






Norsk Tipping's Annual and Sustainability Report 2023

A watershed



	
2023 - A watershed	3
	
Regulation and market	6
	
Formal report	10
Corporate governance	12
Board of Director's Annual Report	18
Annual Accounts	24
Balance sheet	27
Cash flow	31
Notes	32
Auditor's report	49

About this report

Norsk Tipping's annual and sustainability report for 2023 has been prepared in accordance with the international reporting framework GRI Standards (GRI 1: Foundation 2021). You can find our GRI index below (in Norwegian). Reporting on our work with corporate social responsibility and sustainability is based on our materiality analysis, which identifies which sustainability areas the company has defined as the most important to manage and report on.

[GRI-index](#)



MESSAGE FROM THE CEO

2023 - A watershed

Tonje Sagstuen sums up the year.

Illustration: Jon Arne Berg / byHands



← CEO Tonje Sagstuen.
PHOTO: Norsk Tipping

Norsk Tipping celebrated its 75th anniversary in 2023. The new Norwegian Gaming Act came into force the same year. Looking back at the two years, there are two main points:

- Norsk Tipping has a solid position as the nation's gaming company of choice.
- The authorities have built a good platform for a new era in the gaming market.

Many indicators were pointing in the right direction in 2023. We attracted more customers, but not disproportionately to the size of the population. We also attracted many customers who had been gaming with illegal companies.

Profits rose to NOK 7 billion, despite the fact that we had cut back on marketing. The games with the lowest risk profile were the main drivers behind the increase, as we had hoped. This tells us that our level of marketing has achieved the right balance.

However, we are preparing to reduce our visibility still further in the year ahead, in line with guidelines from the authorities.

The gaming habits of our customer base remained at a responsible level in 2023, despite the fact that many of the customers we attracted from the unregulated sector came with more aggressive gaming behaviours. This shows that the responsible limit that has been set is working as intended. We have gaming limits that apply to every customer, and targeted tools for customers in the high-risk category.

There is broad agreement in Norway that gaming should be strictly regulated, and that the safeguarding of vulnerable players is paramount. When the University of Bergen's population survey

was published in May of 2023, it showed that increasingly effective regulatory measures were the main reason for a significant reduction in problem gamblers.

This reduction is good news, but in no way does it mean that our job is done. The pendulum could swing back again just as quickly. We do not yet know what impact high mortgage rates, food and electricity prices will have on Norwegians' attitude to gaming. With everything now being more expensive, the threshold for developing problems may become lower. This is why we must continue monitoring trends just as closely as we have been.

Fortunately, the monopoly model gives the authorities and gaming enterprises the opportunity to put measures in place quickly. Our joint mission is always to improve the model and keep problem gambling at a minimum.

Norsk Tipping has six overarching company goals. One of them states that "we have integrated sustainable value creation in our commercial operations." In 2023, we started work on a Double Materiality Assessment and more comprehensive climate accounts, in line with new EU reporting requirements.

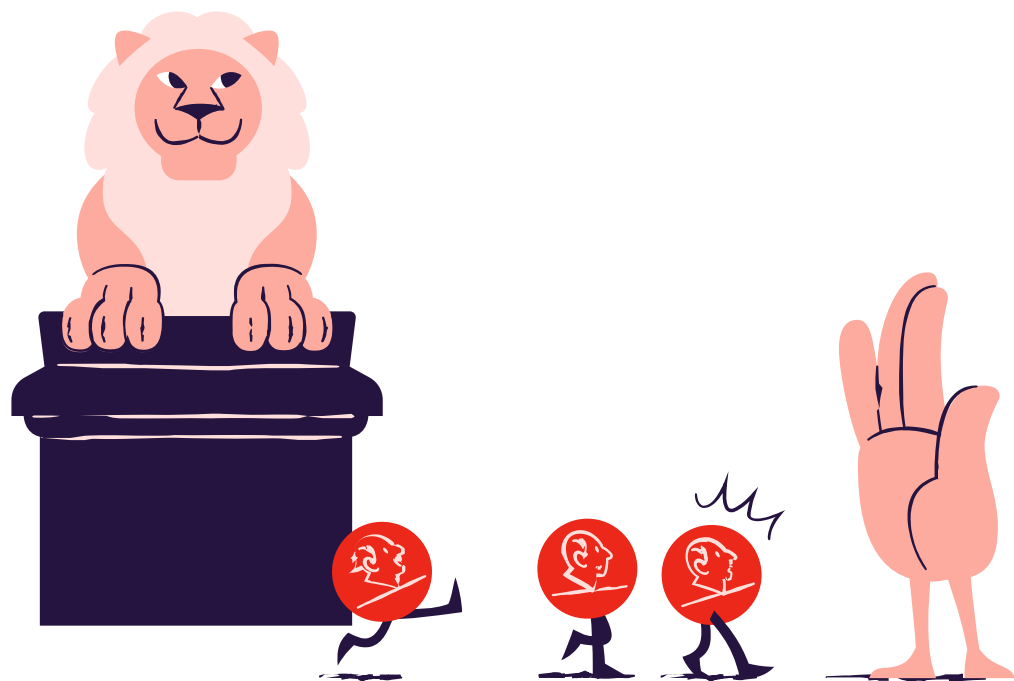
However, we are continuing the work we started many years ago of contributing actively towards achieving the UN Sustainable Development Goals. All our sponsorship agreements are designed to strengthen our work towards equal opportunities, and they also aim to highlight good role models. The goal of these partnerships is to ensure equal opportunities and combat social exclusion.

We are in the process of major internal restructuring. We have replaced some of the senior management team in readiness for a new era. We have combined our technology and communications

teams into one bigger and more effective team to tackle the demands of a faster-paced world. We are developing and improving our products in important areas such as user-friendliness, responsibility and the gaming experience. Last year, we launched 'Spillelag' for players who want to share the gaming experience with others. This has given all of the country's betting syndicates a new and easy-to-use system which manages each player's stakes and winnings.

All in all, we can look back on 2023 as a good year. Our profits are sustainable and benefit the voluntary sector all over the country. Regulation is more robust and has made the gaming market healthier. Despite this, we cannot afford to relax. The work of preventing gambling problems is never over.

There is broad agreement in Norway that gaming should be strictly regulated, and that the safeguarding of vulnerable players is paramount.



A WATERSHED

Regulation and market

The new Gaming Act came into force in an exciting year for the Norwegian gaming market.

Illustration: Jon Arne Berg / byHands

New gaming legislation

The new Norwegian Gaming Act (pengespilloven) and Gambling Games Regulations (pengespillforskriften) came into force on 1 January 2023. They replaced the old Norwegian Lotteries Act (lotteriloven), Gaming Act (pengespilloven) and Totalisator Act (totalisatorloven) and several associated regulations. The combined act is a follow-up to the 2017 Gaming Paper 'Everything to gain - a responsible and active gaming policy' (Report no. 12 to the Norwegian Parliament (2016-2017)).

In the new Gaming Act's 'Purpose' paragraph, there is a clear list of priorities, the main one being to prevent gambling problems and other negative impacts of gaming. Since 1 January 2023, the Ministry of Culture and Equality has assumed overall responsibility for gaming policy. The role of the Norwegian Gambling and Foundation Authority has been made clearer and stronger, and the Authority has been given new instruments with which to enforce gaming regulations.

