

Novamedia

Lotteries for a better world



Novamedia Holding B.V.
Amsterdam

2021

Annual Report



**VRIENDEN
LOTERIJ**
- SINDS 1989 -



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

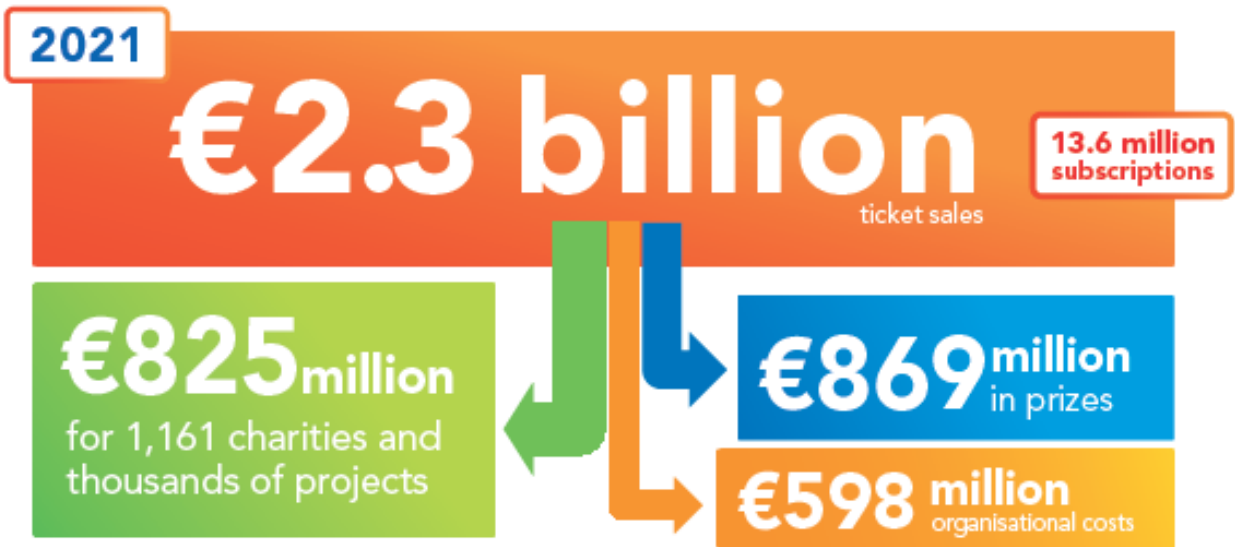
Contents

About Novamedia	4
Report of the Executive Board	7
Report of the Supervisory Board	28
Consolidated balance sheet as at 31 December 2021	33
Consolidated profit and loss account for the year ended 31 December 2021	35
Consolidated cash flow statement for the year ended 31 December 2021	36
General notes to the financial statements	37
Company balance sheet as at 31 December 2021	69
Company profit and loss account for the year ended 31 December 2021	71
Notes to the company balance sheet and profit and loss account	72
Other information	79
Profit appropriation according to the Articles of Association	80
Independent auditor's report	80

Novamedia | Postcode Lotteries for a better world



Mission
To raise funds for civil society organisations, increase awareness of their work and support new initiatives.



3rd largest private donor in the world



About Novamedia

Novamedia is a company with a social purpose, bringing together business and ideals. Novamedia initiates and operates charity lotteries with a mission to contribute to a better world for people and planet. We believe the world benefits from strong civil society organisations. Owned by a foundation, Novamedia carries out its mission by founding and financing Postcode Lotteries in various countries, and it owns the brands and formats. Postcode Lotteries operate in the Netherlands, Sweden, Great Britain, Germany and Norway. Since the start of the first Postcode Lottery in 1989, Novamedia's lottery formats have raised a total of EUR 11.7 billion for thousands of charities and social initiatives around the world.

Novamedia also owns one of the Netherlands' largest bookstores, Scheltema in Amsterdam.

Charity lotteries

The charities supported by the lotteries are at the heart of everything we do. Novamedia's six lotteries share a single mission:

We want to make the world a better place by raising funds for charities and good causes worldwide and helping to increase awareness of their work.

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.

Core values

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

Courageous

We have the courage to act outside established frameworks. We come up with solutions others haven't yet thought of or tried. We put our weight behind charities and NGOs that show that same courage.

Fun

Obviously, the players enjoy playing the lottery and winning great prizes. We enjoy our jobs as well. Through the civil society organisations we fund, we can make a meaningful contribution to society by supporting both people and the planet.

Sharing

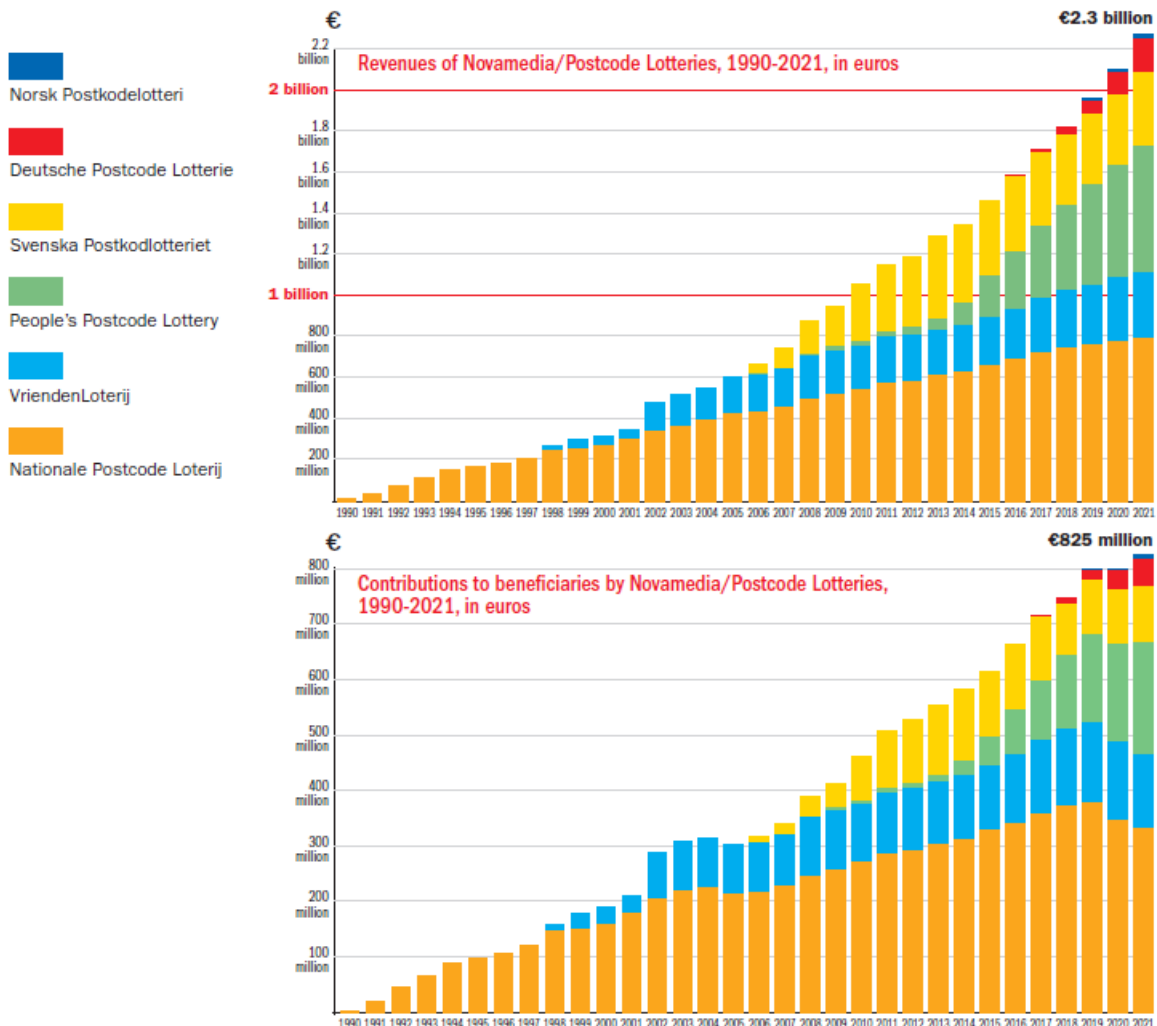
Our winners share the prizes with their neighbours. The charities we support always “win” by sharing in the lotteries’ net proceeds and, in turn, sharing the funding with their own beneficiaries. Internally, we share our knowledge and skills with each other. In everything we do, we try to benefit the planet that we all share.

Sustainable

We support the global transition to sustainability. We strive to make sustainable choices wherever we can through our personal actions and our lottery operations. We work with sustainable partners and make charitable contributions.

Growth of Novamedia/Postcode Lotteries, 1990-2021¹

Growth of Novamedia/Postcode Lotteries, 1990-2021



¹ In 2004 the legal required minimum contribution to charities for the Dutch Charity Lotteries decreased from 60% to 50%, and in 2020 from 50% to 40%.

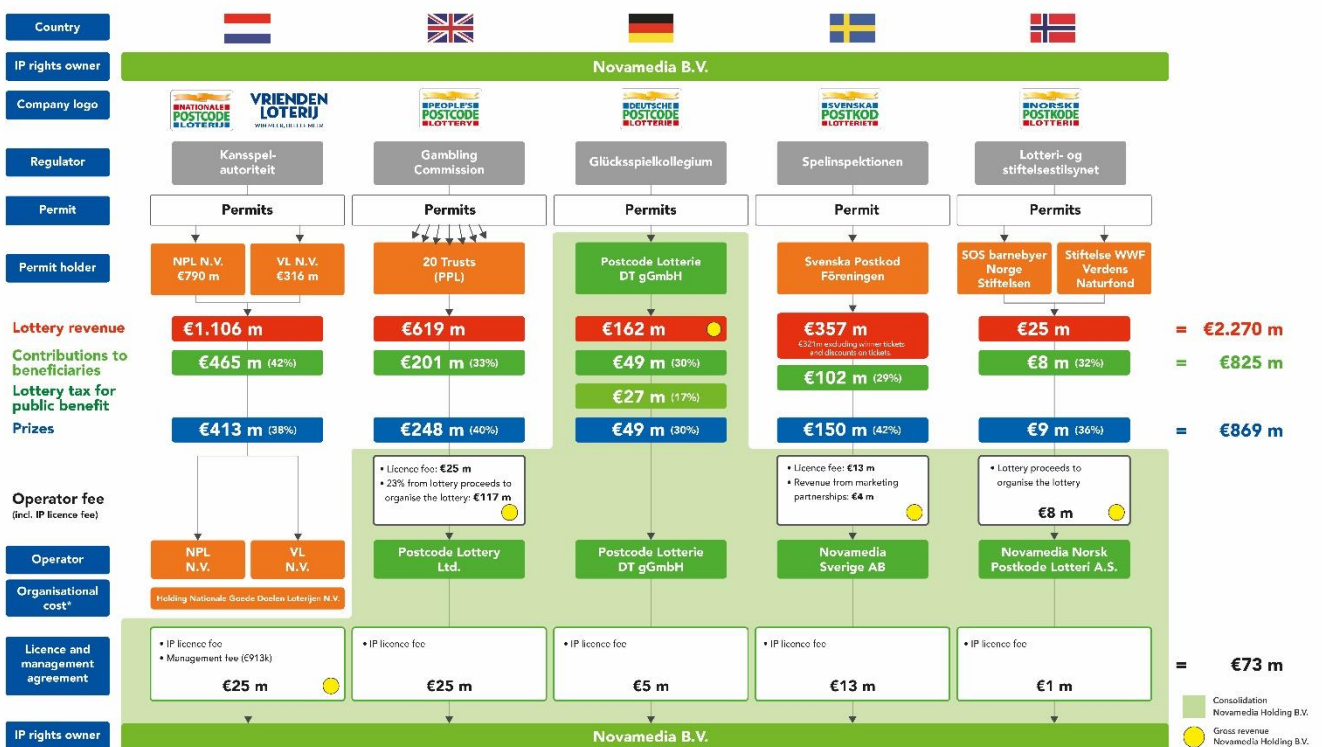
By December 2021, a total of 9.6 million unique players were playing Novamedia's lotteries with a total of 13.6 million tickets. The lotteries awarded a record EUR 825 million to charities in 2021.

Organisational structure by country

Novamedia is the owner of, creator of, and investor in lottery concepts with which successful charity lotteries have been established in various countries to raise funds for charitable organisations. Novamedia charges a licence fee for the use of its intellectual property related to the Postcode Lottery format and the VriendenLoterij format. The fee is mainly used to finance and set up new Postcode Lotteries and for the continued development of Novamedia's formats. Each lottery's licence fee is calculated as a percentage of its proceeds. Novamedia bears the (high) financial risks of setting up a lottery, and there is a substantial investment required to bring a Postcode Lottery to market and to enable it to offer an attractive prize plan and distribute donations from the start. The structure of the organization differs by country, mainly 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).

Consolidation Novamedia Holding B.V.



