the Wet op de Kansspelen (Dutch Betting and Gaming Act), in 2024 the Dutch Charity Lotteries organisation is expected to become part of Novamedia and the international organisational structure that include the British, Swedish, German and Norwegian lotteries. The two Dutch lotteries' financials will then be consolidated with those of the others. A single Supervisory Board will serve as the internal supervisory body, while the Executive Board will be responsible for all lotteries in the group. Grants councils and trusts in the various countries are involved in decision-making around the allocation of proceeds to charitable causes. A new council will be installed for this purpose in the Netherlands.

Novamedia will be subject to new legislation mandating a minimum 15% tax rate for multinationals with turnover above EUR 750 million, driven by Pillar Two of the cross-border tax reform deals overseen by the OECD (Organisation for Economic Cooperation and Development). The implications of the changes will be determined in full but do not appear to have any material impact on our financial statements for 2024.

#### **Scheltema**

At the end of 2023, Athenaeum group showed interest in Scheltema, with the intention to create the largest bookstore Scheltema- Athenaeum in Amsterdam, this transaction is completed in the first quarter of 2024, meaning that Scheltema will fall within the Athenaeum group in 2024. We are excited that after running Scheltema for 10 years, there is a bright future for the combination of these iconic bookstores in Amsterdam.

#### **Sustainability reporting**

Novamedia Holding B.V. faces new sustainability reporting requirements under the EU's Corporate Sustainability Reporting Directive. We will follow the new rules from the 2025 financial year and begin reporting in 2026. Activities are taking place to prepare the organisation to comply with the new requirements.

#### **Renewed tax compliance monitoring agreement**

Since 2011 Novamedia and the Dutch Charity Lotteries have qualified for the Dutch Tax Administration's Horizontaal Toezicht ("horizontal monitoring") tax compliance arrangement. Our previous agreement expired at the end of 2023. The Tax Administration recently imposed stricter requirements on companies seeking renewed agreements. On the basis of conversations and information supplied, the Tax Administration determined that Novamedia and Holding

Nationale Goede Doelen Loterijen met the criteria for a new three-year agreement, which was signed on 1 December 2023. It covers all entities within the scope of Novamedia Holding NV and Holding Nationale Goede Doelen Loterijen NV.

### **Financial, supply-chain and HR processes**

The Postcode Lottery Group began the phased migration of its financial, supply-chain and HR processes to the Oracle Fusion Cloud Applications in 2022. After successful go-live of the Oracle Financials Cloud at Novamedia and Scheltema in November 2022, the British lottery followed in January 2023, and the other lotteries during the course of the year. By the end of November 2023 all the lotteries in the group had gone live with Oracle Fusion Cloud. We successfully implemented Oracle Financial Consolidation and Close by the end of the year, and all lotteries are now using the Oracle Cloud HCM human capital management system. All Finance- and HR-teams, as well as end-users across our European operations, are very satisfied, and the change management activities around the migration have paid off.

### **International partnerships**

Novamedia is always looking for new opportunities to expand its lottery operations and fundraising efforts. We are working with local organisations in several countries with the ambition of setting up new lotteries to raise funds for charities and increase awareness of their work.

### **Phase2.earth**

Novamedia is an investor in the impact investment fund Phase2.earth, launched in 2021. Phase2.earth wants to invest in socially and environmentally sustainable scale-ups working toward one or more of the UN's Sustainable Development Goals. Recipients include the energy-saving window-coating firm Physee and the plant-based food makers Karma Kebab. Novamedia is a minority shareholder (16.7%) in Phase2.earth. We have committed a maximum of EUR 21.5 million to the total fund of EUR 25 million. Contributions will be made available after a positive assessment and approval by the Investment Committee.

### **Limitless potential**

We have made it our mission to raise as many funds as possible for initiatives that make for better society, from small and local charities, to large, international charity organisations - our players support them all. Our goal is to turn every home's postcode into a ticket for good so everyone has the chance to win prizes -each and every day of the year- with their neighbours in monthly draws. Through each draw, players contribute to a healthier, fairer, and greener world, where human rights are respected.

We look forward to working with the international teams and all our colleagues to further pursue our mission in the year ahead through our lotteries in the Netherlands, Sweden, Great Britain, Germany, and Norway.

Amsterdam, 25 March 2024

The Executive Board:

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S.J. van Aken (CEO)

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I. Rog (CMO)

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M. Verboven (CCO)

## **Report of the Supervisory Board**

### **Annual Report**

The Supervisory Board is pleased to present the 2023 Annual Report of Novamedia Holding B.V., including financial statements. This Annual Report had been prepared by the Novamedia Executive Board. PricewaterhouseCoopers Accountants N.V. audited the financial statements and issued an unqualified opinion. The Supervisory Board's Audit Committee has discussed the financial statements with the CEO, the CCO, the Finance Director, the finance team, and the external independent auditor. The Supervisory Board has subsequently discussed the Annual Report with the Novamedia Executive Board and has concluded that it meets all relevant requirements and provides a fair and comprehensive view of the company's results, financial position and risks.

The financial statements will be submitted to the general meeting of shareholders for approval on 9 April 2024. The Supervisory Board proposes that the Novamedia Executive Board is granted discharge in respect of the management carried out, that the Supervisory Board is granted discharge for the supervision executed, and that the financial statements are adopted.

### **Supervision**

The Supervisory Board monitors and advises the Executive Board in setting and achieving the strategic objectives of Novamedia. In this report, the Supervisory Board explains how it has fulfilled its role during the past year.

### **Outstanding performance**

The Supervisory Board looks back on 2023 as a very successful year for the Postcode Lottery Group, with a 6.5% increase in lottery revenues. We celebrate the successful implementation of the acceleration strategy by the international Postcode Lottery Group teams that led to the continued outstanding performance of the lotteries in the Netherlands, Sweden, Great Britain, Germany and Norway. Thanks to the great performance of the Lottery-teams and the commitment of our loyal players, the lotteries' combined revenue increased to EUR 2.5 billion in 2023, and we were able to donate an impressive record of EUR 904 million to charities.

### **International growth acceleration strategy**

With our international acceleration strategy we aim to unlock growth opportunities for all our lotteries. The Postcode Lottery Group is for instance focusing on setting a new standard for the use of data, artificial intelligence and the resulting insights. The international teams will pursue their marketing ambitions, product and tech development, and creative concepts on the basis of international collaboration and an exchange of best practices. In 2024 the ambition is to further increase collaboration, knowledge exchange and alignment across the lotteries and their departments.

### **A top global donor**

The Postcode Lottery Group is among the world's largest private charitable donors, ranked as no. 3 in 2021. We are grateful to our local and international ambassadors, the Dutch Charity Lotteries' Supervisory Board, the Deutsche Postcode Lotterie's Beirat, the Svenska Postkodföreningen's Board, the Trustees in Great Britain, and all our other partners. They help us to maintain the vital financial support our lotteries and players provide for good causes - and to keep growing the number of subscriptions we sell so we can keep increasing that support. We will continue to stride forward, full of ambition.

### **Financial reporting and risks**

In 2023 the Executive Board provided periodic reports to the Audit Committee and quarterly reports to the Supervisory Board comparing Novamedia's actual financial results to the 2023 budget, the latest estimates for 2023, and the results for 2022.

Novamedia assessed the 10 most important fraud risks for each of the lotteries. Novamedia's Risk Management teams reviewed and compared the outcomes of the risk assessments in an international meeting held in the second half of 2023. As part of the annual strategic risk review, Novamedia communicated the highest-scoring risks to the Supervisory Board.

### **No conflicts of interest**

There were no transactions in 2023 involving conflicts of interest on the part of Executive Board members, Supervisory Board members, the Novamedia Foundation or related parties that were of material significance to Novamedia and/or the relevant parties.

### **Supervisory Board composition**

The Supervisory Board had one female and four male members during 2023. Kick van der Pol (m) was appointed in January 2023, and Rob van den Bergh's (m) term concluded at the end of the year, leaving the board with one female and three male members. In filling current and future vacancies, the Supervisory Board will take gender balance into consideration.

### **Meetings of the Supervisory Board**

The Novamedia Supervisory Board had six meetings in 2023 and attended the general meeting of shareholders. The Supervisory Board was organised in three separate committees: the Audit Committee, the Governance Committee, and the Remuneration and Nomination Committee.

The Audit Committee consisted of Gert-Jan van der Vossen (chair) and Gerdi Verbeet and held four meetings in 2023. The chair of the Audit Committee, the CEO and the Finance Director also met monthly to monitor developments within Novamedia.

The Governance Committee and the Remuneration and Nomination Committee both consisted of Rob van den Bergh (chair) and Gerdi Verbeet. They held several meetings in 2023 and had separate meetings with the Executive Board members.

**A word of thanks**

The Supervisory Board wishes to express its gratitude to Rob van den Bergh for his commitment and dedication during the period in which he was a member.

As ever, our heartfelt thanks go out to the Executive Board and all the employees of Novamedia and the Postcode Lottery Group for their ongoing commitment and general excellence. Thanks to stellar collaborative efforts across the group, a record turnover was achieved in 2023, raising a gratifying EUR 904 million for the numerous good causes our charity lotteries support around the world. We are pleased to be able to contribute to a better world and reach out to those in need, especially in these troubled times.