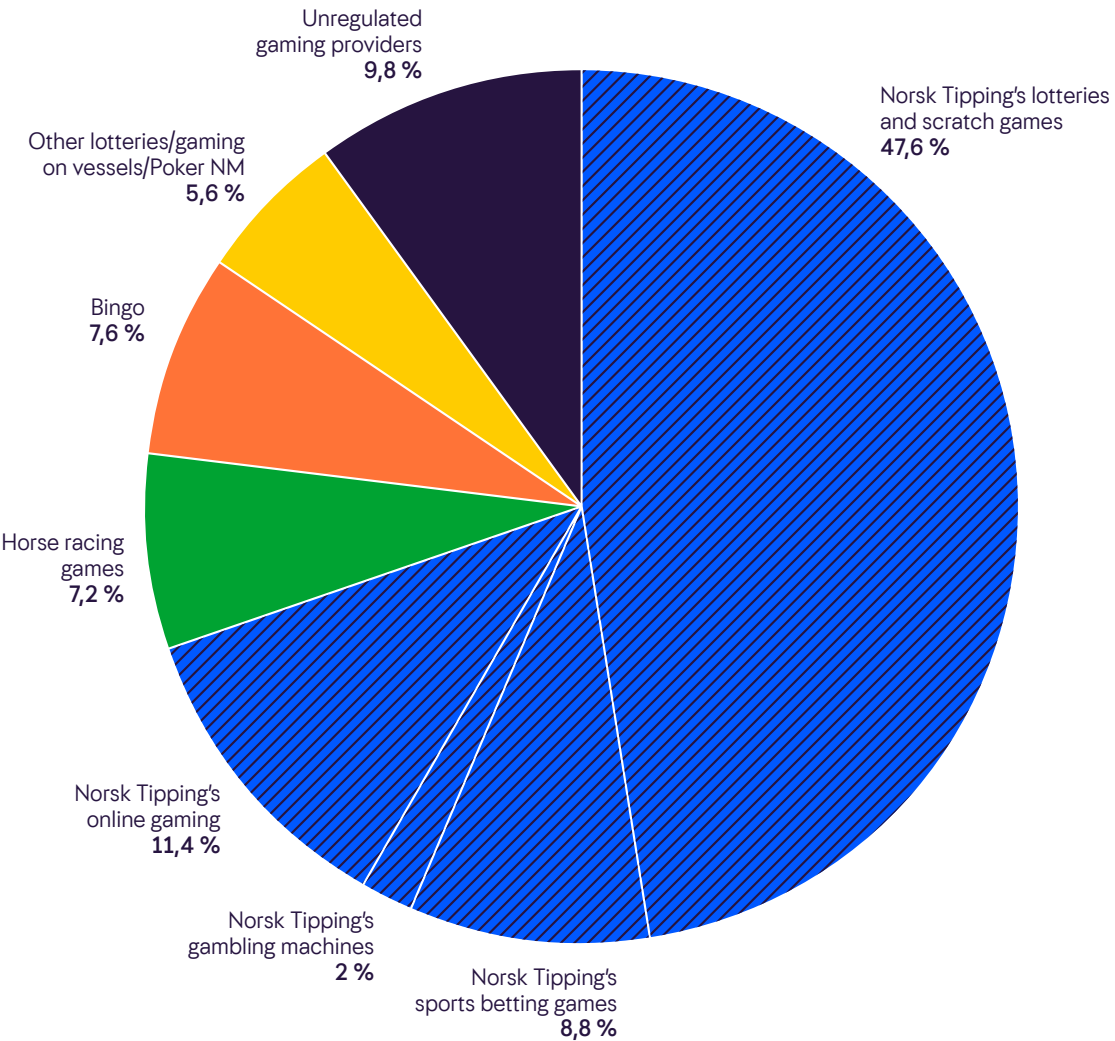
The Gaming Act contains a set of rules applying to all the providers in the regulated market and specifies separate rules regarding the systems and operations of monopoly enterprises. Norsk Tipping's role as a monopoly enterprise is regulated by the Act. There will also be a monopoly enterprise for horse race betting. The Norwegian National Tote (Norsk Rikstoto foundation) was granted a 10-year permit, starting on 1 January 2023, to offer betting on horse racing.

The gaming market in 2023

Provisional figures from the Norwegian Gambling and Foundation Authority estimate that the regulated gaming market is worth NOK 12 billion, after winnings have been paid. That is a slight increase from 2022.

Aktører i markedet

-  Norsk Tipping
-  Horse racing
-  Bingo
-  Other lotteries/gaming on vessels/Poker NM
-  Unregulated gaming providers



Norsk Tipping's net sales ended at NOK 9.3 billion, around NOK 300 million more than in 2022. Our estimated market share is 69.8 per cent, an increase from 67.5 per cent the previous year.

For the other enterprises in the regulated market, we see a slight reduction in the sales of the Norwegian National Tote's horse race betting, while both the bingo market and other lottery

games, which include the Postcode Lottery (Postkodelotteriet) and Recycling Lottery (Pantelotteriet), experienced a slight growth in sales.

Norsk Tipping's estimates for the unregulated market show a further reduction in 2023, with an estimated figure of NOK 1.3 billion. This represents a market share of 9.8 per cent. We

have to go back to 2013 to find a lower unregulated market share in Norway. The Norwegian Gambling and Foundation Authority's provisional estimate for the unregulated market in 2023 is NOK 1.6 billion.

Growth in lottery games

Lottery games are by far the most popular form of gaming in Norway. With a growth of around NOK 100 million since 2022, lottery and scratch card games have further strengthened their position. In 2023, 53 per cent of all gaming was in lottery and scratch card games, an increase from 52 per cent in 2022 and 51 per cent in 2021.

It is positive that games with a low risk of problem gambling represent a higher proportion of the Norwegian gaming market.

Less casino gaming

Because casino gaming has a very high-risk profile, Norsk Tipping aims to have as few Norwegians as possible playing casino games. It is therefore good news that increasingly effective regulatory measures have helped to reduce the level of illegal gaming activity in recent years. In fact, the majority of these sales comes from online casinos.

From 2022 to 2023, Norsk Tipping estimates that the unregulated market has been reduced by NOK 300 million. During the same period, Norsk Tipping's sales in casino games and sports betting have risen by around NOK 170 million. This indicates that we have succeeded both in channelling gaming activity back into the regulated market, and reduced sales of high-risk games to the general public.

Stronger enforcement and DNS blocking

In the follow-up to the 2017 Gaming Paper, a number of measures have been implemented to strengthen the authorities' enforcement of gaming regulations. It has become more difficult for foreign gaming companies to market themselves in Norway, and transferring money to and from Norwegian customers has become more complicated. The Norwegian Gambling and Foundation Authority has announced and approved cease and desist orders against a number of foreign gaming companies, and several of these companies announced in 2023 that they would be pulling out of the Norwegian market.

In 2023, the government continued the work of introducing DNS blocking, which will give the Norwegian Gambling and Foundation Authority the legal authority to order internet providers to block access to foreign gaming companies which are targeting the Norwegian market. The proposal was out for hearing in 2021, and in the spring of 2023, the Ministry of Culture and Equality held an additional hearing to examine the proposal's impact on privacy and electronic communications protection. In 2023, the government announced that it was in favour of DNS blocking and submitted a bill to the Norwegian Parliament.

Less gaming advertising in Norway

The regulatory tools have also had a very positive impact on the TV advertising market. 2023 was the first year to have absolutely no sports or casino adverts on Norwegian TV screens. In the 'peak year' of 2017, unregulated enterprises bought around 600,000 TV adverts for their online casinos, an average of 1,600 adverts every day. Norsk Tipping does not market casino games, but in the same year had 12,500 sports betting adverts on TV. This represented 2 per cent of all sports and casino adverts on TV in 2017. In 2023, there were no such adverts on TV.