* For organisational cost please refer to the overview per Lottery in the report of the Executive Board

Report of the Executive Board

The lotteries entered 2021 in the knowledge that they had coped effectively with the extraordinary circumstances of the previous year. As the Covid pandemic wore on, staff stayed flexible, largely working from home and holding events online. Under these circumstances the lotteries continued to recruit players, run marketing campaigns, distribute prizes, support beneficiaries and publicise their work. Most Charity Galas went ahead online.

In spite of the ongoing disruptions, 2021 was an excellent year for Novamedia and the lotteries. Turnover and subscriptions increased in all countries. The lotteries' combined revenue in 2021 amounted to a record EUR 2.3 billion, representing an 8% increase on the previous year (2020: EUR 2.1 billion, +7%).

Across the group, as of December, the Lotteries had 9.6 million unique players holding 13.6 million subscriptions. This figure represents a growth of 577,000 subscriptions over the previous year (2020: 9.2 million unique players, 13 million subscriptions).

Thanks to these successes, the lotteries' charitable donations hit an all-time high. The total amount raised for beneficiaries in 2021 was EUR 825 million (against EUR 800 million in 2020).

Novamedia as an International Lottery Operator

International developments in our industry, including the opening up of online gaming and betting markets, have been rapid in recent years. The increasing international competition in the market comes from state lotteries and from large international online gaming parties. Novamedia's aim is to continue the success and accelerate the growth of the Postcode Lotteries.

Efforts are also being made to continue developing our formats, for instance by providing extra entertainment to strengthen player loyalty. Novamedia is focusing especially on the newest Postcode Lottery countries with the most growth potential.

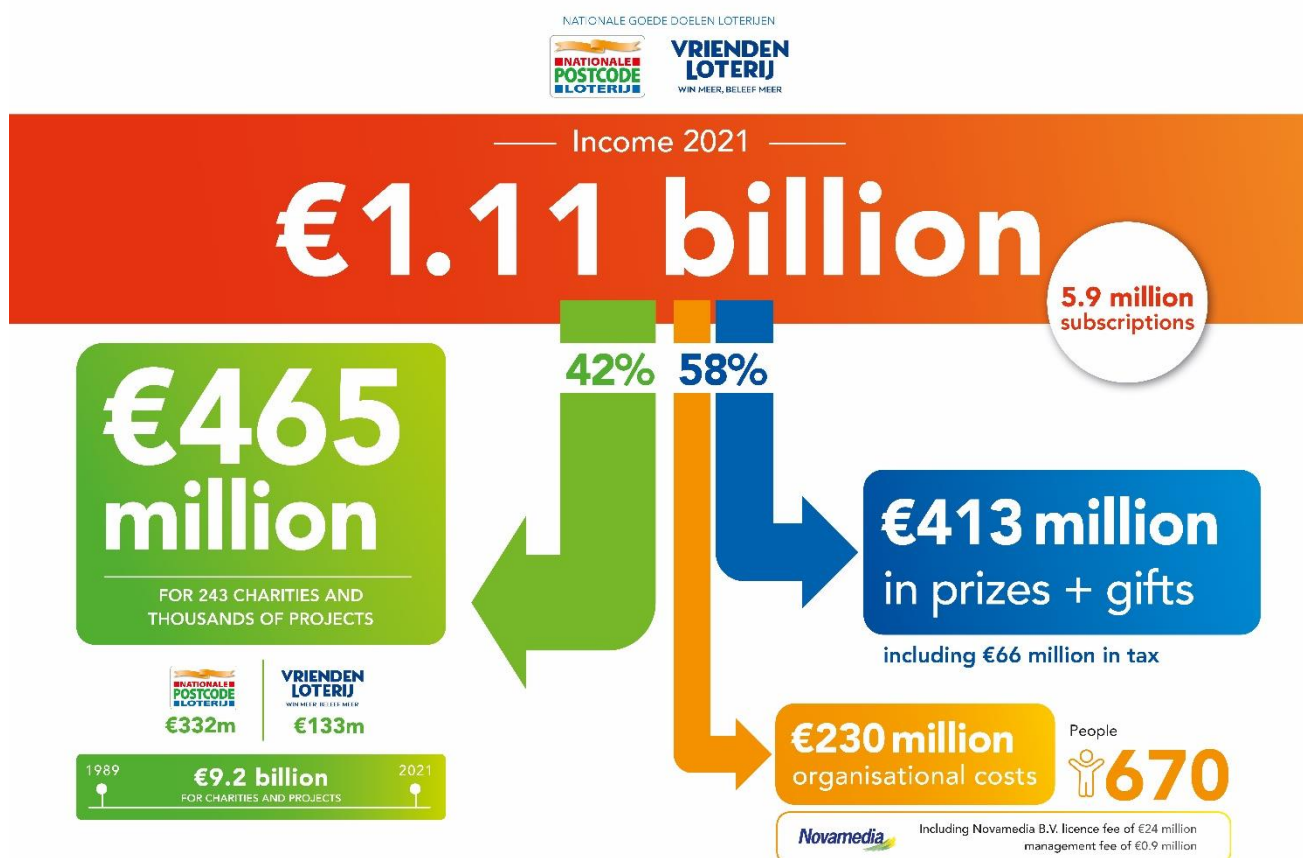
In 2021 the Postcode Lotteries Group was welcomed as a member of European Lotteries, Europe's largest association for the industry, which promotes the model of lotteries run for the benefit of society.

Membership gives us access to a wide network of national lotteries with which we can exchange knowledge and engage in joint lobbying. We will continue to advocate for European countries to give private charitable lotteries the same legal status as state lotteries, as we know that expanding these lotteries' opportunities will greatly benefit civil society. It is therefore vital that governments keep the distinction between the regulation of safe fundraising lotteries without private profit on the one hand and the riskier practices of online gaming and betting companies operating for commercial gain only on the other. In a digitizing world, with increasing international competition, increasing advertising, and privacy restrictions that put our traditional sales channels under pressure, we are happy to be part of the European Lotteries and to join forces as the Postcode Lotteries Group.

The following paragraphs describe the developments in 2021 in each country.

Nationale Postcode Loterij and VriendenLoterij (Dutch Charity Lotteries)

The Dutch Charity Lotteries had a successful 2021. The VriendenLoterij and BankGiro Loterij combined forces on 16 August 2021. Moving forward alongside the Nationale Postcode Loterij, the new VriendenLoterij carries on the work of both its predecessors, supporting beneficiaries that preserve cultural heritage and promote human well-being. The BankGiro Loterij popular VIP card, which gave players benefits such as free museum admission, continues as the VriendenLoterij VIP card, available to all VriendenLoterij players.

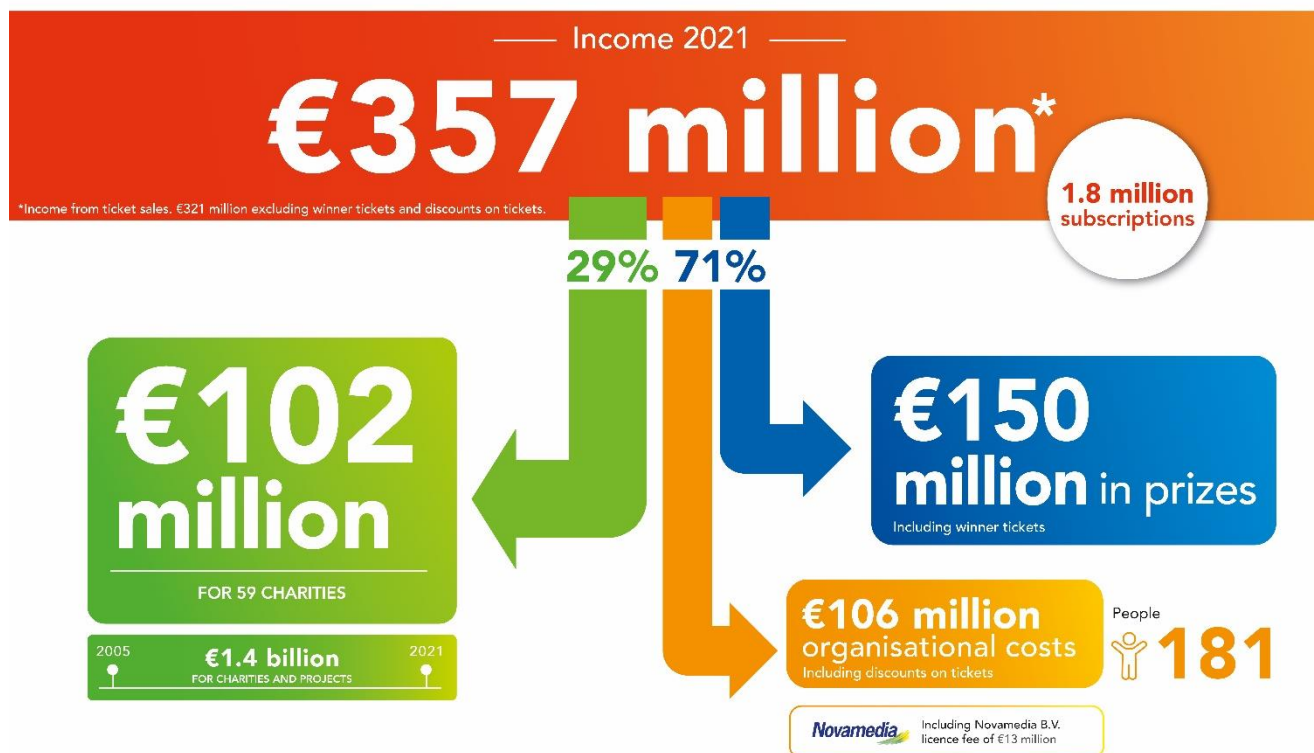


The Dutch Charity Lotteries' campaigns and player engagement have been successful, and as a result the consolidated revenue grew by EUR 29.2 million to EUR 1.11 billion in 2021 (2020: EUR 1.08 billion). The Dutch lotteries' permits require that at least 40% of their gross proceeds go directly to charity, and their total charitable contributions for 2021 amounted to EUR 465 million, or 42% of proceeds (2020: EUR 487 million, 45% of proceeds). The paid subscription base of the Nationale Postcode Loterij at the end of December 2021 was higher than last year's and ended at 4,176,656 (2020: 4,103,950). After the successful merger, the VriendenLoterij's paid subscription base was higher than last year's combined VriendenLoterij/BankGiro Loterij figure, ending at 1,769,869 (2020, BankGiro Loterij and VriendenLoterij combined: 1,754,550). The Dutch Charity Lotteries' licences expired at the end of 2021 and were renewed for five more years from 2022. The Dutch Charity Lotteries' 2021 proceeds have been allocated as follows: 42% to beneficiaries, 38% to prizes (net)

and 20% to organisational costs. The prize plan was increased to keep our lotteries competitive in a changing market. The goal is to retain loyal players and attract new ones in order to maintain and possibly expand our fundraising for good causes. We also added a new game in 2021, Deal or No Deal, as another way of engaging with our players. So far the game has been played over 10 million times.

Svenska Postkodlotteriet (Sweden)

The total revenue for the Svenska Postkodlotteriet in 2021 was SEK 3.630 billion (EUR 357.3 million), including winners' tickets and discounts on tickets, as the Swedish Gambling Authority considers these to be revenue. Thanks to all marketing activities and engagement with players, the total proceeds for 2021 excluding winner tickets and discounts amounted to SEK 3.263 billion (EUR 321.2 million) (2020: SEK 3.197 billion (EUR 305.4 million)). The number of tickets in the December draw was 1,788,447 (2020: 1,776,960). The 2021 proceeds of the Swedish lottery have been allocated as follows: 29%¹ to beneficiaries, 42% to prizes, and the remainder to organisational costs.