Amsterdam, 25 March 2024

The Supervisory Board:

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G.A. Verbeet (*chair*)

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C. van der Pol

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D.E. Sauer

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G.J.A.M. van der Vossen

## Financial statements



## Consolidated balance sheet as at 31 December 2023

EUR * 1,000		31 December 2023	31 December 2022
<i>(before appropriation of result)</i>	<i>Notes</i>		
<i>Assets</i>			
<i>Fixed assets</i>			
<b>Intangible fixed assets</b>	1		
Goodwill		0	0
Software		0	6
		0	6
<b>Tangible fixed assets</b>	2		
Land and buildings		2,795	2,861
Fixtures, furniture and hardware		4,226	4,287
		7,021	7,148
<b>Financial fixed assets</b>	3		
Subsidiaries		0	0
Deferred tax assets		2,341	1,062
Other participating interests		12,110	8,522
		14,451	9,584
<i>Current assets</i>			
<b>Inventories</b>	4	4,674	1,786
<b>Receivables</b>			
Accounts receivable	5	304	606
Receivable Svenska Postkodföreningen	6	19,242	17,613
Tax receivable	7	2,450	1,953
Other receivables	8	19,806	13,956
		41,802	34,128
<b>Cash and cash equivalents</b>	9	293,553	264,716
		<b>361,501</b>	<b>317,368</b>

EUR * 1,000		<u>31 December 2023</u>	<u>31 December 2022</u>
	<i>Notes</i>		
<i>Group equity and liabilities</i>			
<b>Group equity</b>	10/37	139,753	134,598
<b>Provisions</b>			
Deferred tax liabilities	11	7,536	7,539
<b>Current liabilities</b>			
Accounts payable		20,574	12,119
Taxes and social security premiums	12	8,507	11,071
Deferred income	13	87,088	70,959
Prize money payable	14	47,366	28,465
Payables to charities	15	24,111	27,253
Other liabilities and accruals	16	<u>26,566</u>	<u>25,364</u>
		214,212	175,231
		<u><b>361,501</b></u>	<u><b>317,368</b></u>

## Consolidated profit and loss account for the year ended 31 December 2023

EUR * 1,000		2023	2022
	<i>Notes</i>		
<b>Revenue</b>			
Lottery-related revenue	18	458,755	401,876
Book-related revenue		7,201	6,779
<b>Total revenue</b>		<b>465,956</b>	<b>408,655</b>
<b>Expenses</b>			
Lottery-related operating expenses	19	376,877	313,828
Cost of sales (books)	20	3,962	3,807
Book-related operating expenses	21	5,500	1,991
Personnel expenses	22	55,434	48,576
General and administrative expenses	23	7,511	11,319
Depreciation, amortisation and impairment of fixed assets	24/25	1,133	1,110
<b>Total expenses</b>		<b>450,417</b>	<b>380,631</b>
<b>Operating income</b>		<b>15,539</b>	<b>28,024</b>
Changes in value of fixed assets	27	(1,959)	(500)
Result from divestment of group companies	28	807	1,818
Financial expenses(-) and income (+)	29	9,912	1,338
<b>Result on ordinary activities before taxation</b>		<b>24,299</b>	<b>30,680</b>
Current taxation on result on ordinary activities	30	(16,180)	(10,219)
Changes in deferred taxes	30	1,180	13
<b>Net result</b>		<b>9,299</b>	<b>20,474</b>

## Consolidated cash flow statement for the year ended 31 December 2023

EUR * 1,000		2023	2022
	<i>Notes</i>		
<b>Cash flow from operating activities</b>			
Operating income		15,539	28,024
<i>Adjustments for non-cash items:</i>			
Depreciation, amortisation and impairment	1/2/3	1,133	1,118
		1,133	1,118
<i>Changes in working capital:</i>			
Receivables		(7,268)	(5,106)
Inventories		(2,854)	(1,000)
Current liabilities		36,122	18,211
		26,000	12,105
Cash generated from operations		42,672	41,247
Financial income		9,040	1,480
Financial expenses		(460)	(404)
Corporate income tax		(15,251)	(12,056)
		(6,671)	(10,980)
Net cash from operating activities		36,001	30,267
<b>Cash flow from investment activities</b>			
Investment in (in)tangible fixed assets	2	(988)	(2,500)
Investment in financial fixed assets	3	(4,422)	(2,562)
Divestment of group company	28	1,712	1,629
Proceeds from shareholder loans	37	2,901	3,544
Net cash from investment activities		(797)	111
<b>Cash flow from financing activities</b>			
Dividend movements	37	(20,474)	
Capital increase	37	12,706	(5,041)
		(7,768)	(5,041)
Net cash flows		27,436	25,337
Exchange gains/losses on cash and cash equivalents		1,401	(9,148)
<b>Net increase in cash and cash equivalents</b>		<b>28,837</b>	<b>16,189</b>
Movements in cash and cash equivalents can be broken down as follows:			
<b>As at 1 January</b>		<b>264,716</b>	<b>248,527</b>
Movements during the year		28,837	16,189
As at 31 December		293,553	264,716
Restricted for charities and prize-winners		(115,209)	(82,610)
<b>Cash and cash equivalents available</b>		<b>178,344</b>	<b>182,106</b>

## **General notes to the financial statements**

### **General**

Novamedia is a an international private company, and its shares are fully owned (100%) by a foundation, Stichting de Novamedia Fundatie (the Novamedia Foundation). Novamedia firmly believes that the world benefits from strong civil society organisations. It seeks to contribute to a better world through running charity lotteries.

Novamedia is the creator and owner of various brands and lottery formats, including the Postcode Lottery brand and format. Postcode Lotteries have been set up in Sweden, Great Britain, Germany and Norway as well as in the founding country of the Netherlands. By the end of 2023, Novamedia's lottery formats had raised a total of EUR 13.5 billion for donation to thousands of charities and social initiatives around the world.

Novamedia currently operates six charity lotteries: the Nationale Postcode Loterij and the VriendenLoterij in the Netherlands, the Svenska Postkodlotteriet in Sweden, People's Postcode Lottery in Great Britain, the Deutsche Postcode Lotterie in Germany, and the Norsk Postkodelotteri in Norway.

The Deutsche Postcode Lotterie is owned by Novamedia Deutschland GmbH, a 100% subsidiary of Novamedia B.V. All income, contributions to beneficiaries and prizes relating to the German lottery are therefore included in the consolidated financial statements of Novamedia Holding B.V. The Postcode Lotterie DT gGmbH also prepares and files its own statutory annual accounts.

The legal structure of the German lottery is specifically designed to meet local licensing requirements for non-profit organisations. As a result, no dividends can be paid to Novamedia. German lottery income is allocated to beneficiaries (30%), prizes (30%), lottery tax for public benefit (16.7%) and organisational costs. By the end of 2023, Novamedia B.V. provided EUR 93.0 million in financing to the German lottery to enable its growth. The Beirat (charities board) approves decisions regarding which beneficiaries will receive donations of lottery income.

The entities in Sweden (Svenska Postkodlotteriet AB), Great Britain (Postcode Lottery Ltd) and Norway (Norsk Postkodelotteri AS) qualify as lottery operators and are included in Novamedia Holding B.V.'s consolidated financial statements. Please refer to the legal structure paragraph in the Report of the Executive Board and note 18 of the financial statements. All three entities prepare and file their own statutory annual accounts.

### **Accounting principles**

In general, assets and liabilities are valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. The balance sheet and profit and loss account include references to the notes.

The accounting principles as stated below are applicable to both the consolidated and company financial statements of Novamedia Holding B.V.

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in EUR 1,000.

#### **Comparison to prior year's principles**

The principles of valuation and determination of the result have remained unchanged compared to the previous year, with the exception of the applied changes in accounting estimates and the change in accounting policy for revenue recognition, as included in the relevant paragraph.

#### *Changes in accounting estimates*

There were no changes in accounting policies during 2023.

#### **Foreign currencies**

##### *Functional currency*

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, the functional and presentation currency of Novamedia Holding B.V.

##### *Transactions, receivables and debts*

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the profit and loss account, except when deferred in equity as qualifying hedges.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Translation differences on non-monetary assets such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Translation differences on intragroup long-term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognised in equity as a component of the legal reserve for translation differences.

The following exchange rates are used:

<b>Final as at 31 Dec</b>			<b>Average rate</b>		
	<b>2023</b>	<b>2022</b>		<b>2023</b>	<b>2022</b>
EUR 1 = SEK	11.137	11.149	EUR 1 = SEK	11.447	10.635
EUR 1 = GBP	0.867	0.885	EUR 1 = GBP	0.871	0.855
EUR 1 = NOK	11.240	10.535	EUR 1 = NOK	11.377	10.097

#### *Group companies*

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of these subsidiaries and translated at the closing rate. Any resulting exchange differences are taken directly to the legal reserve for translation differences within equity.

#### **Consolidation**

The consolidation includes the financial information of Novamedia Holding B.V., its group companies and other entities in which it exercises control. Group companies are entities in which Novamedia Holding B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights or in which it has the power to govern the financial and operating policies. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Participating interests included in the group equity and group result are disclosed separately. Participating interests in entities over which no control can be exercised (associates) are not included in the consolidation. Intercompany transactions and balances among group companies are eliminated unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment.

#### **Article 402, Book 2 of the Dutch Civil Code**

Since the profit and loss account of Novamedia Holding B.V. is included in the consolidated financial statements, a condensed profit and loss account has been disclosed in the company financial statements in accordance with Article 2:402 of the Dutch Civil Code.

#### **Acquisitions and disposals of group companies**

Identifiable assets acquired and liabilities assumed in a business combination are recognised in the consolidated financial statements from the acquisition date, being the moment that control can be exercised in the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. If the acquisition price is lower than the

net amount of the fair value of the identifiable assets and liabilities, the difference (i.e., negative goodwill, badwill) is disclosed under accruals and deferred income (refer to note on amortisation and depreciation).

Entities continue to be consolidated until they are sold or liquidated; they are deconsolidated from the date that control ceases.

Consolidated by Novamedia Holding B.V. using the full consolidation method:

		share in equity:
Novamedia B.V.	Amsterdam	100%
Postcode Lottery Ltd.	Amsterdam	100%
Svenska Postkodlotteriet AB <sup>4</sup>	Amsterdam	100%
Novamedia Deutschland GmbH	Düsseldorf	100%
Postcode Lotterie DT gGmbH	Düsseldorf	100%
Norsk Postkodelotteri AS <sup>5</sup>	Oslo	100%
Novamedia Lotteries Canada Inc. <sup>6</sup>	Dartmouth	100%
Scheltema B.V. <sup>7</sup>	Amsterdam	100%
Stichting de Novamedia Fundatie*	Amsterdam	100%

*\*Per 9 December 2023, this entity is consolidated as it meets the technical accounting requirements for a consolidated company since the loan with Novamedia B.V. has been fully repaid.*

The following subsidiaries of Novamedia B.V. were liquidated in 2023:

	Liquidation date:	
Novamedia Gaming B.V.	30 June 2023	100%

Stichting Continuïteit Novamedia (the Continuity Foundation) and the Canadian Postcode Lottery Foundation (established 29 September 2023) are not consolidated.<sup>8</sup>

#### Participating interests

The following investment of Novamedia B.V. is not consolidated and is valued at cost or lower market value:

	founding date:	share in equity:
Phase2.earth B.V.	18 December 2020 's-Graveland	16.7%

<sup>4</sup> As of 2 January 2023 Novamedia Sverige AB continued under the legal name of Svenska Postkodlotteriet AB

<sup>5</sup> As of 2 January 2023 Novamedia Norsk Postkodelotteri AS continued under the legal name of Norsk Postkodelotteri AS

<sup>6</sup> Novamedia Lotteries Canada Inc. was established in 2020 and has no activities yet.

<sup>7</sup> Scheltema is sold in march 2024 to Athenaeum bookstores

<sup>8</sup> Stichting Continuïteit Novamedia and Canadian Postcode Lottery Foundation are not material and therefore not consolidated.



**Related parties**

Any legal entity that can be controlled, jointly controlled or significantly influenced is considered to be a related party. Also, any entities which can control Novamedia are considered related parties; these include the statutory directors of Novamedia and the boards of related foundations.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, the extent and other information are disclosed if disclosure is required to provide for a true and fair view.