Europe tightens restrictions

It is not only in Norway that the authorities are working to restrict gaming advertising for online casinos and sports betting. The Netherlands, England, Belgium, Italy and Spain are all examples of countries which in recent years have introduced restrictions on the marketing of high-risk games.

To limit the harmful impact of these games, some countries have introduced stricter regulations on aspects such as bet size and the draw frequencies of online casino games.

Denmark has been working systematically for several years on the DNS blocking of unregulated gaming sites, and reports that it has now blocked more than 350 of these websites.

Sweden is also working to introduce a ban on payment transfers, and to prohibit the sale of gaming on credit, tools which are familiar to us in Norway.

Other regulatory amendments

In 2023, the Cancellation Act was amended after a hearing and debate in the Norwegian Parliament (Storting), with the result that gaming has been specifically exempted from the scope of the Cancellation Act. The justification for the amendment was that gaming legislation and the monopoly enterprises' initiatives to promote responsible gaming are better designed to protect consumers than the rules in the Cancellation Act.

After a regulatory amendment in 2023, Norsk Tipping will transfer the voluntary organisations' percentage of the profits from Belago directly to the organisations from 2024 onward. This used to go via the assistant in each bingo hall.



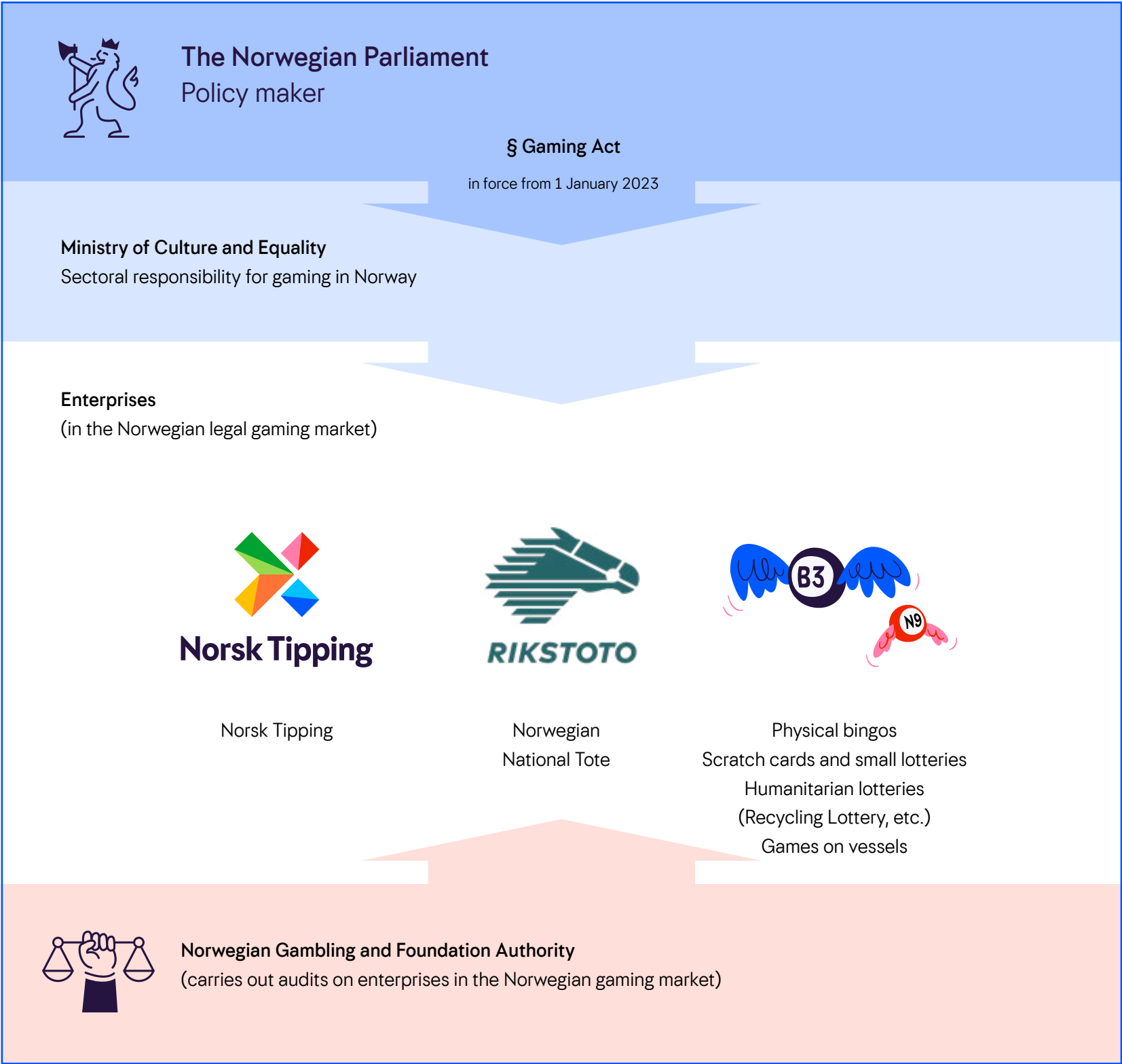
The Norwegian gaming model

Gaming in Norway is regulated by the Norwegian Act relating to gaming, otherwise known as the Gaming Act, which came into force on 1 January 2023.

The general objective of regulating the gaming market is to ensure that lotteries and gaming are offered in a safe and responsible setting to limit unhealthy gaming behaviour.

The main gaming opportunities in Norway are currently offered within the 'monopoly model'. Norsk Tipping has the exclusive right to offer gaming opportunities, while the Norwegian National Tote has the exclusive right to offer totalisator games. Permits may also be awarded for physical bingos, lotteries, scratch cards and humanitarian lotteries.

Norsk Tipping is the biggest enterprise in the market, with a market share of 69.8 per cent.



Formal report

Governance and results for 2023

In this chapter:

Corporate governance

Chapter 11.12 of the State's Ownership Report details that the State expects the company to comply with the Norwegian Code of Practice for Corporate Governance.

s. 13

Notes

Notes to the financial statements.

s. 32

Board of Director's Annual Report

The board's report on the business in 2023.

s. 18

Auditor's report

Independent auditor's report

s. 49

Annual Accounts

Income statement, balance sheet and cash flow.

s. 24

FORMAL REPORT

Corporate governance

Chapter 11.12 of the State's Ownership Report details that the State expects the company to comply with the Norwegian Code of Practice for Corporate Governance, wherever relevant and appropriate to the company's operations.

The following section describes the relevance to Norsk Tipping of the issues set out in the document 'Norwegian Code of Practice for Corporate Governance' (Norsk anbefaling om eierstyring og selskapsledelse) issued by the Norwegian Corporate Governance Board (NCGB) on 14 October 2021. Norsk Tipping is not a listed company, which means that not all of the recommendations in the Code of Practice are relevant.

New gaming legislation with associated regulations came into force on 1 January 2023. In connection with this, the Instructions for the Board of Directors, Articles of Association and Corporate Governance Guidelines were amended.

1. Implementation and reporting on corporate governance

The Norwegian Code of Practice for Corporate Governance, combined with separate instructions issued to the Board and CEO, explain the division of roles between the company's owner, Board and senior management team.