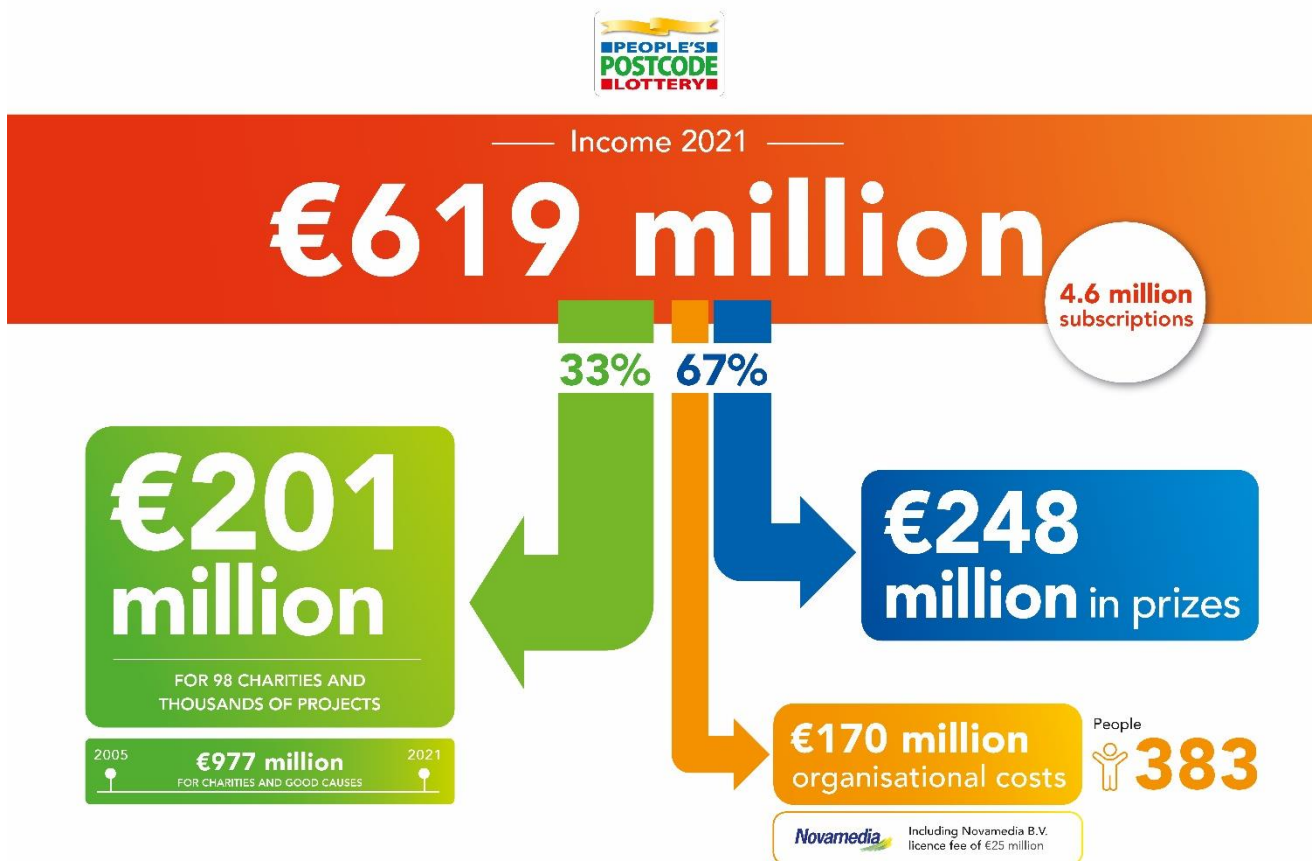
Novamedia B.V. has invested EUR 28 million in the Swedish lottery since it started in 2005. This money has been fully repaid over the years and is being used for new charity lottery investments.

¹ The contribution to charities is 32% 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 another year of strong growth thanks to the campaigns, prizes and engagement with players. The subscription base reached 4.6 million by the end of December 2021 (2020: 4.3 million) – more than any other Postcode Lottery. The organisation benefited from a long-awaited increase in the sales limit to €50 million from €10 million following the UK government’s 2020 charity lottery reforms.

People’s Postcode Lottery had total revenues in 2021 of GBP 533.8 million (EUR 619 million) (2020: GBP 487.4 million (EUR 549 million)). The proceeds have been allocated as follows: 33% to beneficiaries, 40% to prizes, and 27% to cover organisational costs. The revenue growth together with the increase in charitable contribution from each ticket sale (2020: 32%) led to around EUR 25.7 million in vital extra funds for good causes, for a total contribution of EUR 201 million for 2021. The rise was enabled by players’ continued support and also by the lottery reforms, making more money available for donations.



Postcode Lottery Ltd is the operator and is licensed to run lotteries on behalf of good causes (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 2021 amounted to 33% of total lottery proceeds (2020: 32%). The promoting societies include the 20 Postcode Trusts, which 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 the Postcode Lottery Ltd is currently building up equity as a buffer for its continuity.

Deutsche Postcode Lotterie (Germany)

The Deutsche Postcode Lotterie appointed a new managing director, Friederike Behrends. She became the chair managing director in January 2022, joining fellow managing directors Sascha Maas and Robert Engel. Friederike Behrends brings extensive expertise in business development, digital, media and sales to the role.

As of March 2021, managing director Annemiek Hoogenboom ended her activities at the lottery. We are grateful for the determination and passion she has shown in establishing the lottery in Germany.

The Deutsche Postcode Lotterie celebrated reaching the milestone of selling more than 1 million tickets. All in all, 2021 was a great year for the lottery, which achieved growth of more than 45% resulting in a turnover of EUR 162 million (2020: EUR 112 million). The proceeds have been allocated as follows: EUR 48.6 million to beneficiaries (2020: EUR 33.6 million), EUR 27.0 million to lottery tax for public benefit (2020: EUR 18.7 million), EUR 49.4 million to prizes (2020: EUR 33.6 million), and EUR 51.5 million to organisational costs (2020: EUR 39.9 million).



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 education, the well-being of children and seniors, 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. The Lottery's permit has been renewed until the new lottery legislation comes into effect; this is expected to happen in the coming years.

The German lottery distributes its income as follows: 30% to beneficiaries, 16.7% to lottery tax for public benefit, 30% to prizes and the rest to organisational costs. An external committee (Beirat) decides which beneficiaries the lottery's proceeds will be donated to. During 2021 Novamedia invested EUR 5.8 million in further establishing the German lottery by increasing its loan to EUR 64.2 million.

Norsk PostkodeLotteri (Norway)

In 2017 WWF Verdens naturfond (the World Wildlife Fund Norway) and SOS-barnebyer Norge (SOS Children's Villages) obtained, based on a lottery draw, a Norwegian lottery licence which remains valid until 2026. Novamedia Norsk PostkodeLotteri AS is a 100% subsidiary of Novamedia B.V. and is the operator of the lottery.



By the December 2021 draw, the youngest Postcode Lottery had 117,000 subscriptions on draw. This represents an increase of 11% over the previous year (2020: 104,970 subscriptions). The Norsk PostkodeLotteri generated proceeds in 2021 of NOK 256.0 million (EUR 25.1 million) (2020: NOK 198.5 million (EUR 18.5 million)). The proceeds have been allocated as follows: NOK 81.4 million (EUR 8.0 million) to beneficiaries (2020: NOK 52.6 million (EUR 4.9 million)), NOK 93.3 million (EUR 9.2 million) to prizes (2020: NOK 93.3 million (EUR 8.7 million)), and NOK 138.8 million (EUR 13.6 million) to organisational costs (2020: NOK 131.1 million (EUR 12.2 million)). In 2021 Novamedia invested EUR 6.3 million in the Norwegian lottery, bringing the total investment since the start of the lottery up to EUR 28.5 million.

Book activities

Despite the pandemic, the Scheltema bookstore, thanks to its engagement with customers, saw its revenues rise to EUR 5.5 million (2020: EUR 4.9 million). Losses resulting from the pandemic, e.g. because of the need to close the bookstore for several weeks, were absorbed within the group results. Novamedia did not apply for the Dutch government's NOW emergency subsidy.

As mentioned in the 2020 annual report, Park Uitgevers took its activities forward under a new owner in 2021. On 27 February, the publishing house retroactively became part of LannooMeulenhoff BV as of 1 January 2021.

Phase2.earth

Novamedia is an investor in the impact investment fund Phase2.earth, launched in 2021. Phase2.earth invests in socially and environmentally sustainable social enterprises. Participation in the fund is another way for Novamedia to honour its commitment to social impact. In 2021 Phase2.earth invested in five participations including Physee and NLC Health.

Novamedia Holding B.V.

Novamedia Holding B.V.'s total revenue increased in 2021 by 15.6% to EUR 360.2 million (2020: EUR 311.6 million), mainly as a result of revenue growth at the lotteries (2021: EUR 354.7 million; 2020: EUR 285.6 million).

Novamedia Holding B.V.'s net result for 2021 amounts to EUR 17.4 million (2020: EUR 18.1 million). Overall operating costs (see notes 18 till 24) increased by EUR 48.1 million to EUR 329.7 million, mainly as a result of intensified marketing efforts in Great Britain and Germany and an increase in the contribution to charities and prize payments to players at the German lottery. Novamedia also started building and investing in its online gaming activities, for which a Dutch licence is received in 2022.

In 2021 the average total number of employees was 726 (2020: 765). We further refer to note 30.

Cash flows

Novamedia has EUR 249 million cash at bank and has sufficient positive cash flows from operating activities. Positive cash flows were generated from operations in 2021 as a result of increasing lottery revenues. Investments in lotteries which are not yet break-even, such as those in Germany and Norway, are financed from these cash flows. Novamedia has no external debt or loans.

Good Operations: How we live our mission

Our mission is to raise funds for civil society organisations worldwide and community projects close to our players. We increase awareness by promoting the work of these charities and social initiatives to our players.

We raise funds by operating charity lotteries. As a social enterprise ourselves, we also aim 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 ambitions:

- 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

There is an international GO team consisting of representatives from each country, led by Novamedia's International Affairs director. The local managing directors set their own GO targets, in close cooperation with Novamedia. The GO agenda is applied within the framework of each lottery's operations and adapted to circumstances in the individual countries.

SMART goals

On top of our key ambitions, the GO team has identified three goals:

- Being inclusive
- Reducing CO₂ emissions, with 50% CO₂ emission reduction in the Netherlands by 2025
- Banning single-use plastics.

Being inclusive

As part of our diversity and inclusion (D&I) programme, the Dutch lotteries and Novamedia provided unconscious bias training in which many colleagues have discussed the use of images and how we can make sure we use footage that promotes inclusivity.

During the year the Swedish lottery conducted an analysis of the work environment with the help of an external expert. The analysis identified areas for improvement that are now being addressed. Educational initiatives have been taken and will continue during 2022. For instance, managers participated in two workshops about D&I topics, addressing issues such as anti-discrimination and harassment, and all employees had the opportunity to attend a lecture dealing with structural racism.

In addition, the HR department held an informational meeting for all employees providing information about the anti-discrimination law and our company anti-discrimination policy.

At the British lottery a diversity group was launched. Team members make up the Equality, Diversity and Inclusion Champion group. Its aim is to help drive forward and develop diversity and inclusion at People's Postcode Lottery.

The German Lottery also started educational initiatives in this area, for example how we use inclusive language within our Lottery.

Reducing CO₂ emissions

We want our lotteries to operate climate-neutrally, and we cut CO₂ emissions wherever we can. Our operations in the Netherlands are 100% climate-compensated. We offset all our CO₂ emissions (including those of our in-kind prizes) by planting trees with our partner Land Life Company.

Since 2011, the Swedish lottery has been offsetting the climate footprint from its operations throughout the entire value chain. It does so by investing in emissions-reducing products that are Gold Standard-certified. Its suppliers' code of conduct is an important tool in achieving a responsible value chain; 79% of significant suppliers in Sweden have signed it. For lower-value non-cash prizes, we also request audits from the production side to ensure that human rights are respected in the production process, and we continuously strive to include products that use sustainable material and/or have a sustainability certification. In November we updated the prize plan in Sweden by substituting the Volvo hybrid car with a Volkswagen electric car. We also added food vouchers to the prize plan, allowing players to choose from a wider range of "need-to-have" products as prizes.

A phased switchover to LEDs is being carried out throughout the People's Postcode Lottery office. Around half of the office areas are now lit with LEDs. With a longer lifespan and using around 50% less energy than traditional light solutions, LEDs are extremely efficient and can cut energy usage and costs.

The Deutsche Postcode Lotterie has begun measuring its CO₂ emissions, using the 2020 figure of 675,880 kg of CO₂e as a baseline. The next step is to select a carbon offset partner. Since the operation is growing, reducing emissions is difficult, but it is definitely a goal wherever possible.

Banning single-use plastics

In all of our offices in Amsterdam, Stockholm, Edinburgh and Dusseldorf, single-use plastics (cups, cutlery, packaging) are banned where possible. By recycling, reusing and using alternative processes, we divert waste from our offices from landfill.