**Estimates**

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. If necessary for the purposes of providing the view required under Article 2:362, Part 1 of the Dutch Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

**Principles of cash flow statement**

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Any purchase consideration paid for an acquired group company will be recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in an acquired group company will be deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

## **Principles of valuation of assets and liabilities**

### **Intangible fixed assets**

Intangible fixed assets are stated at historical cost less amortisation. Allowance is made for any impairment losses expected. A loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount.

#### *Goodwill*

Goodwill is the excess of the purchase price over the fair value of net assets. Goodwill is capitalised and amortised on a straight-line basis over its estimated useful life.

#### *Software*

Software licences acquired are capitalised at acquisition cost and amortised on a straight-line basis over their estimated future useful lives. Expenditures that are attributable to the production of identifiable and unique software products controlled by the group are capitalised. It is Novamedia's policy not to capitalise any internal development costs. Costs associated with maintaining computer software and research expenditure are recognised in the profit and loss account.

### **Tangible fixed assets**

Land and buildings are stated at historical cost-plus expenditure that is directly attributable to the acquisition of the items, less straight-line depreciation over their estimated future useful lives, up to a predefined residual value. Land is not depreciated. Allowance is made for any impairment losses expected on the balance sheet date.

No provision for future large maintenance costs is accounted for. Future large maintenance costs will be capitalised when they occur and depreciated. The component approach from the initial recognition will be applied.

Other tangible fixed assets, being furniture and fixtures, are valued at historical cost less straight-line depreciation over the estimated useful economic life and expected impairments.

### **Financial fixed assets**

#### *Subsidiaries and other investments*

Majority subsidiaries and other investments over which significant influence can be exercised are valued according to the net asset value method. Novamedia is considered to exercise significant influence if it holds at least 20% of the voting rights.

Net asset value is calculated using the accounting policies applied in these financial statements. Subsidiaries and other investments whose financial information cannot be aligned to these policies are valued based on their own accounting policies.

In cases where the valuation of a subsidiary according to the net asset value is negative, the subsidiary is valued at nil. If in this situation the investing company is fully or partially liable for the debts of the subsidiary, a provision is recorded.

Subsidiaries and other investments acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

Subsidiaries where no significant influence can be exercised are valued at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write-offs are disclosed in the profit and loss account.

#### *Loans*

Receivables disclosed under financial fixed assets are stated at the fair value of the amount owed, which normally consists of its face value, net of any provisions considered necessary. Receivables recognised under financial fixed assets are initially valued at fair value less transaction cost (if material). These receivables are subsequently valued at amortised cost. In determining the value, any impairments are taken into account.

#### *Other participating interests*

Participating interests in entities over which no control can be exercised (associates) are not included in the consolidation and are carried at cost or lower market value.

#### *Impairment of fixed assets*

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognized in the income statement while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill cannot be reversed.

#### *Impairment of non-current assets*

At each balance sheet date, Novamedia assesses whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Fair value less costs to sell is determined based on the active market. For the purposes of determining value in use, cash flows are discounted. An impairment loss is directly recognised in the profit and loss account.

The amount of an impairment incurred on financial assets of Phase2.earth stated at amortised cost is measured as the difference between the asset's carrying amount and the estimated value based on the audited annual report and information received from the fund manager about the participation's investments.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined if no asset impairment had been recognised.

Novamedia assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the profit and loss account.

#### **Inventories**

Inventories consist of not-yet-awarded prizes in kind (lottery inventories) and goods for resale (book inventories). These inventories are stated at the lower of purchase price at the balance sheet date or net realisable value. Cost for book inventories is determined using the weighted average method. Cost of lottery inventories is determined using the fixed stock price, which is the last available price. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

#### **Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost less a provision for doubtful debt.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances and deposits with maturities of less than 12 months. Bank overdrafts at banks are recognised under credit institutions as part of the current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

#### **Pension benefits**

Novamedia participates in a number of pension plans. We see pensions as an important benefit within our strong international employer brand. As with other terms of employment, we are currently working on an internal benchmark to harmonise the pension plans offered by our lotteries as far as possible.

### *The Netherlands*

Novamedia has a gross pension plan and a net pension plan in the Netherlands to which the conditions of the Dutch Pensions Act are applicable. The gross pension plan is based on an average pay system, while the net pension plan is based on a defined contribution system. The main characteristics of these plans are:

- The system of the gross pension scheme, based on average payment, applies to salaries up to EUR 128,810 (2023).
- Indexation depends on availability of means and the employer's decision.
- The net pension scheme is a voluntary plan and is based on a defined contribution system. The level of contribution depends on the employee's age. This pension plan only applies to salaries above EUR 128,810 (2023) per annum.

Novamedia pays premiums based on legal requirements, on a contractual or voluntary basis, to insurance companies. Premiums are recognised as personnel costs when they are due. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities.

Except for the payment of contributions on a contractual basis, Novamedia has no other obligations under these pension schemes except in case of possible (legally based) incoming value transfers. Novamedia has no obligations to make supplementary payments for accrued benefits if there is a deficit on the insurance company, other than paying higher future contributions for new accruals.

### *Sweden*

In Sweden, a pension plan called the ITP plan is in place, as agreed between various labour market parties in Sweden. It came into force on 1 July 2007. The new ITP plan has two divisions, ITP1 and ITP2.

ITP 1 is a defined contribution retirement pension and applies to salaried employees born in or after 1979.

As it is a defined contribution pension, the premium is decided in advance, but not the size of the pension.

For employees over 25, Svenska Postkodlotteriet AB pays a premium that is calculated as follows:

- 4.5% of salary components up to SEK 47,625\* per month.
- 30% of salary components in excess of SEK 47,625 per month.

\* Corresponds to an annual salary of 7.5 income base amounts.

The employee invests his or her entire retirement pension in the chosen ITP. The amount of the final pension depends on, among other things, the salary amount, the term of the ITP plan and the results of the ITP pension fund.

ITP 2 is a defined benefit retirement pension and applies to salaried employees born in or before 1978. The size of the pension is decided in advance, but the premium is not. The ITP 2 retirement pension is managed by the insurance company Alecta. Alecta calculates a monthly premium on the basis of the employee's age, salary, estimated period of service and prior

period of service. Hence, Novamedia cannot specify an exact percentage per employee. The defined contribution for ITP2 (ITPK) is 2% of the monthly salary.

#### *Great Britain*

The company has a pension plan in Great Britain to which the conditions of the UK Pensions Act 2011 are applicable. The company pays premiums based on legal and other requirements to a pension company on a contractual basis. Premiums are recognised as personnel costs when they are incurred. Prepaid contributions are recognised as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities.

The pension plan in Great Britain is based on a defined contribution system, whereby the contribution is based on a percentage of the employee's annual salary. Of this pension contribution a minimum of 4% is contributed by the employee and the remaining percentage is paid by the employer.

#### *Germany*

The pension plan for employees in Germany is based on the public retirement insurance system, which also includes survivor and disability benefits. Participation is mandatory for all employees and employers. Premiums are deducted by the employer, with the employee paying 50% and the employer 50%. For 2023 the total premium was fixed at 18.6% of the gross monthly salary and maximised for yearly salaries up to EUR 87,600 in western Germany and EUR 85,200 in eastern Germany. Pension costs are recorded in the profit and loss account and paid monthly.

The Deutsche Postcode Lotterie also contributes funds for employees who sign up for a post-employment benefit plan with a partner bank. If an employee pays a premium of at least EUR 35 from his/her monthly gross salary, the lottery will also pay in EUR 35 per month. Once an employee has been with the lottery for five years, it will increase this funding to EUR 40; after ten years of service, the amount will increase to EUR 50. The date of claiming benefits (not before the age 63), the amount invested per month (a maximum total of EUR 292), and the funds into which monthly premiums are invested are individually set by the employee.

#### **Deferred income tax assets and liabilities**

Deferred income tax assets and liabilities are recognised to provide for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are deductible temporary differences and available fiscal losses and are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences and fiscal losses can be utilised. Deferred income taxes are recognised at nominal value.

**Leases***Operating lease*

Leases in which a significant portion of the risks and rewards incidental to the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss account on a straight-line basis over the period of the lease.

**Current liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at amortised cost, being the amount received, taking into account premiums or discounts, and less transaction costs. This is usually the face value.

## **Principles of determination of result**

### **General**

The result includes the difference between the value of the services rendered and the costs and other charges for the year. The results on transactions are recognised in the year they are realised.

### **Revenue recognition**

For financial reporting purposes, revenue is recognised for each performance obligation. The revenue categories of the Novamedia Group can be identified as follows:

#### ***Lottery-related revenue***

Lottery-related revenue includes licence fees, operator fees, lottery revenue and other income.

##### *Licence fees*

Licence fees are calculated as a percentage of ticket sales and recognised on an accrual basis, in the period to which ticket sales are allocated, in accordance with the substance of the relevant agreements.

##### *Operator fees*

Operator-related revenue includes income Postcode Lottery Ltd receives from the lottery licence holders (Trusts) to reimburse the costs of organising the lotteries on their behalf. The operating fee of Norsk Postkodelotteri A.S. is also included in the operator-related revenue; this consists of lottery revenue excluding prizes and amounts for beneficiaries. Revenue is recognised in the period to which ticket sales are allocated.

##### *Lottery revenue*

Lottery revenue includes ticket sales from the Deutsche Postcode Lotterie and is recognised in the month that it relates to, based on the sale of lottery tickets for the draws in the reporting period. The ticket sales process starts with the upfront collection and ends with the draw for that month.

##### *Other income*

Other lottery-related income includes management fees, income from prizes in kind, and other income. Management fees are recognised in the period to which related salary costs are allocated. Income from prizes in kind is allocated to the period in which the related draw occurred.

#### **Book-related revenue**

Revenue from sales of books is recognised when all significant risks and rewards incidental to the ownership of the goods have been transferred to the buyer, which is upon the sale of a product at the cash register.



**Cost of sales (books)**

Cost of sales represents the direct and indirect expenses attributable to revenue, including goods for resale and logistical costs.

**Lottery- and book-related operating expenses***Operating expenses*

Expenses are recognised at historical cost convention and are allocated to the reporting year to which they relate on an accrual basis.

*Contributions to beneficiaries in Germany*

Contributions to beneficiaries are determined at face value and attributed to the reporting year to which they relate.

*Lottery tax for public benefit in Germany*

The Deutsche Postcode Lotterie contributes 16.67% of its total net revenues to the Finanzamt Köln-Altstadt as lottery tax (Lotteriesteuer). Following the matching principle, the tax is accounted for in the period in which the related revenue is recognised. The payments are based on a 1922 law, the Rennwett- und Lotteriegesez (Race Betting and Lottery Act). By law, lottery tax inflows have to be used for the benefit of public welfare. Therefore the Lotteriesteuer is categorised as a lottery tax for public benefit.