In accordance with the Ministry of Culture and Equality's corporate governance guidelines, the role of the owner shall be exercised in compliance with the Norwegian State's principles governing good ownership practice. Chapter 2 of the guidelines contains joint regulations and requirements related to the Ministry's governance and safeguarding of transversal considerations (social responsibility) that apply to limited companies in which the Ministry has ownership interests. Chapter 5 sets out special factors for consideration concerning the Ministry's governance and control of an individual company

or group of companies on the basis of the political context of the sector in which they operate. For Norsk Tipping, the relevant factors are set out in Chapter 5.3.

In addition to the principles set out in the guidelines related to corporate governance, Section 11 of the Gaming Act stipulates that the Ministry, in its role as owner, shall be entitled to issue direct instructions to the company by letter outside the ambit of the general meeting.

2. Business

In line with the Government's expectations in the Ownership Report to the Norwegian parliament (Report to the Norwegian Parliament no. 6 (White Paper 2022-2023) 'A greener and more active state ownership – the state's direct ownership of companies'), Norsk Tipping reports on significant factors relating to the company's activities, including the most effective possible achievement of sectoral policy objectives.

The company's Articles of Association set out the following corporate business objectives:

"The company's objectives are to facilitate responsible gaming options and prevent negative impacts of gaming in accordance with the Gaming Act. Within these restrictions, the company shall run its operations efficiently, thus ensuring that as much of the revenue from the company's gaming activities are channelled to achieve the aims set out in Section 12 of the Gaming Act.

The company's activities shall involve the provision of gaming services targeted at the Norwegian market."

In the White Paper "Everything to gain – a responsible and active gaming policy" (Report no. 12 to the Norwegian Parliament (2016-2017)), it states that the main objective of the government's gaming policy is to safeguard responsible gaming, and that the principle of responsible gaming shall take precedence over commercial considerations. At the same time, a policy promoting responsible gaming presumes that the regulated companies offer attractive products with the ability to engage players.

The Board discusses and decides on the company's strategy and business planning. Every year, the Board sets key targets for responsible gaming, numbers of customers, market share, reputation and profits for good causes, with associated appetite for risk.

The Board monitors the company by means of monthly activity status reports presented by management at ordinary Board meetings. Activity reports detail the status and development of key metrics. The reporting process is risk-based and includes current updates on the company's risk environment and risk mitigation measures. These processes enable the Board to play an active role in the governance and control of the company.

Minutes are kept when decisions are made after the activity reports are discussed.

Responsible gaming is a key prerequisite for the company, and a separate policy has been established for this issue. The policy document contains principles that form the basis of Norsk Tipping's work to promote responsible gaming at all levels of the organisation.

The aim of the company's work with social responsibility and sustainability is to ensure that "Norsk Tipping assumes responsibility for its impact on people, society and the environment. We do this by integrating sustainable value creation in our activities and value chain. The goal is to reduce our climate footprint and contribute to creating positive changes in society." The work shall be based on significance, and monitoring shall be based on the principles of due diligence.

In autumn 2023, Norsk Tipping started work on preparing a Double Materiality Assessment and climate accounts. The ultimate goal will be to ensure that the company complies with the Ownership Report and CSRD, with updated sustainability reporting from 2025 onward.

In 'Social Responsibility and Sustainability', in the Norwegian version of the report, we describe how Norsk Tipping manages its impact in the respective areas.

3. Equity and dividends

Norsk Tipping is a limited company that is wholly owned by the State, in accordance with Section 11 of the Act relating to Gaming. It does not pay dividends, and the profits from gaming activities must be allocated pursuant to the provisions set out in Section 12 of the Gaming Act.

4. Equal treatment of shareholders

The company's shares are owned by the Ministry of Culture and Equality. The recommendations are therefore not relevant to Norsk Tipping.

5. Shares and negotiability

Not relevant to Norsk Tipping, see Chapter 4.

6. General meetings

The Minister of Culture and Equality constitutes the company's general meeting. In accordance with Section 6 of the company's Articles of Association, a general meeting is held annually. The Articles of Association specify a number of fixed items that must be discussed at every general meeting.

In a company where the general meeting is constituted by a single individual, there are no protocols regarding notices of meetings and authorisations, or formal requirements regarding case documents for the general meeting. Nevertheless, notices of meetings and case documents are distributed prior to the general meeting. Moreover, minutes are kept at general meetings. The Office of the Auditor General of Norway, an external auditor, the company's Board and CEO all attend general meetings.

7. Nomination committee

Board members are selected by the Ministry of Culture and Equality and consequently the company has no nomination committee.

8. Board of directors: composition and independence

The Board and its composition are governed by Article 7 of the Articles of Association. The Board comprises a minimum of five representatives appointed by the Ministry of Culture and

Equality, together with two representatives from Norsk Tipping who are elected by the company's employees. Board members are elected for two years at a time.

The corporate governance guidelines issued by the Ministry stipulate requirements regarding the composition of the Board with respect to members' expertise, capacity, and diversity. The gender ratio of the Board is regulated by sections 6-11 a and 20-6 of the Limited Liability Companies Act.

Employees of Norsk Tipping can raise issues via the employee-elected members of the Board. The CEO of Norsk Tipping attends Board meetings but has no voting rights.

The Ministry of Culture and Equality has issued instructions to the Board that are established by Royal decree. The Board Chair is not a member of the company's senior management team. The consideration of matters by the Board complies with public sector regulations and the company's ethical guidelines on impartiality. Every board meeting starts by establishing the impartiality of the board members in relation to the items on the agenda. Section 5 of the instructions to the Board specifies the board members' duty to disclose conflicts of interest.

You can read more about the background and competence of each board member [here \(in Norwegian\)](#).

9. The work of the Board of Directors

Instructions issued to the Board by the Ministry, and the Ministry's document "Retningslinjer for eierstyring" (Guidelines for corporate governance), contain rules governing the work that the

Board carries out and its deliberations. In line with the instructions from the Ministry, the Board must make decisions independently based on ordinary commercial principles.

The Board performs an annual evaluation of its work, qualifications and working methods, and the evaluation is used as a basis for any necessary changes and initiatives. Minutes are kept of the Board's consideration of its own evaluation.

The different control lines which protects independence between the different control functions in the organisation.



The Board has issued instructions for the CEO. The CEO, in cooperation with the Board Chair, prepares matters for consideration by the Board. During the preparation and presentation of such matters, focus is directed at ensuring that the Board has a satisfactory basis on which to make decisions. The Board regularly evaluates the achievement of sectoral policy objectives and whether they are being achieved in a sustainable, responsible, and effective manner.

With effect from 1 November 2012, the Board established an Audit Committee. The instructions for the Audit Committee were most recently updated at the Board meeting on 24 June 2021. The Board's Remuneration Committee was established in autumn 2017, and the 'Instructions for the Board's Remuneration Committee' were established on 26 September 2017.

These are described in more detail in sections 10 and 12 respectively.

10. Risk management and internal control

The Board has overall responsibility for organising risk management. To split up the work and achieve satisfactory independence between decision-makers and personnel responsible for supervisory and reporting functions, three 'lines of defence' have been established. This is a recognised model which is illustrated on this page.