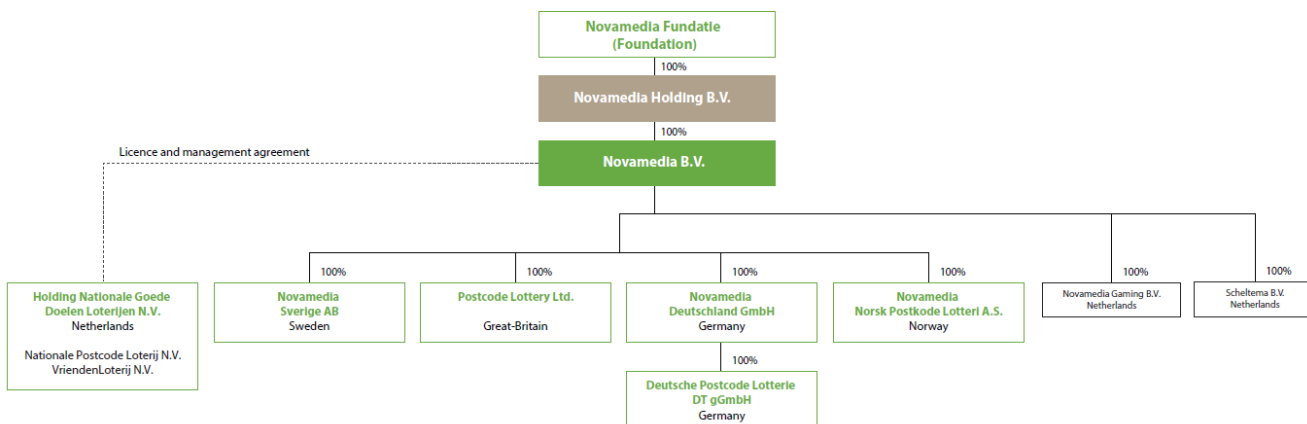
Legal structure

The consolidated financial statements of Novamedia Holding B.V. include the following four types of enterprises, which are managed by the Executive Board of Novamedia B.V.:

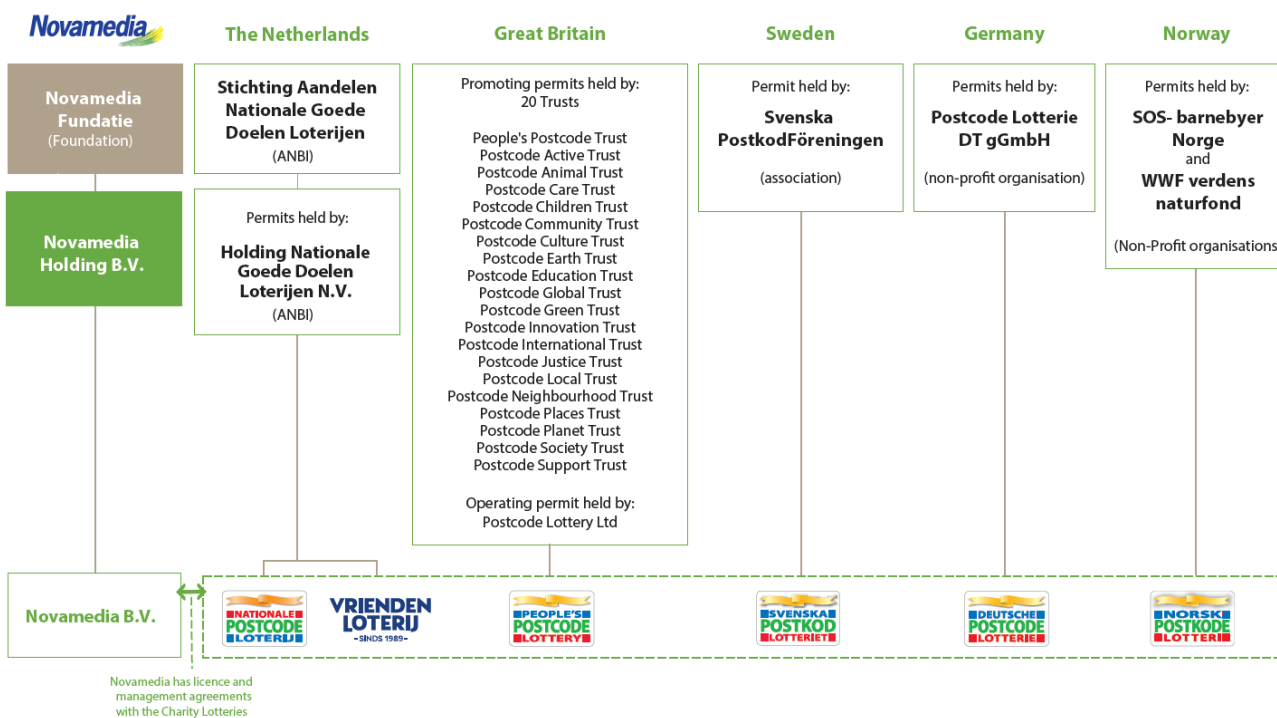
- Charity lottery operators (the Netherlands¹, Sweden, Great Britain and Norway)
- Charity lottery (Germany)
- Novamedia Gaming B.V. (established on 20 January 2021)
- Bookstore (Scheltema B.V.).

¹ 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



Each country is structured as follows:

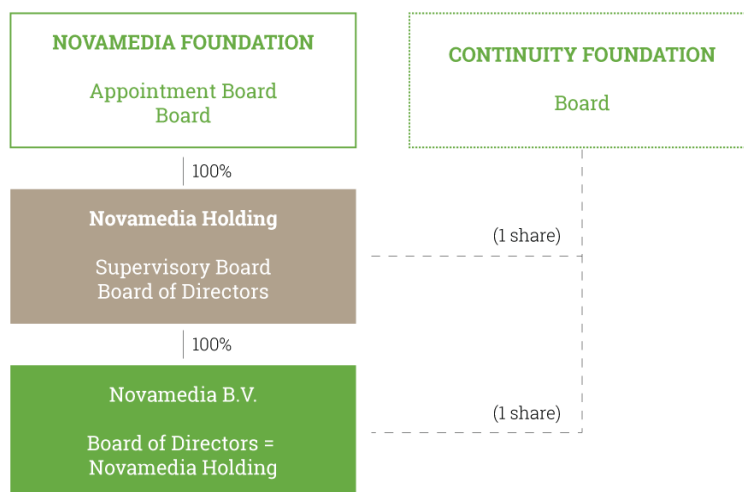


Novamedia's governance structure

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 against misuse both internally and externally.

Governance

as of 4 December 2017



Novamedia Executive Board

Novamedia B.V.'s Executive Board in 2021 comprised Sigrid van Aken (chair/CEO), Imme Rog (CMO) and Michiel Verboven (CCO).

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. Joop van den Ende and Peter Prein stepped down at the end of their term as members of the Supervisory Board on 27 March. We welcomed Gert-Jan van der Vossen to the board on 1 August. At the close of 2021, the board comprised Gerdi Verbeet (chair), Roebym Anders, Rob van den Bergh, Laetitia Smits van Oyen and Gert-Jan van der Vossen.

Novamedia Foundation

Novamedia is wholly owned by the Novamedia Foundation, whose main objective is to safeguard the continuity of the company's mission and its social entrepreneurial spirit. Pieter van Geel and Peter Prein joined the Novamedia Foundation Board on 25 June 2021. Cees Boer and Ben Knapen stepped down as members on 22 July. At the end of 2021, the Novamedia Foundation Board members were Pieter van Geel, Boudewijn Poelmann and Peter Prein.

The Novamedia Foundation's primary objective is to safeguard the continued pursuit of Novamedia'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 transfer any of those shares to another party.

Continuity Foundation

The Continuity Foundation is part of Novamedia’s governance structure. Its purpose is to safeguard Novamedia’s objectives and continuity. If a request to implement changes in Novamedia’s structure 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 in Novamedia B.V. Apart from such an exceptional case the Continuity Foundation will not have a share in or any control over Novamedia.

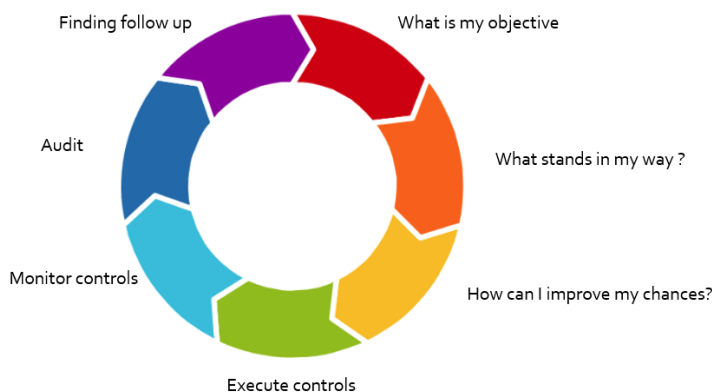
The governance structure protects the sale of shares in Novamedia as a whole and the intellectual property rights related to the lottery formats. Neither can be sold without prior approval from five boards: the Executive Board of Novamedia, the Supervisory Board of Novamedia Holding, the Board and Appointment Board of Stichting de Novamedia Fundatie (the Novamedia Foundation), and the Board of Stichting Continuïteit Novamedia (the Continuity Foundation).

Risk management and control

Novamedia recognises that proactive management of risk creates and protects value by means of better informed decision making throughout the organisation. Our approach is based on the ISO 31000 standard. Novamedia’s risk management approach is designed to identify risks, as well as opportunities, as soon as possible and to take 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 reach our objectives across all lotteries.



The 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 (independent assurance providers: internal/external auditors).

Developments

In 2021 our risk scoring framework underwent a number of changes. The most important changes were:

- a. The introduction of a single risk scoring framework across the group (scoring thresholds were previously set locally), which enables us to better compare across entities;
- b. The redefinition of scoring thresholds on a local level, delegating more responsibility to local management;
- c. The refinement of risk escalation levels, making it clearer when and to whom a risk needs to be escalated.

The update to the framework was done in conjunction with the implementation of a common international risk management system across the group.

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 if and when things go wrong, as well as sharing lessons learned across our organisations.

3. Financial risk appetite

Acceptable finance risk levels are minimised. Risk appetite is equally low with respect to both finances and financial reporting of the lotteries. The investment fund Phase2.earth, which invests in impact scale-ups, potentially has a higher financial risk than the lottery operations.

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 and analysed within 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 Norway would be discontinued. There are currently no indications that this is likely to occur. As licences are crucial to continued operation, permanent and systematic management attention is given to compliance with the regulatory bodies' licensing requirements.

Political insecurity

Changing local or Europe-wide regulations can pose a strategic risk to the operations of local lotteries. These can vary from the introduction of online gaming and the entrance of new competitors (including illegal ones) to the creation or maintenance of non-level playing fields. In order to minimise this risk Novamedia monitors regulatory changes at the local and European levels, participates proactively during consultation periods and brings the charity lotteries' impact to the attention of various stakeholders.

Reputation damage

Reputational damage can arise from a multitude of sources. In addition to an incident itself, an organisation's reaction to that incident has a crucial impact on its reputation. Therefore, in addition to striving for effective and compliant execution of operational processes, the organisations have communications departments that work to maintain a good reputation in traditional and social media and among players and the general public. They monitor various outlets to observe media statements about the organisations and devise strategies to address misinformation.

Restrictions on advertising

Restrictions on advertising for gambling operators have been on the rise in various markets. In addition, more stringent privacy legislation makes it harder to approach prospects and players. We continue to highlight the differences between the Postcode Lotteries and the wider gambling sector in respect of matters such as our mission to raise funds for good causes and the fact that our lotteries are not for profit and widely considered low-risk from a problem-gambling perspective.

Information security risk

Unauthorised access to data, (potential) loss of data, and abuse of data can lead to serious reputational damage and possibly fines due to non-compliance with privacy regulations. To minimise risk in this area, employees are trained in regard to information security; processes, procedures and workplace platforms are harmonised; and diversity in security ecosystems and suppliers is minimised.

Intellectual property infringements

One of Novamedia's primary assets is its Intellectual Property rights in the lottery formats, along with the related trademarks. Therefore, third-party infringement on these intellectual property rights poses an important risk. Novamedia monitors the market and trademark registers and takes action against infringers.

Inability to attract, develop and retain talent

Maintaining an adequate number of well-trained staff is crucial to the operation of Novamedia and its related entities. In order to attract and maintain well-qualified personnel, a competitive package of employment terms and training is offered. In addition, international job mobility and knowledge centres have been put in place to optimally employ personnel.

Impact of Covid-19 pandemic

The Covid-19 pandemic has touched upon every aspect of our organisation. Operationally, all protocols advised by national governments are being adhered to. We have been able to continue to run our lotteries while working from home. All draws have been able to continue, and our marketing departments are implementing new ways to keep attracting and retaining players.

In light of the prevailing uncertainty, we are pleased to note that thanks to our flexible cost structure for prizes, contributions to beneficiaries, and marketing and television budgets - often calculated as a percentage of revenue - we are able to reduce our costs sufficiently when necessary. In addition, our remote subscription-based model puts us at an advantage over retail-based competitors. While traditional lottery marketing methods, such as door-to-door sales and promotions at museums and events, have been severely limited, other sales channels saw strong performance and contributed to revenue growth in 2021.

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 licensing structures.

Exchange rate volatility

The impact of exchange rate volatility is minimised by invoicing licence and management fees in GBP, SEK and NOK 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.

Other financial risks assessed by the Executive Board

The following section outlines financial risks assessed by the Executive Board. The extent to which these risks may affect Novamedia's results is analysed below.

Market risk

Novamedia does not incur risk regarding the valuation of securities, as there are none disclosed under financial assets and no 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 worth of operating expenses. This credit risk is a result of Novamedia Sverige A.B. pre-financing all costs for Svenska Postkodföreningen (the licence holder of Svenska Postkodlotteriet). The maximum credit risk exposure in 2021 amounted to EUR 14.4 million (2020: EUR 16.8 million).

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 given to mitigate 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.