*Prizes in Germany*

The prizes are attributed to the reporting year to which they relate. Prizes awarded to players are distributions from lottery draws authorised by and executed under the supervision of a civil law notary.

**Personnel expenses**

Salaries, wages and social security expenses are charged to the profit and loss account when due and in accordance with employment contracts and obligations.

*Pensions*

Novamedia has applied the liability method for pension plans. The premiums payable for the financial year are charged to the result. Foreign pension plans comparable to the Dutch pension system are also accounted for using the liability method.

**Amortisation and depreciation***Amortisation*

Intangible assets, including goodwill, are amortised over their estimated useful lives from the inception of their use, taking into account a residual value when applicable. Negative goodwill (badwill) is released to the profit and loss account where charges and losses occur, provided that this has been recognised in accounting for the acquisition and these charges and losses can be reliably measured. If no expected charges or losses have been taken into account, any negative goodwill is released in accordance with the weighted average of the remaining useful life of the depreciable or amortisable assets acquired.

Where negative goodwill exceeds the fair value of the identified non-monetary assets, the excess is recognised directly through profit or loss.

#### *Depreciation*

Property, plant and equipment are depreciated over their estimated useful lives as from the inception of their use, taking into account a residual value when applicable.

#### **Financial income and expenses**

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. Financial income and expenses include interest income and expenses as well as exchange rate differences except for exchange differences on intragroup loans.

#### *Exchange differences*

Exchange differences arising upon the settlement or conversion of monetary items are recognised in the profit and loss account in the period that they arise, unless they are hedged.

#### **Result from subsidiaries**

Results from subsidiaries consist of Novamedia's share of the result from subsidiaries not consolidated, write-downs and/or revaluations from subsidiaries, and book results from disposals.

#### **Taxation**

Tax on result is calculated by applying the current tax rate to the result before tax for the financial year in the profit and loss account, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items, plus non-deductible costs. Changes in deferred income tax assets and liabilities relating to changes in the applicable tax rates are taken into account. Novamedia Holding B.V. is the head of the fiscal unity.

#### **Risk management**

##### *Exchange rate volatility*

The impact of exchange rate volatility is minimised by invoicing licence and management fees in GBP, NOK and SEK on a monthly basis and converting those currencies to euros. No derivatives are used; therefore, exchange rate risk is minimised.

##### *Liquidity risk*

Endangerment of Novamedia's continuity through, e.g., fraud or a new financial crisis is captured under liquidity risk. Control measures such as the use of only highly rated banks, the spreading of funds across those banks and strong controls within the payment process are employed to reduce the level of liquidity risk.

#### Market risk

Novamedia does not incur risk regarding the valuation of securities as there are none disclosed under financial assets and securities within current assets.

#### Interest rate and cash flow risk

Novamedia incurs interest rate risk on interest-bearing receivables (in particular those included in financial assets, securities and cash). Interest rates are forecast in the budgeting process per annum. Fluctuations in interest rates are accounted for as they are realised. No financial derivatives for interest rate risk are contracted with regard to the receivables.

#### Credit risk

Novamedia does not have any concentrations of credit risk, as the licence income and (where applicable) management fees are received from the group companies in Germany, Great Britain, Norway and Sweden, as well as from the Dutch Charity Lotteries. Fees are billed on a monthly basis and received in a timely manner, eliminating the need for external financing.

In Sweden, Novamedia faces a credit risk (and associated legal risk) of up to a month's operating expenses. This credit risk is a result of Svenska Postkodlotteriet AB pre-financing all costs for Svenska Postkodföreningen (the licence holder of Svenska Postkodlotteriet). The maximum credit risk exposure in 2023 amounted to EUR 19.2 million (2022: EUR 17.6 million).

#### Transfer pricing

Transfer prices on cross-border transactions within multinational entities are an important topic for tax authorities. Together with an external tax advisor, Novamedia ensures its master and local tax files are kept up to date. To support the arm's length pricing of our intellectual property, we use DEMPE (Development, Enhancement, Maintenance, Protection and Exploitation) analysis and CUP (Comparable Uncontrolled Price) analysis, as per OECD guidelines. We also make use of benchmark studies for comparably sized organisations with licencing structures.

#### *Management and licensing agreement in the Netherlands*

Under the management and licensing agreement in the Netherlands, Novamedia incurs a risk in that any budget overrun of the Dutch Charity Lotteries unauthorised by their Supervisory Board must be absorbed by Novamedia B.V. Systematic management attention is paid to mitigating this specific financial risk by means of the planning and control cycle alongside direct communication with the Supervisory Board on financial results, latest estimates and budgets.

## Notes to the consolidated balance sheet

### 1. Intangible fixed assets

Movements in intangible fixed assets can be presented as follows:

EUR * 1,000	Goodwill	Software	Total
<b>1 January 2023</b>			
At cost	232	6,828	7,060
Accumulated amortisation	(232)	(6,822)	(7,054)
<b>Book value</b>	<b>0</b>	<b>6</b>	<b>6</b>
<b>Movements 2023</b>			
Disposal at cost	0	(1,896)	(1,896)
Disposals at accumulated amortisation	0	1,896	1,896
Amortisation	0	(6)	(6)
Foreign exchange effects on investments	0	(48)	(48)
Foreign exchange effects on amortisation	0	48	48
	0	(6)	(6)
<b>31 December 2023</b>			
At cost	232	4,884	5,116
Accumulated impairments and amortisation	(232)	(4,884)	(5,116)
<b>Book value</b>	<b>0</b>	<b>0</b>	<b>0</b>
Amortisation rates	20%	20%-33.3%	

Goodwill on the balance sheet at the end of the year (book value nil) relates to the acquisition of the bookstore Scheltema (including Pied à Terre) by Novamedia B.V. Disposals relate to the Swedish lottery for software not in use. No income has been realised for these disposals.

The following amortisation rates per annum are applied:

- Goodwill: 20% of acquisition costs.
- Software: 20%-33.3% of acquisition costs.

## 2. Tangible fixed assets

Movements in tangible fixed assets are presented as follows:

EUR * 1,000	Land	Buildings	Fixtures, furniture and hardware	Total
<b>1 January 2023</b>				
At cost	940	3,353	10,153	14,447
Accumulated depreciation	0	(1,498)	(5,801)	(7,299)
<b>Book value</b>	<b>940</b>	<b>1,855</b>	<b>4,352</b>	<b>7,148</b>
<b>Movements 2023</b>				
Additions	0	0	987	987
Disposals at cost	0	0	(439)	(439)
Disposals at accum. depreciation	0	0	425	425
Depreciation for the year	0	0	(1,130)	(1,130)
Foreign exchange effects on investments	0	0	103	103
Foreign exchange effects on depreciation	0	0	(72)	(72)
	0	0	(126)	(126)
<b>31 December 2023</b>				
At cost	940	3,353	10,804	15,097
Accumulated depreciation	0	(1,498)	(6,578)	(8,076)
<b>Book value</b>	<b>940</b>	<b>1,855</b>	<b>4,226</b>	<b>7,021</b>
Depreciation rates	0%	0-10%	8%-33.3%	

Novamedia owns the land and buildings at Van Eeghenstraat 93 and 95 in Amsterdam where Park Uitgevers was located until the end of 2022. As of 2023 these buildings are in use by Novamedia. Since 2022 residual value is estimated as higher than the book value and therefore these assets are not depreciated from 2022 onwards.

Tangible fixed assets further mainly consist of IT hardware, fixtures and furniture at the offices and the Scheltema bookshop. Investments in 2023 are mainly related to refurbishment costs for the Deutsche Postcode Lotterie's offices. Disposals mainly relate to fixtures, furniture and hardware not in use at Scheltema and Novamedia B.V. No income has been realised for these disposals.

### 3. Financial fixed assets

#### Subsidiaries

Novamedia Gaming B.V. was liquidated in 2023.

#### Deferred tax assets

EUR \* 1,000

	<u>31 December 2023</u>	<u>31 December 2022</u>
<b>At 1 January</b>	<b>1,062</b>	<b>254</b>
Additions	1,205	704
Adjustments due to change in tax rate	76	227
Utilisation	(2)	(123)
<b>At 31 December</b>	<b><u>2,341</u></b>	<b><u>1,062</u></b>

Deferred tax assets relate to Postcode Lottery Ltd and consist of fiscal loss carry forwards over the years 2021-2023 that will be recovered in the coming years, and temporary differences in fiscal and commercial book values of fixed assets. None of the tax assets is current.

#### Other participating interests

EUR \* 1,000

##### 1 January 2023

Capital contribution	250
Share premium	10,612
Accumulated changes in value of the asset	(2,340)
<b>Book value</b>	<b><u>8,522</u></b>

##### Movements 2023

Addition to share premium	5,547
Changes in value of the asset	(1,959)
	<b><u>3,588</u></b>

##### 31 December 2023

Capital contribution	250
Share premium	16,159
Accumulated changes in value of the asset	(4,299)
<b>Book value</b>	<b><u>12,110</u></b>

Novamedia holds a minority share of EUR 250,000 (16.67%) in the investment-fund Phase2.earth. The share capital contribution was provided in 2021. Novamedia has committed a maximum of EUR 21.5 million to the fund, effective 1 January 2021 until 31 December 2028. In 2023 Novamedia B.V. contributed to an additional EUR 5.5 million in share premium bringing the total to EUR 16.2 million (2022: EUR 10.6 million). The valuation of the investment has been made based on Phase2.earth's financials for the year 2023 and information on each investment obtained from the fund's management. We identified certain investments could be valued below their initial cost. As a result, EUR 2.0 million has been provided for in 2023 (2022: EUR 0.5 million).

#### 4. Inventories

EUR * 1,000	<u>31 December 2023</u>	<u>31 December 2022</u>
Inventories	4,674	1,786
<b>Total inventories</b>	<b><u>4,674</u></b>	<b><u>1,786</u></b>

Inventories consist of not yet awarded prizes in kind, mainly for the People's Postcode Lottery for an amount of EUR 4,655K (2022: EUR 948K), the remainder is goods for resale at the bookstore Scheltema. A write-down of EUR 1,031K (2022: EUR 172,000) for stock was recorded at balance sheet date.

#### 5. Accounts receivable

EUR * 1,000	<u>31 December 2023</u>	<u>31 December 2022</u>
Accounts receivable	318	608
Provision for bad debt	(14)	(2)
<b>Total accounts receivable</b>	<b><u>304</u></b>	<b><u>606</u></b>

#### 6. Receivable Svenska Postkodföreningen

The receivable due from Svenska Postkodföreningen for the pre-financing of Swedish lottery activities is recorded under this item. The amount outstanding on 31 December 2023 consists of invoices pertaining to 2023. In respect of repayment and securities, no agreements have been made.