The model also includes an external auditor and the Norwegian Gambling and Foundation Authority, to demonstrate the completeness of the structures that have been established to ensure independence between decision-makers and personnel responsible for supervisory and reporting functions, in such a way

that the 'fourth line of defence' is also demonstrated. The external auditor confirms to the owner, Board and senior management team whether or not the company's risk management activities in relation to financial reporting are satisfactory. The Norwegian Gambling and Foundation Authority is a directorate and supervisory body that reports to the Ministry of Culture and Equality and administers and supervises private lotteries and state-regulated gaming in Norway. The Norwegian Gambling and Foundation Authority carries out audits to ensure that the company's gaming activities comply with legislation and gaming regulations, cf. Section 5 of the Act relating to gaming.

The objectives of risk management and internal control are to help ensure the quality of internal and external reporting, and to ensure that operations are goal-oriented, efficient, customer-oriented, and subject to continuous improvement. Norsk Tipping has established an integrated risk-based quality system that consists of governance documents in the form of policies, guidelines, and procedures. The governance documents act as guidelines in areas where compliance is essential for the company. Compliance and goal achievement are systematically monitored by means of non-conformance reporting, self-assessments, quality audits and internal and external audits. The results of this monitoring are reported to the Board via the Audit Committee and form the basis for the Board's review of the company's key risk areas and internal control measures. The company has established a crisis management system and conducts regular exercises.

Risk management is an integral part of the company's business activities. An updated risk picture is an integral part of the monthly activity reports to ensure that the Board and senior management team focus on important future issues that

could impact the company's goal attainment. Risk mitigation measures are set out in detail, together with deadlines for their implementation.

Norsk Tipping constantly strives to ensure that an effective control environment is in place, with the aim of ensuring that its operations comply with relevant legislation, are based on healthy attitudes, that it has robust internal routines and procedures, and that it demonstrates transparency. A set of values and management principles have been developed that are intended to support the company's social mission.

The company works systematically to evaluate whether its internal control procedures are stringent enough to prevent and detect financial irregularities. Processes are regularly selected for evaluation based on a general risk assessment. Norsk Tipping has established routines for checking and monitoring the gaming activities of players and sales agents. This is done both to ensure that gaming activities take place within a responsible framework and to protect the company from criminal activity.

In 2023, the company created the post of compliance officer. The purpose of this role is to help ensure that Norsk Tipping complies with applicable legislation, regulations, and internal company guidelines.

Audit committee and internal auditing

Norsk Tipping has an audit committee, which is a sub-committee of Norsk Tipping's Board. Its purpose is to act as a preparatory body for the Board, to prepare audit-related matters for consideration by the Board in relation to the company's financial reporting and control systems. Once a year, the external and internal auditors meet with the Audit Committee without anyone from the senior management team present.

The company has an internal audit function that reports to the Board via the Audit Committee. Its purpose is to assist the Board and senior management team of Norsk Tipping to practise good corporate governance.

Certifications

Norsk Tipping is certified (PA1) in accordance with ISO/IEC 27001 and WLA-SCS (World Lotteries Association Security Control Standard). Norsk Tipping is certified annually in accordance with these standards. The standards focus on auditing whether or not a company's information security management system is satisfactory and appropriate.

Norsk Tipping is certified in line with the responsible gaming standards of the European Lotteries and Toto Association (EL) and the World Lottery Association (WLA). The certification processes are carried out by an independent external auditor. The certificates are valid for three years at a time and require periodic audits in order to verify that the company meets the standard's requirements.

Norsk Tipping has Eco-Lighthouse certification.

11. Remuneration of the Board of Directors

Board members receive a fixed annual fee that is not linked to the company's profits. The fee amounts are determined by the Ministry of Culture and Equality. The information is publicly available in the notes to the annual accounts and in the [Executive Remuneration Report](#).

12. Pay and other remuneration for executive personnel

The Board has established a Remuneration Committee that acts as an advisory body for the Board in matters concerning the pay policy for Norsk Tipping's senior managers in general and the CEO's pay and terms of employment in particular. In accordance with the principles set by the Board regarding executive pay, the CEO determines remuneration and other terms for the company's executive personnel.

The Articles of Association stipulate that the company must comply with Section 6-16a of the Public Limited Liability Companies Act (allmennaksjeloven) regarding the determination of pay and other remuneration to executive personnel, Section 6-16b regarding reporting on pay and other remuneration to executive personnel, and with the Regulations relating to guidelines for and reporting on remuneration of executive personnel (forskrift om retningslinjer og rapport om godtgjørelse for ledende personer). The remuneration report in accordance with Section 6-16b of the Public Limited Liability Companies Act and with the regulations is presented to the annual general meeting and is published in norwegian as an [appendix to this report](#).

No additional remuneration is paid to company employees who occupy seats on the boards of companies that are wholly or partly owned by Norsk Tipping.

No employees receive performance-related payments in the form of options or bonus schemes.

13. Information and communications

Even though the company is exempt from the provisions of the Norwegian Freedom of Information Act (offentlighetsloven), the company expected to operate as openly and transparently as possible. The company has established special guidelines on how to practise openness and transparency. These are intended to ensure that wherever possible, the company meets public expectations regarding transparency in connection with its business activities. Norsk Tipping is subject to the Norwegian Transparency Act and has a duty to provide access to information on how the company deals with any negative impact on basic human rights and decent working conditions.

As well as describing the company's economic and financial position, Norsk Tipping's reporting of financial information must provide a relevant, detailed and reliable summary of the company's strategies, objectives and results.

14. Take-overs

Not relevant to Norsk Tipping.

15. Auditor

Auditing arrangements at Norsk Tipping entail a delegation of the relevant control activities. An external auditor conducts an ongoing audit of the company's accounts, while the Office of the Auditor General of Norway conducts a company and administrative audit of Norsk Tipping. The external auditor is appointed by the Ministry of Culture and Equality based on previous procurements pursuant to the Norwegian Public Procurement Act (lov om offentlige anskaffelser).

Each year, the auditor presents an audit plan to the Audit Committee, together with an evaluation of the company's internal control procedures. The auditor attends the Board meeting at which the Board reviews the company's annual accounts, and also attends the company's general meeting at which the annual accounts are presented for final approval. The auditor consults the Audit Committee on matters related to the implementation of the annual accounts audit. The Audit Committee must approve services other than auditing work. The auditor's fees are presented to the general meeting for approval. Fees and remuneration paid to the auditor are specified in the notes to the annual accounts.

FORMAL REPORT

Board of Director's Annual Report

The board's report on the business in 2023.

Norsk Tipping is a state-owned limited liability company that reports to the Ministry of Culture and Equality. The company is based in Hamar.

The company's operations are regulated by the Act of 18 March 2022 relating to gaming, with subsequent amendments. The Ministry of Culture and Equality prescribes which games may be offered by the company, and which games require the permission of the Norwegian Gambling and Foundation Authority.

Norsk Tipping has a threefold social mission, the main purpose of which is to prevent problem gambling and other adverse impacts of gaming. The company must also help to ensure that gaming is conducted in a responsible and safe manner, while also ensuring that the profits from its business go to non-profit purposes. Maximising the profits will never be Norsk Tipping's primary purpose or the reason behind the State's ownership of the company. The government's stated ambition is for Norsk Tipping to be primarily an enterprise that helps to move the gaming market in a responsible sociopolitical direction. There is also broad political consensus that gaming should be regulated to prevent negative gaming behaviours.

The company complies with guidelines for the corporate governance of companies etc. that report to the Ministry of Culture and Equality. In accordance with requirements stipulated by the Ministry of Culture and Equality, the company complies with those recommendations regarding corporate governance issued by the Norwegian Corporate Governance Board (NCGB) that are relevant to the company.