Expected developments in 2022 by country

Dutch Charity Lotteries

The Nationale Postcode Loterij and VriendenLoterij will keep working to grow their subscription bases in 2022, focusing on both retention and sustainable acquisition of new players. The Nationale Postcode Loterij launched a new online game, Deal or No Deal, to engage with players and potential players.

Svenska Postkodlotteriet

In 2022 the Svenska Postkodlotteriet will maintain its focus on retaining existing players and attracting new ones in order to maintain subscription numbers, income, and charitable contribution levels.

People's Postcode Lottery

People's Postcode Lottery's ambition is to continue growth in 2022, with an accompanying rise in donations to good causes, in line with last year's success. We continue to focus on improved brand awareness, interactive TV, DRTV, and increased online registrations.

Deutsche Postcode Lotterie

This year the lottery will concentrate on expanding player and subscription numbers while continuing to support charity projects promoting education, social cohesion, human rights and environmental conservation across all the German federal states.

Norsk PostkodeLotteri

The lottery will push for an opportunity to get the revenue limit further increased and will add on additional permits to further grow and raise funds for beneficiaries.

Management expectations for 2022

Financial processes

As an international lottery operator, we are standardising and simplifying our financial processes across Novamedia and the Postcode Lotteries by migrating to the Oracle Finance Cloud. An international team of finance colleagues is overseeing the change process. An in-person kick-off meeting took place in November 2021. Design and strategy work are continuing in 2022, with migration of financial data and processes set for mid-year. Streamlining our transactions will not only help us to keep our lotteries successful but also provide more insights across the group of Postcode Lotteries, enabling us to make our finance processes more efficient.

New initiatives

Entertainment

After the Netherlands legalised online games of chance on 1 October 2021, Novamedia Gaming, part of Novamedia, applied for and received a licence to offer additional entertainment in the form of online games for a large audience. Like our lotteries, these will be fun and safe and offer players a chance to win prizes while raising funds for good causes. We monitor innovations to continuously find new ways to surprise our players and future-proof our lotteries.

In other countries, legalisation of online gaming and betting has resulted in a fierce fight among operators for market share, and subsequent restrictions on advertising. In the Netherlands, if the distinction between safe and high-risk games of chance is eliminated, this could also create risks for the lotteries in the form of possible (additional) blockages of sales channels. We will therefore follow developments in this area closely.

Phase2.earth

Novamedia is an investor in the impact investment fund Phase2.earth, launched in 2021 by the Postcode Lottery's co-founder and former CEO Boudewijn Poelmann. Phase2.earth invests in compassionate, 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 by the Investment Committee.

International partnerships

Novamedia is always on the lookout 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.

Amsterdam, 22 March 2022

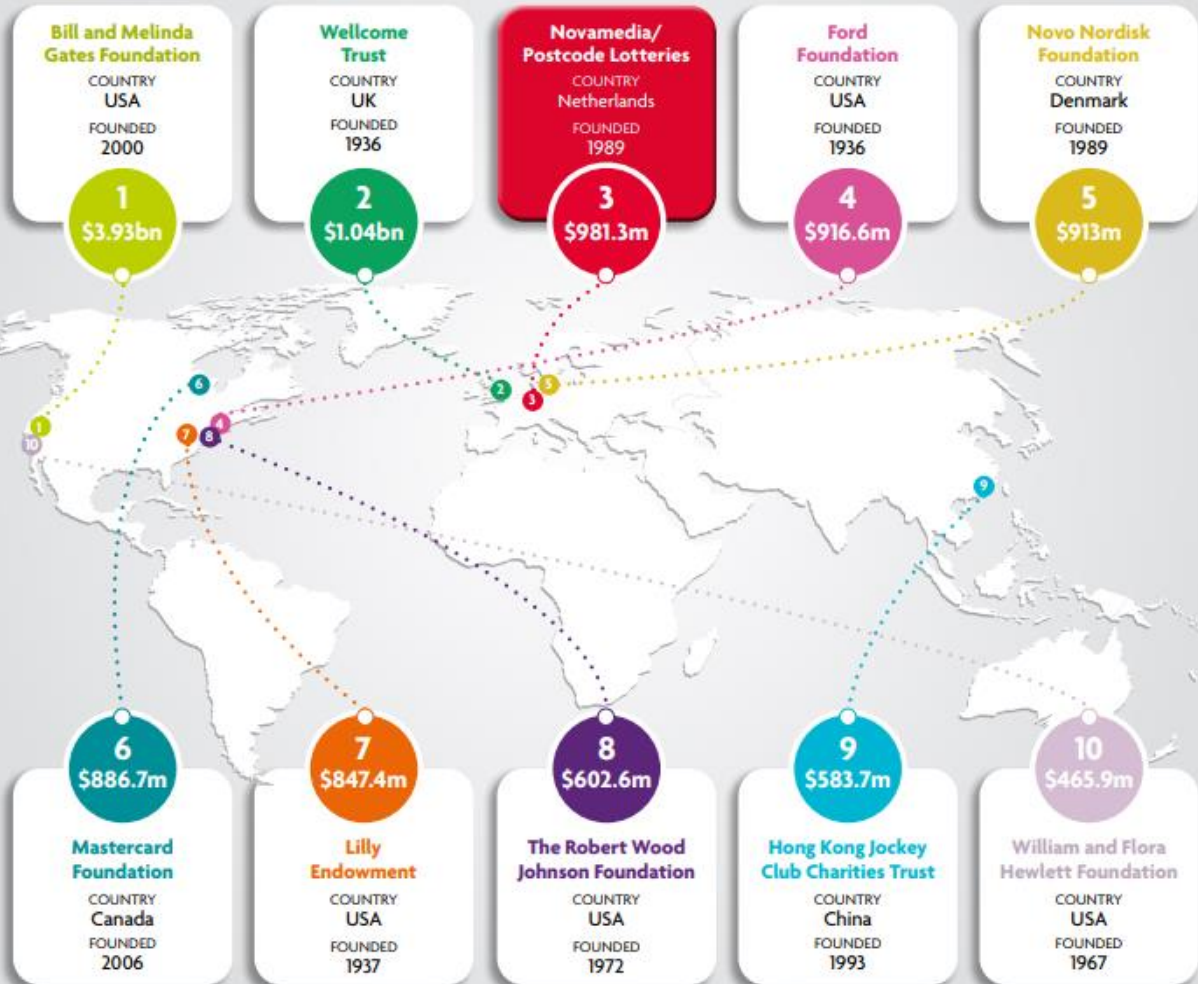
Executive Board:

S.J. van Aken (CEO)

I. Rog (CMO)

M. Verboven (CCO)

THE WORLD'S TOP 10 PRIVATE DONORS IN 2020



SOURCE: CITY A.M. CHARITY INDEX, PUBLISHED DECEMBER 2021. RESEARCH CONDUCTED BY NFP/SYNERGY. *CHARITY LOTTERIES IN THE NETHERLANDS, SWEDEN, GREAT BRITAIN, GERMANY AND NORWAY.

Report of the Supervisory Board

Annual Report

The Supervisory Board is pleased to present the 2021 Annual Report of Novamedia Holding B.V., including financial statements. This Annual Report has 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, CCO, 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 are submitted for adoption to the general meeting of shareholders in April 2022. 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.

Performance

The Supervisory Board looks back on 2021 as a very successful year for Novamedia, with an 8% increase in lottery revenues and a 4% increase in subscriptions for our charity lotteries operated by Novamedia. We celebrate the continued outstanding performance of the lotteries in the Netherlands, Sweden, Great Britain, Germany and Norway. The lotteries' combined revenue increased to EUR 2.3 billion, and thanks to our players, we were able to donate an impressive record EUR 825 million to charities.

An accelerating international strategy

Recent market developments and the resulting opportunities underline the importance of Novamedia/Postcode Lotteries acting as an international lottery operator. We have therefore formulated an accelerating-growth strategy for the group to enable us to become more strongly internationally aligned as an international lottery operator. In 2022 we will be working to strengthen collaboration, knowledge exchange and harmonisation across the lotteries and their marketing and intelligence, charity, finance, IT, HR and other departments. Compliance with the local requirements of the Lottery permit remains guaranteed.

World ranking

Every year, the UK business newspaper *City A.M.* publishes its rankings of the world's biggest private charitable donors. Novamedia/Postcode Lotteries has ended up in the top three once again. We are proud to be one of Europe's top private charitable donors. We are grateful for the contributions of all the people – our local and international ambassadors, members of the Beirat, the Supervisory Board of the Dutch Charity Lotteries, the Board of Svenska Postkodföreningen, the Trustees, the charities of Norway, and other partners – who help us as we work towards our goals of maintaining the vital financial support our players provide for good causes and, better still, selling more subscriptions and therefore raising more money for charities than ever before. We will continue to stride forward, full of ambition.

Financial reporting and risks

The Executive Board provided monthly reports to the Audit Committee and quarterly reports to the Supervisory Board comparing Novamedia's actual financial results to the 2021 budget, the latest estimates for 2021, and the results for 2020.

No conflicts of interest

There were no transactions in 2021 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 gender balance

The Supervisory Board had three female and two male members in 2021. The Supervisory Board is satisfied with this balanced gender ratio.

Meetings of the Supervisory Board

The Novamedia Supervisory Board had six meetings in 2021 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), Rob van den Bergh and Laetitia Smits van Oyen and held four meetings in 2021. The chair of the Audit Committee, the CEO and the Finance Director also held monthly meetings to monitor developments within Novamedia. The Governance Committee as well as the Remuneration and Nomination Committee consisted of Rob van den Bergh (chair) and Gerdi Verbeet. They held several meetings in 2021 and had separate meetings with the Executive Board members. Roebym Anders was involved in business reviews related to Online Gaming in 2021.

The Supervisory Board performed a self-evaluation in December 2021 and also assessed the performance of the Executive Board.

A word of thanks

The Supervisory Board wishes to express its gratitude to departing members Joop van den Ende and Peter Prein for their valued efforts over the years and their support and belief in Novamedia, which enabled us to start rolling out the Postcode Lotteries internationally

back in 2006. Novamedia would not be where it is today without their help, insight and support.

Our thanks also go out to the Executive Board and all the employees of Novamedia and the lotteries for their commitment and excellence during the ongoing pandemic, during which they often had to collaborate online due to lockdowns. Their hard work has borne fruit in the strong growth of the Postcode Lotteries in 2021 and continued vital support for their many charities around the world.

Amsterdam, 22 March 2022

The Supervisory Board:

G.A. Verbeet (*chair*)

R.J. Anders

R.F. van den Bergh

L.C.Q.M. Smits van Oyen

G.J.A.M. van der Vossen

Financial statements



Consolidated balance sheet as at 31 December 2021

EUR * 1,000		31 December 2021	31 December 2020
<i>(before appropriation of result)</i>	<i>Notes</i>		
<i>Assets</i>			
<i>Fixed assets</i>			
Intangible fixed assets	1		
Goodwill		0	0
Software		11	24
		11	24
Tangible fixed assets	2		
Land and buildings		2,889	3,051
Fixtures, furniture and hardware		2,698	1,962
		5,587	5,013
Financial fixed assets	3		
Subsidiaries		0	0
Deferred tax asset		254	356
Other participating interests		6,460	0
		6,714	356
<i>Current assets</i>			
Book inventories	4	820	3,156
Receivables			
Accounts receivable	5	65	4,089
Receivable Svenska Postkodföreningen	6	14,424	16,805
Corporate income taxes		725	1,256
Other receivables	7	14,997	20,965
		30,211	43,115
Cash and cash equivalents	8	248,527	213,658
		291,870	265,322

EUR * 1,000		<u>31 December 2021</u>	<u>31 December 2020</u>
	<i>Notes</i>		
<i>Group equity and liabilities</i>			
Group equity	9/35	119,856	102,856
Provisions			
Deferred tax liability	10	7,538	7,470
Current liabilities			
Accounts payable		18,107	24,463
Taxes and social security premiums	11	7,058	5,761
Deferred income	12	69,360	59,464
Prize money payable	13	36,185	27,939
Payables to charities	14	14,587	13,001
Other liabilities and accruals	15	19,179	24,368
		<u>164,476</u>	<u>154,996</u>
		<u>291,870</u>	<u>265,322</u>

Consolidated profit and loss account for the year ended 31 December 2021

EUR * 1,000		2021	2020
	<i>Notes</i>		
Revenue	17		
Lottery-related revenue		354,709	285,592
Book-related revenue		5,489	25,969
Total revenue		360,198	311,561
Expenses			
Lottery-related operating expenses	18	268,494	207,924
Cost of sales (books)	19	3,084	16,360
Book-related operating expenses	20	1,712	3,962
Personnel expenses	21	45,749	47,648
General and administrative expenses	22	9,234	3,238
Depreciation, amortisation and impairment of fixed assets	23/24	1,421	2,488
Total expenses		329,694	281,620
Operating income		30,504	29,941
Changes in value of fixed assets	26	(1,840)	(500)
Result from divestment of group companies	27	1,175	3,346
Financial expenses(-) and income(+)	28	(470)	1,387
Result on ordinary activities before taxation		29,369	34,174
Current taxation on result on ordinary activities	29	(11,787)	(10,887)
Changes in deferred taxes	29	(169)	(5,201)
Net result		17,413	18,086

Consolidated cash flow statement for the year ended 31 December 2021

EUR * 1,000		2021	2020
	<i>Notes</i>		
Cash flow from operating activities			
Operating income		30,504	29,441
<i>Adjustments for non-cash items:</i>			
Depreciation, amortisation and impairment	1/2/3	1,426	3,286
		1,426	3,286
<i>Changes in working capital:</i>			
Receivables		9,502	(3,394)
Inventories		(38)	875
Current liabilities		6,385	24,089
		15,849	21,570
Cash generated from operations		47,779	54,297
Financial income		95	1,682
Financial expenses		(428)	(256)
Corporate income tax		(10,544)	(10,123)
		(10,877)	(8,697)
Net cash from operating activities		36,902	45,600
Cash flow from investment activities			
Investment in intangible fixed assets	1	0	(270)
Investment in tangible fixed assets	2	(1,889)	(738)
Investment in financial fixed assets	3	(8,300)	(500)
Divestment of group company	27	1,870	1,331
Proceeds from shareholder loans	35	3,686	2,373
Net cash from investment activities		(4,633)	2,196
Cash flow from financing activities			
Dividends paid	35	(5,425)	(2,961)
Net cash flows		26,844	44,835
Exchange gains/losses on cash and cash equivalents		8,025	(6,126)
Net increase in cash and cash equivalents		34,869	38,709

Movements in cash and cash equivalents can be broken down as follows:

As at 1 January	213,658	174,949
Movements during the year	34,869	38,709
As at 31 December	248,527	213,658
Restricted for charities and prize-winners	(90,800)	(76,306)
Cash and cash equivalents available	157,727	137,352

General notes to the financial statements

General

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

It 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 2021, Novamedia's lottery formats had raised a total of EUR 11.7 billion for donation to thousands of charities and social initiatives around the world.