## 7. Tax receivable

EUR * 1,000	31 December 2023	31 December 2022
Corporate income tax (CIT)	485	1,331
Value added tax (VAT)	248	0
Withholding tax	1,717	622
<b>Total tax receivable</b>	<b>2,450</b>	<b>1,953</b>

Corporate income tax relates to prepayments for Svenska Postkodlotteriet. Value added tax relates to the Svenska Postkodlotteriet. Withholding tax relates to Postcode Lotterie DT gGmbH and pertains to paid withholding tax to be recovered from the Dutch Tax and Customs Administration by Novamedia B.V.

## 8. Other receivables

EUR * 1,000	31 December 2023	31 December 2022
Prepayments	10,373	7,589
Accrued income	914	1,382
Receivables from related parties	4,682	99
Other	3,837	4,886
<b>Total other receivables</b>	<b>19,806</b>	<b>13,956</b>

All receivables are due in less than one year, except for an amount of EUR 154,000 that relates to prepaid group IT services. The fair value of the receivables approximates the book value due to their short-term character and the fact that provisions for bad debt are recorded when necessary.

Prepayments are mainly for prizes in kind, rental costs and IT software costs at the Swedish lottery; services costs at the German lottery; software licences at the British lottery; and prepaid IT services and operational costs at Novamedia B.V..

Receivables from related parties concerns unpaid invoices related to groups tech recharges and international analytical costs incurred by the Nationale Postcode Loterij.

Within other receivables there are an accrual (2023: EUR 0.8 million, 2022: EUR 2.0 million) relating to VAT in Sweden on intellectual property rights to TV productions and an accrual for receivables related to selling Park Uitgevers (2023: EUR 0.8 million, 2022: EUR 1.8 million), and accrued income for the German Lottery from PayPal.



### 9. Cash and cash equivalents

The balance of total cash and cash equivalents at year end amounted to EUR 293.6 million. Restricted amounts (2023: EUR 115.2 million; 2022: EUR 82.6 million) are, deposited in a separate account, are secured funds for charities and prize-winners related to the British lottery (2023: EUR 112.4 million; 2022: EUR 79.5 million) and secured funds for prize-winners of the Norwegian lottery (2023: EUR 2.8 million; 2022: EUR 3.0 million). The cash and cash equivalents directly available amount to EUR 178.3 million.

The total, restricted and available amounts of cash and cash equivalents are as follows:

EUR * 1,000	31 December 2023	31 December 2022
<b>Total cash and cash equivalents</b>	<b>293,553</b>	<b>264,716</b>
Restricted for charities and prize-winners	(115,209)	(82,610)
<b>Cash and cash equivalents available</b>	<b>178,344</b>	<b>182,106</b>

### 10. Group equity

Group equity is disclosed in note 37 to the company balance sheet.

### 11. Deferred tax liabilities

Movements of the deferred tax liabilities can be presented as follows:

EUR * 1,000	2023	2022
<b>At 1 January</b>	<b>7,539</b>	<b>7,538</b>
Addition	0	1
Utilisation	(3)	0
<b>At 31 December</b>	<b>7,536</b>	<b>7,539</b>

Deferred tax liabilities relate to deducted fiscal losses on investments made in Great Britain via Postcode Lottery Ltd from prior years that will be settled with the tax authorities in future years. In the lottery's early years, fiscal losses were deducted in the Netherlands and these need to be recovered through future positive results of the British lottery. In 2023 the position was not utilised due to the lottery's planned fiscal losses. At the end of 2023 the amount still to be recaptured was EUR 29.2 million. The tax obligation resulting from the recovered amount is EUR 7.5 million (25.8%) and concerns a long-term liability. The amount utilised relates to the Swedish entity.

### Current liabilities

All current liabilities are due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character. The increase of the account payables largely consists of the fact that at the end of 2022 the British lottery had no outstanding liabilities, because of the migration to Oracle Fusion Cloud.

## 12. Taxes and social security premiums

EUR * 1,000	31 December 2023	31 December 2022
Corporate income tax	798	614
VAT payable	2,342	6,237
Payroll tax payable	4,061	3,202
Lottery tax for public benefit	1,306	1,018
<b>Total taxes and social security premiums</b>	<b>8,507</b>	<b>11,071</b>

## 13. Deferred income

EUR * 1,000	31 December 2023	31 December 2022
Deferred income, Great Britain	65,886	53,486
Deferred income, Germany	21,202	17,428
Deferred income, Norway	0	36
Other deferred income	0	9
<b>Total deferred income</b>	<b>87,088</b>	<b>70,959</b>

Deferred income relates to amounts received from lottery players. Deferred income increased in relation to 2022, due to the growth of the German and British lotteries. The balance for Great Britain is offset by a negative exchange rate result.

#### 14. Prize money payable

EUR * 1,000	31 December 2023	31 December 2022
Prize money payable, Great Britain	44,901	25,927
Prize money payable, Germany	200	978
Prize money payable, Norway	2,265	1,560
<b>Total prize money payable</b>	<b>47,366</b>	<b>28,465</b>

Prize money payable to players at the end of the year increased in Great Britain and Norway due to timing of the payments.

#### 15. Payables to charities

EUR * 1,000	31 December 2023	31 December 2022
Payables to charities, Germany	18,607	21,782
Payables to charities, Norway	5,504	5,471
<b>Total payables to charities</b>	<b>24,111</b>	<b>27,253</b>

Contributions payable to charities of EUR 24.1 million (2022: EUR 27.3 million) concern 2023 contributions which will be paid out in early 2024.

#### 16. Other liabilities and accruals

EUR * 1,000	31 December 2023	31 December 2022
Invoices to be received for marketing and operating expenses	17,612	17,777
Holiday allowance	2,334	2,156
Other personnel liabilities	2,810	2,982
Pensions payable	566	449
Other	3,244	2,000
<b>Total other liabilities and accruals</b>	<b>26,566</b>	<b>25,364</b>

The other accrual relates to a provision that Svenska Postkodlotteriet AB in Sweden made regarding VAT on intellectual property rights to TV productions (2023: EUR 0.8 million; 2022: EUR 2.0 million) and an onerous contract in the Netherlands.

## **Contingencies and commitments**

### **Rental obligations**

The rental obligations at the end of the reporting period can be specified as follows:

#### **EUR \* 1,000**

No later than 1 year	5,914
Later than 1 year and no later than 5 years	17,935
Later than 5 years	0

The rental agreements concern the rental of the lotteries' and Novamedia's offices. In 2023 Svenska Postkodlotteriet AB recharged EUR 2.0 million lease cost for renting out office space to Svenska Postkodlotteriet.

### **Operational obligations**

The obligations towards operational activities at the end of the reporting period can be specified as follows:

#### **EUR \* 1,000**

No later than 1 year	209
Later than 1 year and no later than 5 years	214
Later than 5 years	0

### **Other obligations**

The other obligations at the end of the reporting period can be specified as follows:

#### **EUR \* 1,000**

No later than 1 year	8,489
Later than 1 year and no later than 5 years	3,004
Later than 5 years	0

Among the other obligations include Novamedia's commitment to investing in the impact investment fund Phase2.earth. The fund invests in social enterprises that market sustainable products and services. Novamedia has committed a maximum of EUR 21.5 million to the fund, effective 1 January 2021 until 31 December 2028. In 2023 Novamedia B.V. contributed EUR 5.5 million, bringing the total investment to EUR 16.1 million. Contributions are made available after a positive assessment and approval by the Investment Committee.

Novamedia's Articles of Association were amended on 6 January 2023 to improve its governance structure. It was also agreed that the usufruct owner Cella Media B.V. will receive 18.97% of the "net profit before taxes" with a minimum of EUR 2 million, from 2022 and for the duration of the usufruct. There is a discussion pending what has been agreed and whether the correct interpretation of this arrangement entitles Cella Media to 18.97% of the profit before or after taxes. Novamedia as well as its shareholders (Stichting de Novamedia Fundatie and Stichting Continuïteit Novamedia) believe this should read after taxes, while Cella Media believes it is before. Novamedia will distribute the dividend considering the

pro rata entitlement of Cella Media in accordance with its interpretation of the arrangement, awaiting the outcome of the discussion that is taking place on this subject. Cella Media agreed to donate the full amount of the dividend to Stichting De Boomgaard which is a charitable organization (in the Netherlands a so-called ANBI).

In the rental agreement of Scheltema B.V. there is a guarantee issued by Novamedia Holding B.V. towards the landlord. This guarantee will remain effective after the handover of this entity to the new owner.

#### **17. Related parties**

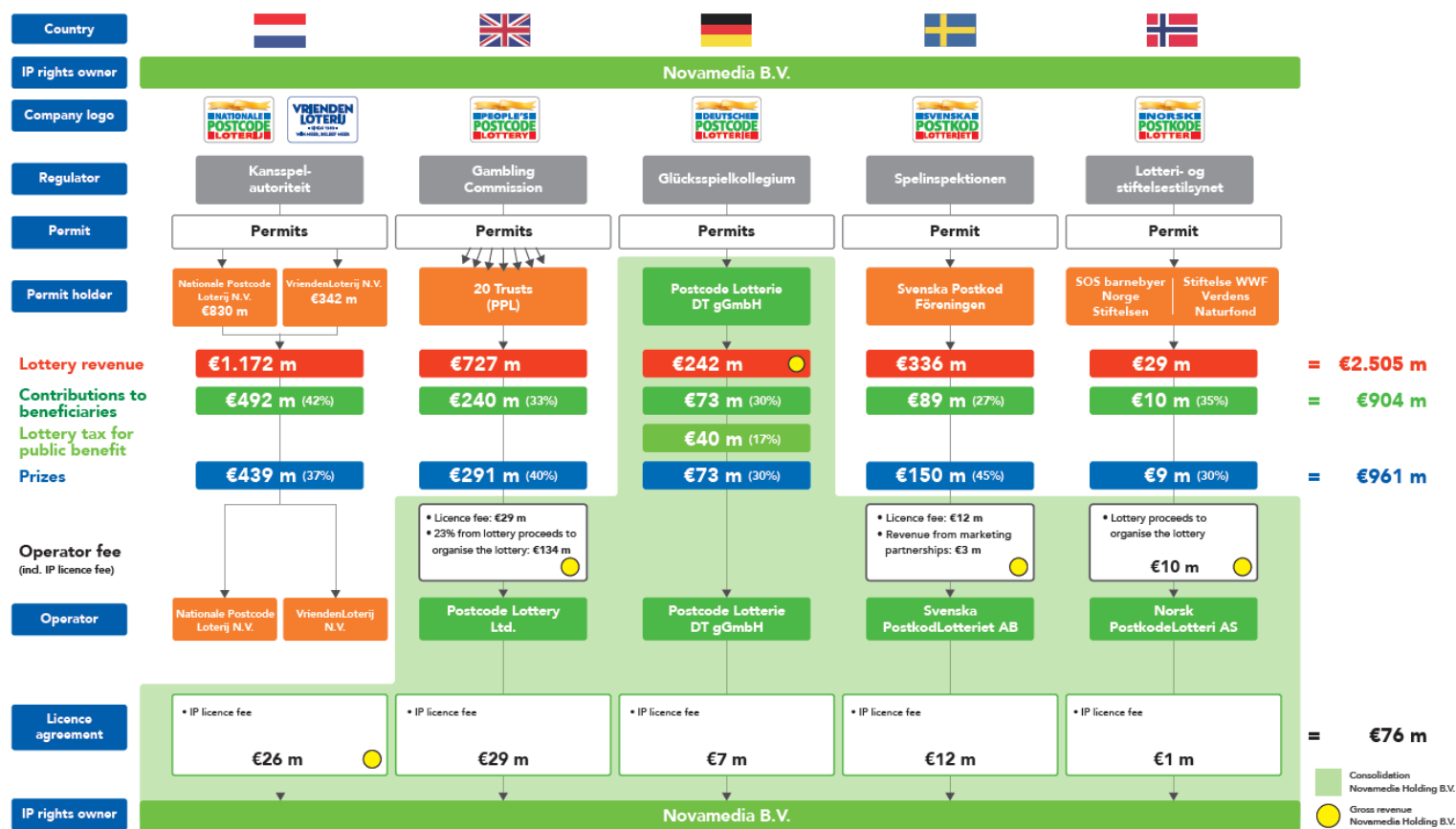
All related party transactions took place under normal market conditions.