Norsk Tipping's Annual and Sustainability Report has been prepared in line with the GRI Standards (GRI 1: Foundation 2021). The company's reporting on sustainable value creation

has been incorporated throughout this Annual and Sustainability Report rather than prepared as a standalone document. The company is subject to the Norwegian Transparency Act. [A Transparency Act Report \(pdf, in norwegian\)](#) describing due diligence assessments and measures implemented can be found in the company's Annual Report, which is published at [2023.norsk-tipping.no](https://norsk-tipping.no).

Summary of 2023

The new Norwegian Gaming Act came into force on 1 January 2023. The new Act updates and brings together the three earlier acts which separately regulated gaming. The main purpose of the Act is to prevent gambling problems and other negative impacts of gaming. Revenue from gaming must continue to go to non-profit purposes, and the monopoly model will also continue. The change in legislation has now made the Ministry of Culture and Equality wholly responsible for gaming policy and has also strengthened the Norwegian Gambling and Foundation Authority's role in monitoring the gaming sector.

The Norwegian Gambling and Foundation Authority's population survey on gaming was published in May. The survey is Norway's official measure of the level of gambling problems in Norway. The survey shows that the number of Norwegians with gambling problems has halved since 2019. An estimated 23,000 Norwegians have a gambling problem, while 93,000 are deemed to be at risk. The survey also shows that participation in illegal gaming has been reduced. This coincides with a reduction in exposure to gaming advertising through all channels.

The company Kindred, which is behind many of the illegal games marketed in Norway, announced in autumn 2023 that it was pulling out of the Norwegian market after being the focus of monitoring by the Norwegian Gambling and Foundation Authority's for some time.

The Norwegian Gambling and Foundation Authority has also decided that Norsk Tipping must reduce its marketing expenditure, since marketing pressure from the unregulated enterprises has been reduced.

In 2023, Norsk Tipping celebrated the 75th anniversary since the company launched Tipping as its first game in 1948, and the company has achieved positive results in several areas in its anniversary year.

The company's total operating revenue increased from NOK 47 billion in 2022 to NOK 49 billion in 2023. Because of the high prize percentages and high level of reinvested winnings for some of the company's games, trends in net gaming revenue (gaming revenue minus prizes), are considered to be a better measure of the scale of its activities. Net gaming revenue amounted to NOK 9.27 billion. This is a growth of NOK 280 million (3.1 per cent) from 2022.

There was also moderate growth in the number of players compared to 2022. A total of 2.17 million players played one of Norsk Tipping's games in 2023. Of these, 30 per cent were under the age of 40. This shows that the gaming options offered by the company are attractive enough to channel the gaming appetite of all age groups over 18 into regulated gaming within a responsible framework. Almost 50 per cent of the population over 18 played

Norsk Tipping's games. It is important to the company that most people have a relationship with Norsk Tipping, and the development in this area is therefore positive.

The company launched a new tool for syndicates. The new tool makes it safer to play with other people and gives Norsk Tipping a better overview of the activities of individual players, which in terms of responsible gaming, improves the accuracy of both measures and reporting.

Reputation is also a very important factor in ensuring that the company has the trust of the public. Norsk Tipping mainly uses Kantar's syndicated reputation survey to measure the company's reputation. In 2023, the company achieved a score of 69 points. This is down from 71 points in 2022, but is still high, and this indicates that the company has a strong reputation. Of the 70 companies that took part in the survey, Norsk Tipping was ranked eighth.

Norsk Tipping measures the levels of risky gaming behaviour among its customers using a separate index. After two years of positive development in this index, 2023 ended with a slightly negative trend. This ties in with the fact that it has become increasingly difficult for illegal gambling providers to target the Norwegian market, with the result that customers who had played heavily with illegal gambling providers have transferred more of their activity to Norsk Tipping.

The overarching goal of the company's work to encourage responsible gaming is to protect vulnerable players, and its ambition is to be a world leader in this area. The company is constantly working on ways to better protect these groups.

Operating expenses (excluding prizes) reduced by NOK 44 million compared to 2022. Sales commissions, payroll costs and depreciation were lower than the previous year. The total reduction was 1.8 per cent. Because of higher interest rates, the company's financial revenue increased sharply. Net financial items rose from NOK 59 billion in 2022 to NOK 239 billion in 2023. Overall, this meant that profit for the year rose from NOK 6.582 billion in 2022 to NOK 7.087 billion in 2023, an increase of 7.6 per cent on the previous year.

Lotteries accounted for 63 per cent of net gaming revenue and represent the company's biggest category. Lotteries represent a lower risk of problem gambling than the other categories and are well supported by the general public. This means that a strong lottery portfolio is important for channelling gaming appetite into responsibly regulated gaming.

Casino games accounted for 15 per cent of net gaming revenue. This category is more vulnerable to problem gambling than lotteries. The company is continuously working on adjustments to find the right balance between responsibility and attractiveness in this category. For the monopoly model, it is important for Norsk Tipping to be able to channel customers in this category into regulated and responsible gaming, with the aim of reducing the negative impact of gaming activity. The authorities' restrictions on the activities of the unregulated enterprises are helping to increase Norsk Tipping's market share within this segment.

Sports betting accounted for 13 per cent of net gaming revenue 2023. This category also brings a higher risk of problem gambling than lotteries, and the company's initiatives to promote responsible gaming are helping to reduce sales in this category.

Overall, the ban on marketing unlicensed games in Norway has worked well for many years. Combined with the ban on payments, it helps to make it difficult for unregulated enterprises to offer games which target the Norwegian market, and this greatly favours Norsk Tipping's efforts to channel player behaviour.

The enforcement of the monopoly model helps to give Norsk Tipping a higher percentage of total gaming sales and an increasingly important role in helping to reduce gambling problems in Norway.

Responsible gaming

The most important part of Norsk Tipping's social mission is to prevent the negative impact of gaming by offering attractive and responsible gaming options, and the company's ambition is to be a world leader in responsible gaming.

The company's activities are generally subject to a strict regime of responsibility, and casino games have been subject to increasing regulation ever since they were introduced. The mandatory setting of limits, the absence of marketing and a ban on a constantly evolving range of tools that encourage more gaming are elements of this.

Throughout 2023, Norsk Tipping has welcomed large numbers of players who have been channelled away from foreign gaming enterprises. This is due to regulatory measures that restrict the ability of these companies to offer unlicensed gaming. Norsk Tipping has therefore experienced an increase both in percentage of players and market share in casino games and sports betting, at the expense of foreign competitors. When Norsk Tipping increases its market share, it means that more people are playing in a safer setting, with better preventive measures and measures to reduce harmful impact.

In 2023, the company also prioritised improvements in consumer protection relating to high-risk gaming. During the year, 335,000 unique players received Spillepuls messages, and the limit for players under the age of 20 has been lowered to NOK 2,000. The monthly loss limit for the riskiest games such as KongKasino, Bingoria and instant win games has also been kept relatively low, at NOK 5,000.

The company has used proactive phone calls to contact more than 5,000 players who demonstrated risky gaming behaviour and high losses with Norsk Tipping. During a phone call, a customer is informed about their gaming consumption over the past year, and about possible measures to limit their gaming. If the customer wants to reduce their gaming, specific measures are agreed. If it becomes clear from the call that the customer has a gambling problem, they will be given information about help and treatment options.

In 2023, Norsk Tipping intensified its responsible gaming communication initiatives, with the aim of demonstrating the company's responsible approach to gaming. This has been to indirectly encourage more players to start using preventive tools that promote responsible gaming.