Novamedia 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 German-related lottery income, contributions to beneficiaries and prizes are therefore included in the consolidated financial statements of Novamedia Holding B.V.

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 2021, Novamedia B.V. had invested EUR 64.2 million in the German lottery to enable its growth. An external Charities Board (*Beirat*) has been established to give approval to the decisions which beneficiaries will receive donations of lottery income.

The entities in Sweden (Novamedia Sverige A.B.), Great Britain (Postcode Lottery Ltd) and Norway (Novamedia 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 to note 17 of the financial statements.

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 the company financial statements of Novamedia Holding B.V.

The financial statements are 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.

Impact of Covid-19 pandemic

The Covid-19 pandemic has touched upon every aspect of our organisation. Operationally, all protocols advised by national governments are being adhered to. We have been able to continue to run our lotteries while working from home. All draws have been able to continue, and our marketing departments are implementing new ways to keep attracting and retaining customers.

In light of the prevailing uncertainty, we are pleased to note that thanks to our flexible cost structure for prizes, contributions to beneficiaries, and marketing and television budgets – often calculated as a percentage of revenue – we are able to reduce our costs sufficiently when necessary. In addition, our remote subscription-based model puts us at an advantage over retail-based competitors. While traditional lottery marketing methods, such as door-to-door sales and promotions at museums and events, have been severely limited, other sales channels saw strong performance and contributed to revenue growth in 2021.

Overall there is no uncertain element of material importance about the continuity of Novamedia, and therefore the 2021 financial statements are based on the assumption of going concern.

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:

	Final as at 31 Dec			Average rate	
	2021	2020		2021	2020
EUR 1 = SEK	10.248	10.055	EUR 1 = SEK	10.160	10.469
EUR 1 = GBP	0.840	0.905	EUR 1 = GBP	0.862	0.888
EUR 1 = NOK	9.979	10.519	EUR 1 = NOK	10.194	10.723

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 expense 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 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 in group equity and group result are disclosed separately. Participating interests 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 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; 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%
Novamedia Services B.V.	Amsterdam	100%
Novamedia Gaming B.V.	Amsterdam	100%
Postcode Lottery Ltd	Amsterdam	100%
Novamedia Sverige AB	Amsterdam	100%
Novamedia Deutschland GmbH	Düsseldorf	100%
Postcode Lotterie DT gGmbH	Düsseldorf	100%
Novamedia Norsk PostkodeLotteri AS	Oslo	100%
Novamedia Lotteries Canada Inc. ¹	Dartmouth	100%
Novamedia CZ a.s. ²	Prague	100%
Scheltema B.V.	Amsterdam	100%

The following subsidiaries of Novamedia B.V. were deconsolidated/liquidated in 2021:

	Deconsolidation date:	prior share in equity:
Park Uitgevers B.V.	1 January 2021	100%
	Liquidation date:	
Česká Postcode Loterie a.s.	30 July 2021	90%
Novamedia Oezbekistan B.V.	10 December 2021	100%
Novamedia Oezbekistan Services B.V.	16 December 2021	100%

¹ Novamedia Lotteries Canada Inc. was established in 2020 and has no activities yet.

² Novamedia CZ a.s. currently has no activities, and none are expected in the near future. The entity is expected to be liquidated in May 2022.

Fineco Ltd. ¹	Merged on 28 June 2021	100%
Finad Ltd. ²	Merged on 28 June 2021	100%

Stichting de Novamedia Fundatie (the Novamedia Foundation) and Stichting Continuïteit Novamedia (the Continuity Foundation) are not consolidated.

Newly founded entity:	founding date:	share in equity:
Novamedia Gaming B.V.	20 January 2021	100%

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	16.7%

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. The purchase consideration paid for the acquired group company has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group company have been deducted from the purchase

¹ Fineco Ltd merged with Novamedia Oezbekistan Services B.V. on 28 June 2021

² Finad Ltd merged with Novamedia Oezbekistan B.V. on 28 June 2021

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.

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. For determining the value, any impairments are taken into account.

Other participating interests

Participating interests 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 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 expensed 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 information received from the fundmanager 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.

Book inventories

Work in progress at publishing houses

Directly attributable costs of titles to come are accounted for as work in progress, insofar as they will probably be covered by income from those titles after publication. The movement of work in progress is determined for each title on a monthly basis.

Finished products and goods for resale

Inventories are stated at the lower of purchase price at the balance sheet date, or at net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Net realisable value is determined with allowance made for obsolescence of inventories.

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 pension as an important benefit for our strong international employer brand. Like other terms of employment, we are currently working on an internal benchmark to harmonize our pension plans within our lotteries as much as possible.

The Netherlands

Novamedia has two pension plans in the Netherlands to which the conditions of the Dutch Pensions Act are applicable. One scheme is based on an average pay system, the other on a defined contribution system. The main characteristics of these plans are:

- The system of the basic pension scheme is based on average payment.
- For indexation of accrued benefits, excess interest, if any, will be available.
- The top-hat scheme is based on a defined contribution system. The level of contributions depends on the ages of the employees. This last aspect was changed as

per 1 January 2015 because of a change in legislation. For salaries higher than EUR 112,000 per annum, extra premiums can be added to the pension funds.

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. 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, Novamedia pays a premium that is calculated as follows:

- 4.5% of salary components up to SEK 42,625* per month.
- 30% of salary components in excess of SEK 42,625 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. 2% of the monthly salary is the defined contribution for ITP2 (ITPK).

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 an 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 2021 the total premium was fixed at 18.6% of the gross monthly salary and maximised for yearly salaries up to EUR 85,200 in western Germany and EUR 80,400 in eastern Germany. Pension costs are recorded in the profit and loss account and paid on a monthly basis.

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 (at the age of at least 62), the amount invested per month (a total maximum of EUR 268), and the funds into which monthly premiums are invested are individually set by the employee. There are no other pension schemes in place and no other pension-related liabilities for the company.

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, 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 recognised on an accrual basis 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 Novamedia Norsk PostkodeLotteri A.S. is also included in the operator-related revenue; this consists of lottery revenue excluding prizes and amounts for beneficiaries.

Lottery revenue (Deutsche Postcode Lotterie ticket sales)

Lottery revenue is recognised based on the sale of lottery tickets for the draws in the reporting period.

Other income

Other lottery-related income includes management fees, sponsor income, and other income.

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.

Cost of sales (books)

Cost of sales represents the direct and indirect expenses attributable to revenue, including raw materials and consumables, cost of work contracted out and other external expenses.

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 Lotteriesgesetz (Race Betting and Lottery Act). By law, the 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, and 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 worth of operating expenses. This credit risk is a result of Novamedia Sverige A.B. pre-financing all costs for Svenska Postkodföreningen (the licence holder of Svenska Postkodlotteriet). The maximum credit risk exposure in 2021 amounted to EUR 14.4 million (2020: EUR 16.8 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 given to mitigate 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
1 January 2021			
At cost	2,127	7,794	9,921
Accumulated amortisation	(2,127)	(7,770)	(9,897)
Book value	0	24	24
Movements 2021			
Additions	0	0	0
Disposal at cost	775	(1)	774
Other movements at cost (deconsolidation of Park Uitgevers)	(2,670)	0	(2,670)
Disposals at accumulated amortisation	(775)	1	(774)
Amortisation	0	(13)	(13)
Other movements at amortisation (deconsolidation of Park Uitgevers)	2,670	0	2,670
Foreign exchange effects on investments	0	(89)	(89)
Foreign exchange effects on amortisation	0	89	89
	0	(13)	(13)
31 December 2021			
At cost	232	7,704	7,936
Accumulated impairments and amortisation	(232)	(7,693)	(7,925)
Book value	0	11	11
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 á Terre) by Novamedia B.V.. The disposal of EUR 775,000 concerns negative goodwill that arose at the moment of acquisition of Park Uitgevers B.V. by Novamedia B.V.. As Park Uitgevers has been sold, the negative goodwill (book value nihil) has been disposed from Novamedia's balance sheet. The entity Park Uitgevers has been deconsolidated from as of 1 January 2021.

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 for 2021 are presented as follows:

EUR * 1,000	Land	Buildings	Fixtures, furniture and hardware	Total
1 January 2021				
At cost	940	3,635	7,782	12,357
Accumulated depreciation	0	(1,524)	(5,820)	(7,344)
Book value	940	2,111	1,962	5,013
Movements 2021				
Additions	0	0	1,908	1,908
Disposals at cost	0	0	(1,531)	(1,531)
Other movements at cost (deconsolidation of Park Uitgevers)	0	0	(92)	(92)
Disposals at accum. depreciation	0	0	1,526	1,526
Depreciation for the year	0	(162)	(1,245)	(1,408)
Other movements at accum. depreciation (deconsolidation of Park Uitgevers)	0	0	75	75
Foreign exchange effects on investments	0	0)	295	295
Foreign exchange effects on depreciation			(198)	(198)
	0	(162)	736	574
31 December 2021				
At cost	940	3,635	8,361	12,936
Accumulated depreciation	0	(1,686)	(5,663)	(7,349)
Book value	940	1,949	2,698	5,587
Depreciation rates	0%	4%	20%-33.3%	

Novamedia owns the land and buildings at Van Eeghenstraat 93 and 95 in Amsterdam where Park Uitgevers is located.

Tangible fixed assets further mainly consist of fixtures and furniture at the offices, the Scheltema shop inventory and IT hardware. Investments are mainly related to refurbishment cost for the People's Postcode Lottery's office.

3. Financial fixed assets

Non-consolidated subsidiaries valued at zero

Novamedia Oezbekistan B.V. and its subsidiaries were liquidated in 2021.

Deferred tax asset

Deferred tax assets mainly relate to temporary differences in fiscal and commercial book values of fixed assets. None of the tax assets is current.

EUR * 1,000

	<u>31 December 2021</u>	<u>31 December 2020</u>
At 1 January	356	372
Additions	17	23
Adjustments due to change in tax rate	6	15
Utilisation	(125)	(54)
At 31 December	254	356

Other participating interests

Novamedia has a minority share of EUR 250,000 (16.67%) in the investment-fund Phase2.earth. The share in the capital contribution is paid in 2021. Novamedia has committed a maximum of EUR 21.5 million to the fund for the coming eight years. In 2021 Novamedia B.V. contributed EUR 8.0 million as an agio investment. The audited financials of Phase2.earth for the year 2021 were not yet available. Therefore, on the basis of information on each investment from the fundmanagement, we identified certain investments that might be valued lower than initial cost. As a result EUR 1.8 million have been provided for in 2021.

EUR * 1,000

	<u>31 December 2021</u>	<u>31 December 2020</u>
Capital contribution	250	0
Agio investment in Phase2.earth	8,050	0
Changes in value of the asset	(1,840)	0
Total	6,460	0

4. Book inventories

EUR * 1,000

	<u>31 December 2021</u>	<u>31 December 2020</u>
Finished products and goods for resale	820	1,938
Work in progress at publishing houses	0	1,218
Total	820	3,156

Inventories consist of those at the bookstore Scheltema and publishing house Park Uitgevers (sold on 1 January 2021).