## Notes to the consolidated profit and loss account

### 18. Revenue

The sources of revenue are various due to the different legal structures within the group, because of local (lottery permit) requirements. The below chart shows the revenues and expenditures included in the consolidation (light green).

### Consolidation Novamedia Holding B.V. (in green)



The specification of the revenue of EUR 466.0 million (lottery-related revenue of EUR 458.8 million (2022: EUR 401.9 million) and book-related revenue of EUR 7.2 million (2022: EUR 6.8 million) is as follows:

**EUR \* 1,000**

	Dutch Charity Lotteries	Postcode Lottery Ltd.	Svenska Postkod lotteriet AB	Postcode Lotterie DT gGmbH	Norsk Postkode Lotteri AS	Book branch	Total	Group elimi- nations	Total 2023	Total 2022
Licence fee	25.660	29.068	12.301	7.254	1.183	0	75.466	-8.437	67.028	63.132
Operator fee	0	134.439	0	0	10.259	0	144.698	0	144.698	130.375
Ticket sales	0	0	0	241.804	0	0	241.804	0	241.804	203.239
Other lottery-related income	1.050	1.270	2.905	0	0	0	5.225	0	5.225	5.130
Book-related revenue	0	0	0	0	0	7.201	7.201	0	7.201	6.779
<b>Total revenue</b>	<b>26.710</b>	<b>164.777</b>	<b>15.206</b>	<b>249.058</b>	<b>11.442</b>	<b>7.201</b>	<b>474.394</b>	<b>(8.437)</b>	<b>465.956</b>	<b>408.655</b>
Operating expenses (note 19,20)	0	(116.200)	(795)	(246.584)	(13.274)	(9.478)	(386.332)	0	(386.332)	(319.626)
Total of personnel costs, depreciation, amortisation, result from divestment of group company, financial results and taxes									(70.325)	(68.553)
<b>Net result</b>									<b>9.299</b>	<b>20.474</b>

The revenue from each revenue stream is explained in the following paragraphs. No agreements involving multiple performance obligations were effective in 2023. The method of allocating each performance obligation to the applicable reporting period and the determination of the degree of completion of each performance obligation are explained in the accounting principles for revenue recognition.

#### Licence fee

Novamedia charges a licence fee for the use of its intellectual property related to the Postcode Lottery format. As the Deutsche Postcode Lotterie and Norsk Postkodelotteri AS are subsidiaries of Novamedia B.V., the revenues from their licence fees are eliminated against the licence fee costs reported by the subsidiaries, under group eliminations.

#### Operator fee

Postcode Lottery Ltd receives a contractual fee for acting as the operator of the People's Postcode Lottery in the UK. The amount is determined by the balance of the income from ticket sales minus the contributions paid to charities and minus prizes paid out to players. The running of the People's Postcode Lottery is fully paid for by the operator fee. Norsk Postkodelotteri AS's operator fee as well which amounts to the proceeds from ticket sales minus contributions to charities and prizes.

#### Ticket sales

As the Deutsche Postcode Lotterie is 100% owned by Novamedia B.V., its revenue from ticket sales is accounted for in the revenue of the group.

Other lottery-related income

Other income comprises various kinds of revenue. This includes a management fee from the Dutch Charity Lotteries, which are not yet part of Novamedia's legal structure but are managed by Novamedia. The Swedish lottery accounts for discounts received on prizes in kind. A part of other income concerns reimbursement of costs.

#### **Book-related revenue**

This revenue relates to books and digital entertainment products. The 2023 book-related revenue of EUR 7.2 million (2022: EUR 6.8 million) is Scheltema's revenue.

#### **19. Lottery-related operating expenses**

<b>EUR * 1,000</b>	<b>2023</b>	<b>2022</b>
Marketing, sales, insights for UK, Germany, Norway	160,532	125,063
IT, finance, legal, HR, office cost for UK, Germany, Norway	35,888	31,325
Contributions to beneficiaries in Germany	72,542	60,972
Lottery tax for public benefit in Germany	40,301	33,873
Prizes for winners in the Deutsche Postcode Lotterie	63,042	58,772
Housing expenses	4,572	3,823
<b>Total lottery-related operating expenses</b>	<b>376,877</b>	<b>313,828</b>

Lottery operating expenses (e.g. for marketing, sales, IT and finance) mainly relate to the operator Postcode Lottery Ltd, the German lottery and the Norwegian operator.

Deutsche Postcode Lotterie's prize money and prizes in kind have a consumer value of EUR 72.5 million (30% of ticket sales). Net of discounts on prizes in kind and handling costs amounting to EUR 9.9 million, this resulted in a total cost of EUR 62.6 million.

#### **20. Cost of sales (books)**

These costs of EUR 4.0 million (2022: EUR 3.8 million) relate to the production of books and the purchase of books and entertainment products.



### 21. Book-related operating expenses

EUR * 1,000	2023	2022
Marketing, sales	338	244
IT, finance, legal, HR, office cost	305	450
Housing expenses	3,942	1,297
Other general expenses	915	0
<b>Total book-related operating expenses</b>	<b>5,500</b>	<b>1,991</b>

### 22. Personnel expenses

EUR * 1,000	2023	2022
Wages and salaries	41,054	36,030
Social security premiums	4,195	4,300
Pension expenses	4,965	3,660
Other personnel expenses	5,220	4,586
<b>Total personnel expenses</b>	<b>55,434</b>	<b>48,576</b>

Due to an increase in FTE at the German lottery, wage and salary costs increased in 2023.

### 23. General and administrative expenses

These expenses comprise general and administrative expenses for Novamedia's headquarters.

EUR * 1,000	2023	2022
Housing expenses	1,250	771
Other general and administrative expenses	6,261	10,548
<b>Total general and administrative expenses</b>	<b>7,511</b>	<b>11,319</b>

#### **24. Amortisation and impairment of intangible fixed assets**

<b>EUR * 1,000</b>	<b>2023</b>	<b>2022</b>
Amortisation of intangible fixed assets	6	6
<b>Total amortisation of intangible fixed assets</b>	<b>6</b>	<b>6</b>

#### **25. Depreciation of tangible fixed assets**

<b>EUR * 1,000</b>	<b>2023</b>	<b>2022</b>
Depreciation of tangible fixed assets	1,127	1,104
<b>Total depreciation of tangible fixed assets</b>	<b>1,127</b>	<b>1,104</b>

#### **26. Audit- and professional services fees**

The following audit- and professional services fees are recognised in the profit and loss account in the reporting period:

<b>2023</b>	<b>PwC auditor</b>	<b>PwC other services</b>	<b>PwC network</b>	<b>Other auditor</b>	<b>Total</b>
<b>EUR * 1,000</b>					
Audit of the financial statements	227	0	301	0	528
Other audit procedures	0	0	66	0	66
Tax services	0	464	87	0	551
Other non-audit services	0	228	17	0	245
<b>Total fees</b>	<b>227</b>	<b>692</b>	<b>471</b>	<b>0</b>	<b>1,390</b>

2022

EUR \* 1,000

	<b>PwC auditor</b>	<b>PwC other services</b>	<b>PwC network</b>	<b>Other auditor</b>	<b>Total</b>
Audit of the financial statements	218	0	258	0	476
Other audit procedures	0	0	47	0	47
Tax services	0	401	160	0	561
Other non-audit services	0	137	22	0	159
<b>Total fees</b>	<b>218</b>	<b>538</b>	<b>487</b>	<b>0</b>	<b>1,243</b>

"PwC auditor" refers to PricewaterhouseCoopers Accountants N.V. "PwC Network" refers to PricewaterhouseCoopers network-related accountants in Sweden, Great Britain, Germany and Norway. The fees listed above relate to the procedures applied to the company and its consolidated group entities by Dutch and foreign-based accounting firms and external independent auditor as referred to in Section 1, Subsection 1 of the Audit Firms Supervision Act (Wet toezicht accountantsorganisaties). These fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

"PwC other services" include tax- and advisory-related services provided to the company and its consolidated group entities by the PricewaterhouseCoopers network.

#### **27. Change in value of fixed assets**

During 2023 Novamedia B.V. contributed EUR 5.5 million to the share premium of Phase2.earth bringing the total investment to EUR 16.2 million (2022: EUR 10.6 million). The valuation of the investment has been made based on Phase2.earth's financials for the year 2023 and information on each investment obtained from the fund's management. We identified certain investments that could be valued below their initial cost. As a result, EUR 2.0 million has been provided for in 2023 (2022: EUR 0.5 million).

#### **28. Result from divestment of group companies**

The result from the divestment of Park Uitgevers B.V. to Lannoo-Meulenhoff BV on 17 February 2021 is based on deferred payments over the period 2021-2023. In the 2023 result, EUR 0.8 million (2022: 1.8 million) is recognised from this transaction in the result.