Most of Norsk Tipping's evaluation indicators regarding the prevention of gambling problems were positive until the autumn. However, towards the end of the year, these indicators started took on a slightly negative trend, mainly due to the high number of players channelled from unregulated enterprises.

The general impact of initiatives on various scales to promote responsible gaming, combined with an appropriate level of visibility and attractiveness of the gaming portfolio, are making an effective contribution to prevent gambling problems.

Sustainable value creation

The aim of Norsk Tipping's sustainability work is to ensure that the company takes responsibility for how its activities impact people, society and the environment. The company would like to reduce its climate footprint and help to create positive changes in society, by working strategically with sustainable value creation.

The Ownership Report to the national parliament (Report to the Norwegian Parliament no. 6 (White Paper) 2022-2023) 'A greener and more active state ownership' defines Norsk Tipping as a category 2 company, where the State's objectives as the owner are sustainability and the most effective possible achievement of sectoral policy objectives. Norsk Tipping constantly works and evolves to ensure that it has a universal approach to value creation across the company, thereby delivering on the owner's expectations.

In line with the owner's expectations and best practice, Norsk Tipping's sustainability work is based on significant factors relating to the company's activities.

Norsk Tipping started work in 2023 on preparations for when the company becomes subject to the Corporate Sustainability Reporting Directive (CSRD) in 2025. As part of these preparations, the company has started work on a Double Materiality Assessment, in line with the requirements of the reporting directive.

Norsk Tipping has Eco-Lighthouse certification. The overarching goal of the company's climate and environmental work is to reduce its climate footprint. In line with the expectations of the owner, Norsk Tipping bases its greenhouse gas emission measurements on the international GHG Protocol and has

committed to cutting its emissions in line with the Paris Agreement (55 per cent reduction by 2030, from the base year of 2022).

The company has been working in 2023 to develop and expand its climate reporting. This work has resulted in more complete climate accounts, which now report on more emissions categories. The climate accounts for 2023 are in PDF format and are available in norwegian as an appendix to the Annual and Sustainability Report at 2023.norsk-tipping.no. It is emissions from the purchase of goods and services in Scope 3 that have the greatest environmental impact in 2023.

In the Annual Report under "Samfunnsansvar og bærekraft" (in Norwegian) there is a more detailed account of the work being done on various aspects of sustainable value creation.

Cost performance

The Board is heavily focused on achieving sectoral policy objectives as cost effectively as possible. Profits for good causes are a consequence of the regulation, but not the main objective. Assessments concerning responsible gaming are important considerations in all decisions concerning the company's development, even if they potentially entail losses of revenue or increased costs. However, within this framework, there is an assumption that the business must be run as cost-effectively as possible.

Profits for good causes, measured as a percentage of net gaming revenue, are an important key figure for the company's cost performance. In 2023, this came to 76 per cent of net gaming revenue. This is 3 per cent higher than in 2022, and the long-term trend has been for a steadily increasing percentage of gross gaming revenues to be distributed to good causes. The

change from 2022 can largely be explained by higher earnings on interest. Over time, the increasing share of digital sales via the company's own channels has resulted in a significant reduction in sales commissions.

In 2021, Norsk Tipping awarded a contract for ID and payment services to Buypass AS. It rejected the bid from the competitor Every Matrix Software Ltd. As a result of this rejection, Every Matrix took Norsk Tipping to court and demanded compensation. The case was closed in 2023 after Norsk Tipping won in both the District Court and Court of Appeal.

Balance sheet

At the end of 2023 the company's total balance sheet was NOK 7.4 billion and its equity ratio was 6.5 per cent. The corresponding figures for 2022 were NOK 7.0 billion and 6.9 per cent. As of 31 December 2023, the company's distributable equity amounted to NOK 335 million.

The low equity ratio must be seen in the context of the company's special situation, in which the year's activities accumulate a profit that is distributed the following year. On the date the profits are distributed to recipients, equity is consolidated as a result of the activity that took place in the year after that profit was generated.

In the short term, there is relatively little uncertainty linked to the company's future financial situation. Norsk Tipping's status as a 'state-owned company established by special law' operating within a predictable regulatory framework means that it has adequate equity and a satisfactory financial position despite its low equity ratio figure.

Cash flow

Gaming revenue represents the company's main source of cash flow. Gaming revenue after deductions for prizes was NOK 281 million higher than in 2022. In 2023, net cash flow from operating activities amounted to NOK 7.0 billion, compared with NOK 6.7 billion in 2022. The company's cash holdings were NOK 312 million higher year-on-year.

Future prospects

The company's strategy is based on the sectoral policy objectives in the gaming market in Norway, where the main goal is to reduce problematic gambling behaviour among the general public. Norsk Tipping's overall ambition is for the company to be the nation's gaming company of choice, which means that the games offered by the company must be attractive enough for people who want to play, while also designed to prevent gambling problems.

Finding the right balance between offering responsible and attractive gaming options is key for the company and fundamental to the company's strategy. Norsk Tipping has long been a pioneer in the work to promote responsibility and has deliberately sought to become a world leader in this area. As a monopoly enterprise, the aim is for Norsk Tipping to play a key, proactive role in preventing and limiting problem gambling in society.

Further developing the company's products and solutions is an important means of complying with our social mission of providing attractive and responsible gaming options, the profits from which go to good causes.

The main risk associated with the company's future goal attainment is linked to whether current regulations help to reduce problem gambling in society. Norsk Tipping has implemented measures designed to contribute to this, and the company is constantly working on new measures in this area.

High interest rates and inflation affect the general public's personal finances. These changes also affect Norsk Tipping, but for the moment the impact on the sales of the company's games appears to be limited. Norsk Tipping is closely monitoring developments and assesses potential measures on an ongoing basis.

Research, development and innovation

Norsk Tipping does not carry out its own research and development activities as defined in the Norwegian Accounting Act (regnskapsloven). However, the company continues to be involved in development activities in several areas relating to the innovation and development of its products, systems, and services, and these are important elements of the company's activity. Just over 25 per cent of the company's full-time equivalents work in this area.

The development of digital sales systems and services represents an important element of the company's innovation work, and there is always a need to improve and modify the company's solutions. Continuing to develop and integrate measures to promote responsible gaming to help reduce problematic gambling behaviour is an important component of this work.

Financial risk

Norsk Tipping conducts some transactions and holds some reserves in foreign currencies, which exposes the company to a certain degree of financial risk. The largest transactions are linked to prizes in games operated in partnership with publicly

owned gaming companies in other countries. The company is also exposed to credit risk related to settlements with its sales agents. Settlements for the preceding week's sales are paid during the succeeding week by means of automatic deductions. Guarantee and deposit arrangements have been established that considerably reduce this credit risk. The company incurred no significant losses linked to receivables from sales agents in 2023.

The liquidity situation is satisfactory since the company generates significant distributable funds through its day-to-day operations. At the end of the year, the company had a positive balance of bank deposits, cash and cash equivalents amounting to NOK 6.7 billion, most of which was deposited as sight loans with the Treasury in Norges Bank. The company believes that the level of uncertainty linked to its financial status next year is relatively low.

Going concern assumption

In the opinion of the Board, the annual accounts and annual report provide a true and fair picture of the company's financial position and activities at the end of the year.

The annual accounts were prepared based on an assumption that the company is a going concern. The Board is not aware of any significant factors that have emerged or events that have occurred during the accounting year, or after the end of the accounting year, that impact the going concern assumption or the annual accounts.