A write-down for obsolete stock has been recognised for an amount of EUR 132,000 (2020: EUR 1,735,000) at balance sheet date.

5. Accounts receivable

EUR * 1,000	31 December 2021	31 December 2020
Accounts receivable	66	4,105
Provision for bad debt	(1)	(16)
Total	65	4,089

The decrease in accounts receivable is mainly due to the deconsolidation of Park Uitgevers B.V. at the beginning of this year (EUR 3.5 million).

6. Receivable Svenska Postkodföreningen

The receivable due from Svenska Postkodföreningen for the pre-financing of the Swedish lottery activities is recorded under this item. The amount outstanding on 31 December 2021 consists of invoices pertaining to 2021. In respect of repayment and securities, no agreements have been made.

7. Other receivables

EUR * 1,000	31 December 2021	31 December 2020
Prepayments	8,268	11,168
Accrued income	352	284
Receivables from related parties	0	599
Advances paid to authors	0	718
Other	6,377	8,196
Total other receivables	14,997	20,965

All receivables are due in less than one year, except for an amount of EUR 0.3 million that relates to prepaid 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.

The prepayments are mainly for prizes in kind and marketing campaign cost for draws in 2022 at the Swedish lottery, prepaid TV sponsorship and software licences at the People's Postcode Lottery and prepaid IT services and operational costs at Novamedia B.V..

Within other receivables there is an accrual (EUR 3.2 million, 2020: EUR 6.4 million) regarding VAT in Sweden on intellectual property rights to TV productions and an accrual made for receivables related to selling Park Uitgevers EUR 1.4 million.

8. Cash and cash equivalents

The balance of total cash and cash equivalents at year end amounts to EUR 248.5 million. Restricted amounts (2021: EUR 90.8 million, 2020: EUR 76.3 million) are, deposited in a separate account to secure the funds for charities and prize-winners related to the British Lottery (2021: EUR 87.6 million, 2020: EUR 73.4 million), EUR 3.0 million (2020:

EUR 2.9 million) in secured funds for prize-winners of the Norwegian lottery and a bank guarantee related to Novamedia Gaming B.V. (EUR 150,000). The cash and cash equivalents directly available come to EUR 157.7 million.

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

EUR * 1,000	31 December 2021	31 December 2020
Total cash and cash equivalents	248,527	213,658
Restricted for charities and prize-winners	(90,800)	(76,306)
Cash and cash equivalents available	157,727	137,352

9. Group equity

Group equity is disclosed in note 35 to the company balance sheet.

10. Deferred tax liability

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

EUR * 1,000	2021	2020
At 1 January	7,470	2,300
Addition	234	5,863
Utilisation	(166)	(693)
At 31 December	7,538	7,470

The addition to the deferred tax liability of EUR 234,000 is due to an increase of the income tax rate. The addition in 2020 of EUR 5.9 million relates 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. At the start of the lottery in the UK fiscal losses were deducted in the Netherlands and these need to be recaptured with future positive results of the British Lottery. At the end of 2021 the amount still to be recaptured is EUR 29.2 million.

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.

11. Taxes and social security premiums

EUR * 1,000	31 December 2021	31 December 2020
Corporate income tax	937	166
VAT payable	2,975	2,652
Payroll tax payable	3,146	2,943
Total taxes and social security premiums	7,058	5,761

12. Deferred income

Deferred income relates mainly to received amounts from lottery players. Deferred income increased in relation to 2020, due to the growth of the British and German lotteries.

EUR * 1,000	<u>31 December 2021</u>	<u>31 December 2020</u>
Deferred income, Great Britain	54,470	48,178
Deferred income, Germany	14,835	11,237
Deferred income, Norway	39	32
Other deferred income	16	17
Total deferred income	<u>69,360</u>	<u>59,464</u>

13. Prize money payable

Prize money payable to players at the end of the year increased due to the growth of the British lottery in particular.

EUR * 1,000	<u>31 December 2021</u>	<u>31 December 2020</u>
Prize money payable, Great Britain	33,131	24,809
Prize money payable, Germany	480	360
Prize money payable, Norway	2,574	2,770
Total deferred income	<u>36,185</u>	<u>27,939</u>

14. Payables to charities

Payables to charities of EUR 14.6 million (2020: EUR 13 million) concern 2021 contributions. The payables increased as the yearly contributions to charities for the German and Norwegian lotteries increased.

EUR * 1,000	<u>31 December 2021</u>	<u>31 December 2020</u>
Payables to charities, Germany	9,978	9,916
Payables to charities, Norway	4,609	3,085
Total deferred income	<u>14,587</u>	<u>13,001</u>

15. Other liabilities and accruals

EUR * 1,000	31 December 2021	31 December 2020
Invoices to be received for marketing and operating expenses	10,814	8,749
Holiday allowance	2,133	2,077
Other personnel liabilities	2,381	2,381
Pensions payable	387	2,990
Payables to related parties	256	0
Royalties to authors	0	1,787
Other	3,208	6,384
Total other liabilities and accruals	19,179	24,368

The pensions payable for 2020 include EUR 2.7 million for an additional contribution to optimise the pension scheme for the years 2013 till 2020 in the Netherlands. This was paid in 2021.

The payables to related parties concern a payable to the National Postcode Loterij.

The other accrual relates to a provision that Novamedia Sverige AB in Sweden made (2021: EUR 3.2 million, 2020: EUR 6.4 million) regarding VAT on intellectual property rights to TV productions.

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	5,985
Later than 1 year and no later than 5 years	20,067
Later than 5 years	6,211

The rental agreements concern the rental of the lotteries' and Novamedia's offices and of the Scheltema bookstore. In 2021 Novamedia Sverige AB recharged EUR 2.0 million lease cost for renting out office space to Svenska Postkodlotteriet. Scheltema earned sublease revenue of EUR 230,000 in 2021.

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	197
Later than 1 year and no later than 5 years	152
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	16,150
Later than 1 year and no later than 5 years	9,512
Later than 5 years	0

Among the other obligations is 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 in the coming eight years of which EUR 8 million was contributed to the fund during 2021.

Contributions are made available after a positive assessment by the Investment Committee.

16. Related parties

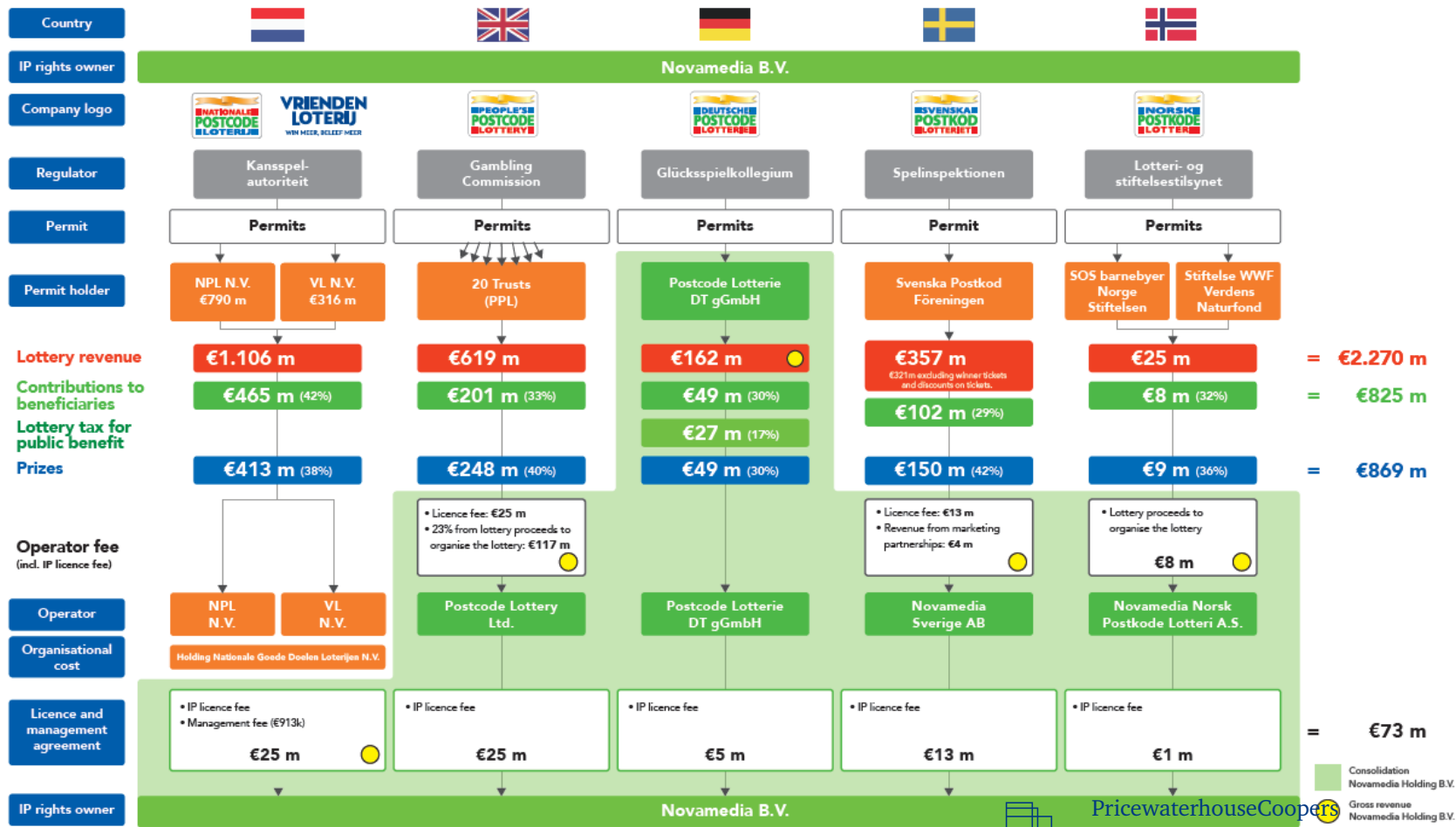
All related party transactions took place under normal market conditions.

Notes to the consolidated profit and loss account

17. Revenue

The sources of revenue are various due to the different legal structures within the group, mainly 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.



The specification of the revenue of EUR 360.2 million (lottery-related revenue of EUR 354.7 million (2020: EUR 285.6 million) and book-related revenue of EUR 5.5 million (2020: EUR 26.0 million)) is as follows:

EUR * 1,000

	Dutch Charity Lotteries	Postcode Lottery Ltd.	Novamedia Sverige A.B.	Postcode Lotterie DT gGmbH	Novamedia Norsk Postkode Lotteri A.S.	Book branch	Total	Group elimi- nations	Total 2021	Total 2020
Licence fee	24,033	24,779	13,105	4,865	1,025	0	67,807	-5,889	61,918	57,833
Operator fee	0	117,163	0	0	7,980	0	125,143	0	125,143	111,049
Ticket sales	0	0	0	162,151	0	0	162,151	0	162,151	111,984
Other lottery-related income	913	1,057	3,527	0	0	0	5,497	0	5,497	4,726
Book-related revenue	0	0	0	0	0	5,489	5,489	0	5,489	25,969
Total revenue	24,946	142,999	16,633	167,016	9,005	5,489	366,087	(5,889)	360,198	311,561
Operating expenses (note 18,19,20)	0	(92,698)	(704)	(163,412)	(11,680)	(4,796)	(273,290)	0	(273,290)	(228,246)
Total of personnel costs, depreciation, amortisation, result from divestment of group company, financial results and taxes									(69,493)	(65,229)
Net result									17,413	18,086

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 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 being 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. Novamedia Norsk PostkodeLotteri AS's operator fee 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 part of Novamedia's legal structure but are managed by Novamedia's Executive Board. 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 book-related revenue 2021 of EUR 5.5 million is Scheltema's revenue (2020: EUR 26.0 million is the combined revenue of Scheltema B.V., Park Uitgevers B.V. and BookSpot B.V.).

18. Lottery-related operating expenses

EUR * 1,000	2021	2020
Marketing, sales, Insights for UK, Germany, Norway	116,051	98,240
IT, finance, legal, HR, office cost for UK, Germany, Norway	24,088	21,318
Contribution to beneficiaries in Germany	48,645	33,598
Lottery tax for public benefit in Germany	27,025	18,664
Prizes Deutsche Postcode Lotterie	49,377	33,599
Accommodation expenses	3,308	2,505
Total lottery-related operating expenses	268,494	207,924

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.

19. Cost of sales (books)

These costs of EUR 3.1 million (2020: EUR 16.4 million) relate to the production of books and the purchase of books and entertainment products.

The 2020 figures include costs for Park Uitgevers B.V. and BookSpot B.V..

20. Book-related operating expenses

EUR * 1,000	2021	2020
Marketing, sales	383	2,247
IT, finance, legal, HR, office cost	260	551
Accommodation expenses	1,069	1,164
Total book-related operating expenses	1,712	3,962

21. Personnel expenses

EUR * 1,000	2021	2020
Wages and salaries	33,439	32,294
Social security premiums	4,093	4,041
Pension expenses	3,589	6,035
Other personnel expenses	4,628	5,278
Total personnel expenses	45,749	47,648

The pension expenses for 2020 include an additional contribution of EUR 2.7 million related to the optimisation of the pension scheme over the years 2013-2020 for all employees employed in the Netherlands in 2020.