### 29. Financial expenses and income

EUR * 1,000	2023	2022
Interest income	9,724	1,799
Interest expenses	0	88
Exchange rate differences	188	(549)
<b>Total financial expenses and income</b>	<b>9,912</b>	<b>1,338</b>

Interest income increased compared to the previous year, mainly due to an overall increase in the interest rates on bank balances.

The exchange rate development of the GBP, SEK and NOK in relation to EUR had a positive effect on exchange rate differences in 2023.

### 30. Current taxation on result on ordinary activities

The breakdown of the taxation on the result on ordinary activities in the reporting period is as follows:

2023 EUR * 1,000	Total 2023	NL	Sweden	Great Britain	Germany	Norway	Total 2022
Result on ordinary activities before taxation	<b>24,299</b>	49,350	7,040	(5,095)	(28,209)	1,213	<b>30,680</b>
Tax on profit for current financial year	<b>16,178</b>	14,463	1,523	(75)	0	267	<b>10,234</b>
Prior year current tax adjustments	<b>2</b>	0	0	2	0	0	<b>(15)</b>
Changes in deferred tax assets	<b>(1,182)</b>	(16)	0	(1,166)	0	0	<b>(14)</b>
Changes in deferred tax liabilities	<b>2</b>	0	2	0	0	0	<b>1</b>
<b>Taxation on result on ordinary activities</b>	<b>15,000</b>	<b>14,447</b>	<b>1,525</b>	<b>(1,239)</b>	<b>0</b>	<b>267</b>	<b>10,206</b>
Standard tax rate	20.6%/25.8%	25.8%	20.6%	23.5%	-	22.0%	19.0%/25.8%
Effective tax rate	61.7%	29.3%	21.7%	24.3%	-	22.0%	33.3%

The EUR 15 million tax on profit for the current financial year is 61.7% of the result on ordinary activities before taxation. This is relatively high, mainly due to the effectively non-deductible result of the Postcode Lotterrie DT gGmbH in Germany, which is not subject to German corporate income tax, as it qualifies for charity exemption.

In the Netherlands the threshold for the higher taxable amounts has been decreased for the standard tax rate to EUR 200,000 (2022: EUR 395,000) The tax rate in 2023 is 25.8% (2022: 25.8%).

### **31. Employees**

During 2023 an average of 878 people (2022: 815) were employed by Novamedia and its group entities, 795 of them working outside the Netherlands. The two Dutch lotteries are still excluded from Novamedia's legal structure, and their employees are therefore not included in this figure. Based on full-time equivalency, the average number of employees by country was as follows:

	<u>2023</u>	<u>2022</u>
Great Britain	385	372
Sweden	167	163
Germany	161	142
The Netherlands - Novamedia	41	41
The Netherlands - books	27	28
<b>Total employees (FTE)</b>	<b><u>781</u></b>	<b><u>746</u></b>

In 2023 161 FTE were charged to Svenska Postkodföreningen (2022: 154 FTE) and 5 FTE to the Norsk Postkodelotteri (2022: 6 FTE).

### **32. Remuneration of the Executive Board and Supervisory Board**

Remuneration of the Executive Board, including pensions and short-term incentives, amounted to EUR 2,396,196 (2022: EUR 2,288,656). The Executive Board consisted of 3 FTE in 2023, each receiving the same remuneration package (2022: 3 FTE).

Remuneration of the Supervisory Board amounted to EUR 160,750 (2022: EUR 142,875). During 2023 the Supervisory Board increased from three members to five and ended the year with four members.

**Company financial statements**

## Company balance sheet as at 31 December 2023

EUR * 1,000		<u>31 December 2023</u>	<u>31 December 2022</u>
<i>(before appropriation of result)</i>	<i>Notes</i>		
<i>Assets</i>			
<b><i>Fixed assets</i></b>			
<i>Financial fixed assets</i>			
Subsidiaries in group companies	33	231,661	208,103
Deferred tax assets	34	189	172
<b><i>Current assets</i></b>			
Receivables	35	4	12
Cash and cash equivalents	36	435	425
		<u>232,289</u>	<u>208,712</u>

EUR * 1,000		31 December 2023	31 December 2022
	<i>Notes</i>		
<i>Equity and liabilities</i>			
<b>Equity</b>	37		
Share capital		0	0
Share premium		16,743	4,037
Legal reserves		37	37
Other reserves		114,515	112,785
Reserve for translation differences		(1,770)	(2,735)
Result for the year		9,330	20,474
		138,855	134,598
<b>Provisions</b>			
Deferred tax liabilities	38	7,536	7,536
<b>Current liabilities</b>	39		
Corporate income tax		528	422
Group companies	40	85,370	66,156
		85,898	66,578
		<b>232,289</b>	<b>208,712</b>



**Company profit and loss account for the year ended 31 December 2023**

EUR * 1,000	Notes	2023	2022
<b>Result from subsidiaries after taxation</b>		23,675	29,940
Other income and expenses after taxation		(14,345)	(9,466)
<b>Result after taxation</b>		9,330	20,474

## Notes to the company balance sheet and profit and loss account

### General information

The company financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with the note to the consolidated financial statements on financial fixed assets.

For the accounting policies for the company balance sheet and profit and loss account, reference is made to the notes to the consolidated balance sheet and profit and loss account.

### 33. Subsidiaries in group companies

Financial fixed assets include the following subsidiaries in group companies:

		<b>share in equity</b>
Novamedia B.V.	Amsterdam	100%

These subsidiaries are valued at net asset value. Movements in subsidiaries in group companies can be presented as follows:

EUR * 1,000	<u>2023</u>	<u>2022</u>
<b>At 1 January</b>	<b>208,103</b>	<b>182,221</b>
<b>Movements</b>		
Result for the year	23,675	29,940
Exchange rate results on subsidiaries	(117)	(4,058)
<b>At 31 December</b>	<b><u>231,661</u></b>	<b><u>208,103</u></b>

### 34. Deferred tax assets

The movements in 2023 were as follows:

EUR * 1,000	<u>2023</u>	<u>2022</u>
<b>At 1 January</b>	<b>172</b>	<b>186</b>
Addition	17	0
Utilisation	0	(14)
<b>At 31 December</b>	<b><u>189</u></b>	<b><u>172</u></b>

The deferred tax assets are related to the difference between the commercial and fiscal depreciation.

### 35. Receivables

EUR * 1,000	<u>31 December 2023</u>	<u>31 December 2022</u>
Receivables from related parties	0	11
Other	4	1
<b>Total other receivables</b>	<b><u>4</u></b>	<b><u>12</u></b>

All receivables are due in less than one year. The fair value of the receivables approximates the book value due to their short-term character.

### 36. Cash and cash equivalents

Cash and cash equivalents are free at hand.

### 37. Equity

#### Share capital

Statutory share capital is EUR 200 in total and consists of 20,000 ordinary type A shares (2022: 20,000) with a nominal value of EUR 0.01 per share (2022: EUR 0.01 per share). One ordinary type B share (voting share) was issued to the Continuity Foundation during 2022, given the proposed changes to the Articles of Association.

#### Share premium

Movements of the share premium can be presented as follows:

EUR * 1,000	<u>2023</u>	<u>2022</u>
<b>At 1 January</b>	<b>4,037</b>	<b>4,037</b>
Movements	12,706	0
<b>At 31 December</b>	<b><u>16,743</u></b>	<b><u>4,037</u></b>

During 2023 a share premium contribution by Stichting de Novamedia Fundatie has taken place.

### Legal reserves

Movements of the legal reserves can be presented as follows:

<b>EUR * 1,000</b>	<b>Germany</b>	<b>Sweden</b>	<b>2023</b>	<b>2022</b>
<b>At 1 January</b>	<b>25</b>	<b>12</b>	<b>37</b>	<b>34</b>
Reclassification to other reserves	0	0	0	3
<b>At 31 December</b>	<b>25</b>	<b>12</b>	<b>37</b>	<b>37</b>

The legal reserves in Germany and Sweden are maintained in accordance with local regulations.

### Other reserves

Movements of other reserves can be presented as follows:

<b>EUR * 1,000</b>	<b>2023</b>	<b>2022</b>
<b>At 1 January</b>	<b>112,785</b>	<b>97,763</b>
Movement from legal reserves	0	(3)
Release of translation differences	(1,083)	(714)
Dividend paid to St. de Novamedia Fundatie	(20,474)	(5,224)
Decrease of loan to St. de Novamedia Fundatie	2,813	3,550
Previous year result	20,474	17,413
<b>At 31 December</b>	<b>114,515</b>	<b>112,785</b>

The release of translation differences relates to paid dividends from the Swedish subsidiary at year-end rate up to the current year.

In 2023 a dividend of EUR 20,474,170 was paid to Stichting de Novamedia Fundatie. Of this amount, EUR 2,901,376 was used by the foundation to repay the loan including interest and an amount of EUR 12,706,000 to Novamedia Holding as share premium contribution ('agiostorting').

### Loan to Stichting de Novamedia Fundatie

A loan was made to Stichting de Novamedia Fundatie for the foundation's past purchase of shares in Novamedia Holding B.V. The Foundation repaid this loan with cash received from dividends from Novamedia Holding B.V. Due to external reporting requirements the loan was not reported as a long-term receivable but is deducted from the other reserves within equity for Novamedia Holding B.V. Therefore the equity decreases with the value of the loan. Per 8 December 2023 the loan is repaid in full by Stichting de Novamedia Fundatie, and therefore the entity is from 2023 consolidated in the consolidated financial statements of Novamedia Holding B.V.

In 2023 and 2022 the following movements in the loan to the foundation occurred:

<b>EUR * 1,000</b>	<b>2023</b>	<b>2022</b>
<b>At 1 January</b>	<b>2,813</b>	<b>6,363</b>
Additions of interest	88	48
Payment interest	(88)	(54)
Repayment loan	(2,813)	(3,544)
<b>At 31 December</b>	<b>0</b>	<b>2,813</b>

The interest rate of the loan is based on the applicable three-month Euribor rate with a floor of 0% plus a margin of 0.5%. The loan is fully repaid during 2023.