22. General and administrative expenses

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

EUR * 1,000	2021	2020
Accommodation expenses	703	713
Other general and administrative expenses	8,531	2,525
Total general and administrative expenses	9,234	3,238

The general and administrative expenses increased due to the investment for online gaming and an increase in legal cost due to a review of the Corporate Governance structure of Novamedia.

23. Amortisation and impairment of intangible fixed assets

EUR * 1,000	2021	2020
Amortisation of intangible fixed assets	13	822
Impairment of intangible fixed assets	0	160
Total amortisation and impairment of intangible fixed assets	13	982

24. Depreciation of tangible fixed assets

EUR * 1,000	2021	2020
Depreciation of tangible fixed assets	1,408	1,506
Total depreciation and impairment of tangible fixed assets	1,408	1,506

25. Audit- and professional services fees

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

2021 EUR * 1,000	PwC auditors	PwC other services	PwC network	Other auditor	Total
Audit of the financial statements	175	0	251	0	426
Other audit procedures	0	13	28	0	41
Tax services	38	123	85	0	246
Other non-audit services	0	181	22	0	203
Total fees	213	317	386	0	916

2020 EUR * 1,000	PwC auditors	PwC other services	PwC network	Other auditor	Total
Audit of the financial statements	209	0	222	0	431
Other audit procedures	0	0	98	0	98
Tax services	26	231	36	0	293
Other non-audit services	0	143	14	0	157
Total fees	235	374	370	0	979

PwC Accountants 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 accounting firms and external independent auditor as referred to in Section 1, Subsection 1 of the Audit Firms Supervision Act (Wet toezicht accountantsorganisaties - Wta) as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

26. Change in value of fixed assets

During 2021 Novamedia B.V. contributed EUR 8.0 million as an agio investment in Phase2.earth. The audited financials of Phase2.earth for the year 2021 are not yet available. Therefore, on the basis of information on each investment from the fundmanagement, we identified certain investments that might be valued lower than initial cost, next to the contractual fundmanagent fee. As a result EUR 1.8 million have been provided for in 2021.

27. Result from divestment of group companies

The result from the divestment of Park Uitgevers B.V. to Lannoo-Meulenhoff BV on February 17 2021 is based on deferred payments over the period 2021-2023. In the 2021 result EUR 1.1 million is recognised from this transaction in the result.

The 2020 result from the divestment related to the sale of BookSpot to the Audax Group on 8 April 2020 was EUR 3.3 million.

28. Financial expenses and income

EUR * 1,000	2021	2020
Interest income	86	465
Interest expenses	(294)	(167)
Exchange rate differences	(262)	1,089
Total financial expenses and income	(470)	1,387

Interest income decreased compared to last year, mainly due to an interest percentage decrease in the UK.

During 2020 the fluctuation in the exchange rate of the Norwegian krone (NOK) had a positive effect on the payment of the marketing subsidy (in NOK) by Novamedia BV to the Norwegian lottery.

29. 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:

2021 EUR * 1,000	Total 2021	NL	Sweden	Great Britain	Germany	Norway	Other	Total 2020
Result on ordinary activities before taxation	29,369	34,950	7,709	700	(14,595)	631	-25	34,174
Tax on profit for current financial year	11,788	9,853	1,636	152	0	138	9	10,893
Prior year current tax adjustments	(1)	0	0	(1)	0	0	0	(6)
Changes deferred tax assets	102	82	0	19	0	0	0	31
Changes deferred tax liabilities	67	69	(2)	0	0	0	0	5,170
Taxation on result on ordinary activities	11,956	10,004	1,635	170	0	138	9	16,088
Standard tax rate	19.0%/25.0%	25.0%	20.6%	19.0%	-	22.0%	19.0%	19.0%/25.0%
Effective tax rate	40.7%	28.6%	21.2%	24.3%	-	21.9%	36.5%	47.1%

Tax on profit for the current financial year of EUR 11.8 million is 40.1% of the result on ordinary activities before taxation and is relatively high mainly due to the effectively non-deductible result of the Postcode Lotterie DT gGmbH in Germany, which is not subject to German corporate income tax, as it qualifies for charity exemption.

The change in the deferred tax liability is mainly due to an increase in the income tax rate and due to recaptured losses in the UK. For the year 2020 the change in deferred tax liability mainly relates to the addition to the deferred tax liability of EUR 5.9 million related to deducted fiscal losses of investments made in Great Britain via Postcode Lottery Ltd. from prior years that will be settled with the tax authorities in future years. At the start of the lottery in the UK fiscal losses were deducted in the Netherlands and these need to be recaptured with future positive results of the UK lottery. At the end of 2021 the amount to be recaptured is EUR 29.2 million.

30. Employees

During 2021 an average of 726 FTE employees (790 people) were employed in the following countries:

	<u>2021</u>	<u>2020</u>
Great Britain	368	357
Sweden	172	168
Germany	114	82
The Netherlands - Novamedia	43	44
The Netherlands - Books	29	114
Total employees (FTE)	<u>726</u>	<u>765</u>

In 2021 163 FTE were charged to Svenska Postkodföreningen (2020: 157.5 FTE) and 6 FTE to the Norsk PostkodeLotteri (2020: 8 FTE).

31. Remuneration of the Executive Board and Supervisory Board

Remuneration of the Executive Board, including pensions and short-term incentives, amounted to EUR 1,991,208 (2020: EUR 2,448,787). The Executive Board members exists of 3 FTE in 2021, all having the same remuneration package (2020: 3,5 FTE).

Remuneration of the Supervisory Board amounted to EUR 157,959 (2020: EUR 191,000). During 2021 the Supervisory Board decreased from six members to five.

Company financial statements



Company balance sheet as at 31 December 2021

EUR * 1,000		31 December 2021	31 December 2020
<i>(before appropriation of result)</i>	<i>Notes</i>		
<i>Assets</i>			
<i>Fixed assets</i>			
<i>Financial fixed assets</i>			
Subsidiaries in group companies	32	182,221	153,521
Deferred tax asset	33	186	268
<i>Current assets</i>			
Corporate income tax		0	404
Cash and cash equivalents	34	427	429
		182,834	154,622

EUR * 1,000		31 December 2021	31 December 2020
	<i>Notes</i>		
<i>Equity and liabilities</i>			
Equity	35		
Share capital		0	0
Share premium		4,037	4,037
Legal reserves		34	40
Other reserves		97,763	81,802
Reserve for translation differences		609	(1,109)
Result for the year		17,413	18,086
		119,856	102,856
Provisions			
Deferred tax liability	36	7,536	7,467
Current liabilities	37		
Corporate income tax		795	0
Group companies	38	54,647	44,299
		55,442	44,299
		182,834	154,622

Company profit and loss account for the year ended 31 December 2021

EUR * 1,000		<u>2021</u>	<u>2020</u>
	<i>Notes</i>		
Result from subsidiaries after taxation		27,384	31,953
Other income and expenses after taxation		(9,971)	(13,867)
Result after taxation		<u>17,413</u>	<u>18,086</u>

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.

32. Subsidiaries in group companies

Financial fixed assets include the following subsidiaries in group companies:

		share in equity
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	2021	2020
At 1 January	153,521	123,011
Movements		
Result for the year	27,384	31,953
FX results on subsidiaries	1,316	(1,443)
At 31 December	182,221	153,521

33. Deferred tax asset

The movements during 2020 are as follows:

EUR * 1,000	2021	2020
At 1 January	268	245
Addition	6	23
Utilisation	(88)	0
At 31 December	186	268

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

Receivables

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.

34. Cash and cash equivalents

Cash and cash equivalents are free at hand.

35. Equity

Share capital

Statutory share capital consists of a total number of 20,000 statutory shares with a nominal value of EUR 0.01 per share.

Share premium

Movements of the share premium can be presented as follows:

EUR * 1,000	2021	2020
At 1 January	4,037	4,037
Movements	0	0
At 31 December	4,037	4,037

Legal reserves

Movements of the legal reserves can be presented as follows:

EUR * 1,000	Germany	Sweden	2021	2020
At 1 January	25	15	40	261
Reclassification to other reserves	0	-6	-6	-221
At 31 December	25	9	34	40

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:

EUR * 1,000	<u>2021</u>	<u>2020</u>
At 1 January	81,802	73,865
Movement from legal reserves	6	221
Release of translation differences due to dividends from subsidiaries against YE-rate up to current year	(401)	(1,566)
Dividend paid to Foundation	(5,426)	(2,961)
Decrease of loan Foundation	3,696	2,372
Previous year result	18,086	9,871
At 31 December	<u>97,763</u>	<u>81,802</u>

In 2021 a dividend was paid to Stichting de Novamedia Fundatie (the Novamedia Foundation) amounting to EUR 5,426,000. Of this amount, EUR 3,737,000 was used by the Foundation to repay the loan.

Loan to Stichting de Novamedia Fundatie (the Novamedia Foundation)

The loan to the Foundation was made for the purchase of shares in Novamedia Holding B.V. by Stichting de Novamedia Fundatie (the Novamedia Foundation) in the past.

The Foundation will repay the loan with cash received from future dividends from Novamedia Holding B.V. Due to external reporting requirements the loan is 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.

In 2021 and 2020 the following movements occurred in the loan to the foundation:

EUR * 1,000	<u>2021</u>	<u>2020</u>
At 1 January	10,059	12,431
Additions of interest	41	25
Payment interest	(51)	(8)
Repayment loan	(3,686)	(2,389)
At 31 December	<u>6,363</u>	<u>10,059</u>

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's ending balance of EUR 6,362,570 includes EUR 15,883 interest.

Reserve for translation differences

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

EUR * 1,000	2021	2020
At 1 January	(1,109)	(1,233)
Release of translation differences on current year dividend from subsidiaries	401	1,566
Movement in translation differences on capital increase to subsidiaries at YE rate	0	0
Movement in translation differences on subsidiaries' equity at YE rate	1,345	(1,605)
Movement in translation differences on subsidiaries' results at YE rate	(28)	163
At 31 December	609	(1,109)

Equity movements

EUR * 1,000	2021	2020
Group equity at 1 January	102,856	86,801
Net group result	17,413	18,086
FX results from subsidiaries	1,317	(1,442)
Dividend paid to Foundation	(5,426)	(2,961)
Decrease of loan Foundation	3,696	2,372
Group equity at 31 December	119,856	102,856

Appropriation of result

The Executive Board proposes a dividend of EUR 5.224 million for 2021 and to appropriate the result for the year 2021 as follows:

	EUR * 1,000
Net result for the year	17,413
2021 dividend	(5,224)
Addition to other reserves	12,189

Provisions

36. Deferred tax liability

The movements during 2021 are as follows:

EUR * 1,000	2021
At 1 January	7,467
Addition	234
Utilisation	(165)
At 31 December	7,536

The deferred tax liability relates to deducted fiscal losses of the 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 of the deferred tax liability.

37. 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.

38. 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.

39. 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. and Novamedia Gaming 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.

The following entities are part of the fiscal unity of Novamedia Holding B.V. for corporate income tax purposes: Novamedia B.V., Novamedia Services B.V., Postcode Lottery Ltd, Novamedia Sverige AB, Novamedia Norsk PostcodeLotteri AS, Scheltema B.V. and Novamedia Gaming B.V.

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.

40. Employees

Novamedia Holding B.V. has nil employees (2020: nil).

41. Other

Refer to note 25 for disclosures relating to audit and professional services fees which are expensed in the profit and loss account and to note 31 with regard to the remuneration of the Executive Board and Supervisory Board.

Subsequent events

There have been no subsequent events.

Amsterdam, 22 March 2022

Supervisory Board,

Executive Board,

G.A. Verbeet (*chair*)

S.J. van Aken (*chair*)

R.J. Anders

I. Rog

R.F. van den Bergh

M. Verboven

L.C.Q.M. Smits van Oyen

G.J.A.M. van der Vossen

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1077 JZ Amsterdam
The Netherlands
Dutch Commercial Register number: 33209523

Novamedia Holding B.V., Amsterdam



PricewaterhouseCoopers
Accountants N.V.
For identification
purposes only

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 2021 profit appropriation please refer to page 75.

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.

Report on the financial statements 2021

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 2021, 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 2021 of Novamedia Holding B.V., Amsterdam. The financial statements include 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 2021;
- the consolidated and company profit and loss account for the year ended 31 December 2021; and
- the notes, comprising the accounting policies 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.

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.

ZF2KPNFJPXPF-2068528779-69

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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).

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;
- 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.

Responsibilities for the financial statements and the audit

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.

As part of the preparation of 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.

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, which makes it possible that we may not detect all material misstatements. 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, 22 March 2022
PricewaterhouseCoopers Accountants N.V.

Original has been signed by W. Poot RA

Appendix to our auditor's report on the financial statements 2021 of Novamedia Holding B.V.

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.