*Reserve for translation differences*

Movements of the reserve for translation differences can be presented as follows:

<b>EUR * 1,000</b>	<b>2023</b>	<b>2022</b>
<b>At 1 January</b>	<b>(2,735)</b>	<b>609</b>
Release of translation differences on current year dividends from subsidiaries	1,083	716
Movement in translation differences on subsidiaries' equity at year-end rate	(164)	(3,890)
Movement in translation differences on subsidiaries' results at year-end rate	46	(170)
<b>At 31 December</b>	<b>(1,770)</b>	<b>(2,735)</b>

*Equity movements*

<b>EUR * 1,000</b>	<b>2023</b>	<b>2022</b>
<b>Group equity at 1 January</b>	<b>134,598</b>	<b>119,856</b>
Net group result	9,299	20,474
Capital increase	12,706	0
Consolidation St. de Novamedia Fundatie (9/12/2023)	928	0
Exchange rate results from subsidiaries	(117)	(4,058)
Dividend paid to Stichting de Novamedia Fundatie	(20,474)	(5,224)
Decrease of loan to Stichting de Novamedia Fundatie	2,813	3,550
<b>Group equity at 31 December</b>	<b>139,753</b>	<b>134,598</b>

***Differences in equity and profit/(loss) between the company and consolidated financial statements***

The difference between equity according to the company balance sheet and equity according to the consolidated balance sheet is due to the consolidation of Stichting de Novamedia Fundatie as per 9 December 2023 in the consolidated annual report of Novamedia Holding B.V.. Stichting de Novamedia Fundatie is the shareholder of Novamedia Holding B.V. and therefore in the company financial statement of Novamedia Holding B.V. there is no asset or liability recognized related to the equity position of Stichting de Novamedia Fundatie.

Novamedia Holding B.V. is the subsidiary of Stichting de Novamedia Fundatie, which valued her subsidiary at cost. However, this entity is consolidated, as it meets the technical accounting requirements for a consolidated company, and therefore Stichting de Novamedia Fundatie is included in the consolidation of Novamedia Holding B.V. Stichting de Novamedia Fundatie will also prepare a stand-alone annual report over 2023 which will be available on the website.

Movements in the difference between the company and consolidated equity and profit/(loss) in the financial year are as follows.

Difference in equity

<b>EUR * 1,000</b>	<b>2023</b>
Equity according to consolidated financial statements	<b>139,753</b>
Difference in equity per year end due to the consolidation of Stichting de Novamedia Fundatie	(898)
Equity according to company financial statements	<b>138,855</b>

Difference in result

<b>EUR * 1,000</b>	<b>2023</b>
Profit according to consolidated financial statements	<b>9,299</b>
Difference in result (result of Stichting de Novamedia Fundatie from 9 December till end of the year)	31
Profit according to company financial statements	<b>9,330</b>

### **Appropriation of result**

The Executive Board suggest that the net result for the year, will be used for a dividend distribution.

Novamedia Holding B.V. proposes to pay a dividend of EUR 10,542,963 to its shareholder Stichting de Novamedia Fundatie. The shareholder pays the usufruct owner Cella Media (18,97%) its pro rata entitlement of EUR 2.0 million. Novamedia has the expectation that Stichting de Novamedia Fundatie will repay from its remaining dividend of EUR 8,542,963 an amount of EUR 6,542,963 to Novamedia Holding as share premium contribution ('agiostorting') in 2024. After the share premium contribution a dividend amount of EUR 2.0 million will remain at Stichting de Novamedia Fundatie.

Cella Media agreed to donate its full amount of the received dividend to Stichting De Boomgaard which is a charitable organization (in the Netherlands a so-called ANBI).

### **38. Deferred tax liabilities**

The movements during 2023 are as follows:

EUR * 1,000	<u>2023</u>	<u>2022</u>
<b>At 1 January</b>	<b>7,536</b>	<b>7,536</b>
Addition	0	0
Utilisation	0	0
<b>At 31 December</b>	<b><u>7,536</u></b>	<b><u>7,536</u></b>

The deferred tax liabilities relate to deducted fiscal losses on investments made in Great Britain via Postcode Lottery Ltd from prior years that will be settled with the tax authorities in future years. The calculation is based on estimated results of Postcode Lottery Ltd.

### **39. Current liabilities**

All current liabilities are due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

### **40. Group companies**

Group companies liabilities relate to the intercompany balances of Novamedia Holding B.V. and its subsidiaries. No interest is charged, as the intercompany positions are part of the fiscal unity in the Netherlands. In respect of repayment and securities, no agreements have been made.

#### **41. Contingencies and commitments**

Novamedia B.V. issued a liability statement pursuant to Article 2:403 of the Dutch Civil Code in respect of Novamedia B.V., Scheltema B.V.

Novamedia B.V. issued a financial support letter to Postcode Lotterie DT gGmbH that enables Postcode Lotterie DT gGmbH to pay any creditors due for a period of at least 24 months after the date of approval of the financial statements of Postcode Lotterie DT gGmbH.

Novamedia B.V. issued a financial support letter to Novamedia Deutschland GmbH that enables Novamedia Deutschland GmbH to pay any creditors due for a period of at least 24 months after the date of approval of the financial statements of Novamedia Deutschland GmbH.

As per 31 December 2023 the following entities are part of the fiscal unity of Novamedia Holding B.V. for corporate income tax purposes: Novamedia B.V., Scheltema B.V., Postcode Lottery Ltd, Svenska Postkodlotteriet AB, Norsk Postkodelotteri AS and Novamedia Canada Lotteries Inc..

In accordance with the standard conditions, Novamedia and the subsidiaries that are part of the fiscal unity are severally liable for taxation payable by the entity. Novamedia Holding B.V. is the head of the fiscal unity. The foreign entities independently pay their income tax due.

Under the management and licensing agreement in the Netherlands, Novamedia incurs a risk in that any budget overrun of the Dutch Charity Lotteries unauthorised by their Supervisory Board must be absorbed by Novamedia B.V.

#### **42. Employees**

Novamedia Holding B.V. has nil employees (2022: nil).

#### **43. Other**

Refer to note 26 for disclosures relating to audit and professional services fees, which are included in the profit and loss account and to note 32 with regard to the remuneration of the Executive Board and Supervisory Board.

#### *Subsequent events*

At the end of 2023, Athenaeum group showed interest in Scheltema, with the intention to create the largest bookstore Scheltema- Athenaeum in Amsterdam, this transaction is completed in the first quarter of 2024, meaning that Scheltema will fall within the Athenaeum group in 2024. We are excited that after running Scheltema for 10 years, there is a bright future for the combination of these iconic bookstores in Amsterdam. Given the nature of this transaction it has already been accounted for in these consolidated annual report.



Amsterdam, 25 March 2024

Supervisory Board:

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G.A. Verbeet (*chair*)

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C. van der Pol

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D.E. Sauer

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G.J.A.M. van der Vossen

Executive Board:

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S.J. van Aken (*chair*)

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I. Rog

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M. Verboven

Novamedia Holding B.V.  
Beethovenstraat 200  
1077 JZ Amsterdam  
The Netherlands  
Dutch Commercial Register number: 33209523

**Other information**

**Profit appropriation according to the Articles of Association**

According to Article 21 of the Articles of Association, the profit for the year can only be distributed for the amount exceeding the issued share capital and other reserves required under Dutch law. Distribution of profit occurs after adoption of the financial statements. For the 2023 profit appropriation please refer to page 78.

**Independent auditor's report**

The independent auditor's report is included on the following pages.



## *Independent auditor's report*

To: the general meeting and the supervisory board of Novamedia Holding B.V.

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### *Report on the audit of the financial statements 2023*

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#### *Our opinion*

In our opinion, the financial statements of Novamedia Holding B.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 31 December 2023, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### *What we have audited*

We have audited the accompanying financial statements 2023 of Novamedia Holding B.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 31 December 2023;
- the consolidated and company profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

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#### *The basis for our opinion*

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

*NLE00023995.1.1*

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### *Independence*

We are independent of Novamedia Holding B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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### *Information in support of our opinion*

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern, was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### *Audit approach fraud risks*

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit, we obtained an understanding of the entity and its environment and the components of the internal control system. This included the executive board's risk assessment process, the executive board's process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the outcomes. We refer to section Fraud of the executive board report for the executive board's fraud risk assessment and section 'Financial reporting and risks' of the supervisory board report in which the supervisory board reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct and whistle-blower procedures, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the executive board as well as the risk department, human resources, the managing directors and the supervisory board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.



We identified the following fraud risks and performed the following specific procedures:

<i>Identified fraud risks</i>	<i>Our audit work and observations</i>
<p><i>The risk of management override of controls</i></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>That is why, we pay attention to the risk of management override of controls in:</p> <ul style="list-style-type: none"><li>• the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;</li><li>• estimates;</li><li>• significant transactions, if any, outside the normal course of business for the entity.</li></ul> <p>We pay particular attention to tendencies due to possible interests of management.</p>	<p>We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries and making estimates.</p> <p>We performed primarily substantive-based audit procedures.</p> <p>We selected journal entries based on our risk criteria and conducted specific audit activities for entries meeting our risk criteria. These procedures include, among others, inspection of the entries to source documentation. We also paid particular attention to consolidation and elimination entries.</p> <p>We did not identify any significant transactions outside the normal course of business.</p> <p>We also performed specific audit procedures related to important estimates of management. We specifically paid attention to the inherent risk of bias of management in estimates.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of the internal controls.</p>
<p><i>The risk of financial fraudulent reporting due to overstated revenue recognition</i></p> <p>As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition, we evaluated which types of revenue transactions give rise to the risk of fraud in revenue recognition.</p> <p>Management may try to overstate revenue by recognising revenue that actually did not occur or recognising revenue which should be recognised in the next period.</p>	<p>We evaluated the design and implementation of the internal control system and assessed the effectiveness of the relevant controls in the processes related to revenue reporting.</p> <p>Our audit approach is based on a combination of reliance on the relevant internal controls and substantive testing.</p> <p>We performed a combination of data analyses to identify potential notable revenue entries in the fiscal year and performed specific substantive audit procedures on these entries as well as substantive analytics.</p> <p>Finally, we performed audit procedures at the end of the year related to cut-off procedures to identify potential shifts in revenue from draws taking place in the next financial year to the revenue reported in the current financial year.</p> <p>Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence and occurrence and cut-off of the revenue reporting.</p>



We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures.

### *Audit approach going concern*

The executive board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least twelve months from the date of preparation of the financial statements. Our procedures to evaluate the executive board's going-concern assessment included, among other matters:

- considering whether the executive board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks);
- evaluating the executive board's current budget and actual results for the next financial year taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- performing inquiries of the executive board as to its knowledge of going-concern risks beyond the period of the executive board's assessment.

We concluded that the executive board's use of the going-concern basis of accounting is appropriate, and, based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

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## ***Report on the other information included in the annual report***

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.





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## ***Responsibilities for the financial statements and the audit***

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### ***Responsibilities of the executive board and the supervisory board for the financial statements***

The executive board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The executive board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The supervisory board is responsible for overseeing the Company's financial reporting process.

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### ***Our responsibilities for the audit of the financial statements***

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 25 March 2024  
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W. Poot RA

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## ***Appendix to our auditor's report on the financial statements 2023 of Novamedia Holding B.V.***

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In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

### ***The auditor's responsibilities for the audit of the financial statements***

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things, of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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 Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and, based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the supervisory 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.