Directors' and officers' liability insurance has been taken out for board members, the CEO and other employees who have had independent management responsibility. The insurance covers their potential liability, up to NOK 25 million per year, in relation

to the company and third parties in the event of damage to assets because of actions or omissions for which they are liable due to their management role.

The working environment

Norsk Tipping is an inclusive workplace company and has a stated ambition of ensuring equal opportunity within the company. The company is constantly working on measures aimed at improving the gender balance among the company's employees and managers. The senior management team consists of three women and four men (as of 31 December 2023). The overall proportion of women in management positions is currently 33 per cent, while 37 per cent of the company's 414 permanent employees are women.

The company has produced a report on the gender equality situation and the activities that have been initiated to enable employees to comply with the duty to be active; see the employee chapter in the Norwegian version of the Annual Report and report to the Ministry of Culture and Equality.

The Board of Norsk Tipping AS

Hamar, March 7th, 2024

Sylvia Kristin Brustad
Board Chair

Per Olav Monseth
Deputy Chair

Dag Westby

Aysegül Cin

Petter Torgerhagen

Kristin Ward Heimdal

Tonje Leidland

Linda Vøllestad Westbye

Pål Enger

Thomas Breen

Tonje Sagstuen
CEO

Total sickness absence for 2023 was 3.63 per cent. This is a reduction of 0.3 per cent from 2022. Norsk Tipping's general goal is to keep sickness absence below 4 per cent.

No injuries resulting in absence were registered in 2023.

Distribution of annual profit

The company's distributable equity is held in an investment fund and other equity. Total distributable equity as of 31 December 2023 amounted to NOK 335 million.

The Board's proposal for the distribution of profits is as follows:

Distribution of profits	NOK million
<i>Tippenøkkelen</i> fixed distribution formula	6,215
Grassroots Share (<i>Grasrotandelen</i>)	794
Bingo Operator's Profits for Good Causes	42
Measures against gaming addiction	35
Total distribution of the annual result	7,087

FORMAL REPORT

Annual Accounts

Income statement, balance sheet and cash flow.

Annual Accounts

Amounts in NOK millions	Note	2023	2022
OPERATING REVENUE AND OPERATING EXPENSES			
Gaming revenue	1	49 391	46 702
Other operating revenue		5	5
Total operating revenue		49 395	46 707
PRIZES			
Sales commissions		480	459
Payroll expenses	2	469	503
Depreciation of fixed assets and intangible assets	3	57	112
Other operating expenses	2, 4	1 421	1 398
Total operating expenses		42 548	40 185
Operating result		6 848	6 523
FINANCIAL INCOME AND EXPENSES			
Other financial income	5	243	63
Other financial expenses	5	4	3
Result of financial items		239	59
Result before tax		7 087	6 582
Result		7 087	6 582
Annual result	12	7 087	6 582

Accounts continue on next page

Amounts in NOK millions	Note	2023	2022
TRANSFERS			
The Tippenøkkelen fixed distribution formula		6 215	5 734
The Grassroots Share		794	770
The Bingo Operators' surplus funds for good causes		42	45
Measures against gambling addiction		35	33
Total transfers		7 087	6 582



Balance sheet

Balance	Note	2023	2022
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Intangible assets	3	10	10
Total intangible assets		10	10
FIXED ASSETS			
Art	3	1	1
Land, buildings, and other real property	3	179	149
Machinery and equipment	3	181	211
Total fixed assets		361	361
NON-CURRENT FINANCIAL ASSETS			
Investments in subsidiaries	6	1	1
Investments in associated companies	6	34	34
Other non-current receivables	7	46	42
Total non-current financial assets		80	77
Total non-current assets		451	448

Balance	Note	2023	2022
CURRENT ASSETS			
RECEIVABLES			
Sales agent receivables	8	46	45
Other current receivables	9, 14	236	122
Total receivables		281	167
INVESTMENTS			
Cash and cash equivalents, etc.	10	6 708	6 395
Total current assets		6 989	6 562
Total assets		7 440	7 010

Balance	Note	2023	2022
EQUITY AND LIABILITIES			
EQUITY			
PAID-IN EQUITY			
Share capital	11	0,15	0,15
RETAINED EARNINGS			
Non-distributable equity fund	12	150	150
Investment fund	12	9	9
Other equity	12	326	326
Total retained earnings		485	485
Total equity		485	485
LIABILITIES			
Provisions for liabilities			
Pension liabilities	13	194	226
Total provisions for liabilities		194	226

Balance	Note	2023	2022
OTHER NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Accounts payable to suppliers	14	141	149
Tax owed		36	35
Residual surplus funds payable	16	5 484	5 070
Undistributed prizes		215	203
Prepaid stakes		150	142
Other current liabilities	15	735	701
Total current liabilities		6 761	6 299
Total liabilities		6 956	6 525
Total equity and liabilities		7 440	7 010

The Board of Norsk Tipping AS

Hamar, March 7th, 2024

Sylvia Kristin Brustad
Board chair

Per Olav Monseth
Deputy chair

Dag Westby

Aysegül Cin

Petter Torgerhagen

Kristin Ward Heimdal

Tonje Leidland

Linda Vøllestad Westbye

Pål Enger

Thomas Breen

Tonje Sagstuen
CEO

Cash flow

Cash flow	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Result before tax		7 087	6 582
Ordinary depreciation	3	57	112
Changes in sales agent receivables	8	-1	12
Changes in accounts payable to suppliers		-8	30
Diff. recognised pension and pension plan payments/receipts	15	-32	30
Changes in other accruals	10	-62	-46
Net cash flow from operating activities		7 042	6 720
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for purchases of fixed assets	3	57	86
Net cash flow from investing activities		-57	-86
CASH FLOWS FROM FINANCING ACTIVITIES			
Transfer of surplus funds to good causes		6 673	6 346
Net cash flow from financing activities		-6 673	-6 346
Net change in cash and cash equivalents		311	289
Cash and cash equivalents at start of period		6 395	6 107
Cash and cash equivalents at end of period		6 707	6 396

FORMAL REPORT

Notes

Notes to the financial statements.

Accounting Principles

General

The annual financial statements are prepared in accordance with the provisions of the Accounting Act and good accounting practice, with adjustments made as a result of Norsk Tipping's special characteristics in accordance with the Gambling Act of March 18, 2023..

Norsk Tipping AS is subject to the gambling act. The company has the right to offer gambling games that require special public control because they have high prizes, high turnover, or a high risk of causing gambling problems. The company is owned by the state, and the shares cannot be traded. It is the Ministry of Culture that determines the articles of association, appoints the board, and gives instructions to the board. The board shall ensure that the business is conducted in accordance with the company's purpose and guidelines. The board is responsible for satisfactory organization and management of the company and shall ensure, among other things, that registration and asset management are subject to reliable control. The Ministry of Culture may give the company written instructions outside the general meeting on matters concerning the fulfillment of the purpose of the law.

Consolidation

Norsk Tipping's subsidiaries are not significant for assessing the group's position and results. In accordance with the Accounting Act §3-8, consolidated financial statements are therefore not prepared.

Use of Estimates

Management has used estimates and assumptions that have affected the income statement and the valuation of assets and liabilities. It is primarily the valuation of tangible and intangible assets and related depreciation that are affected by the assumptions used about economic life. In addition, assessments of any uncertain assets and liabilities are made on the balance sheet date in connection with the financial statements in accordance with good accounting practice. Management is not aware of any significant uncertainties related to the accounts and recognized values.

Currency

Transactions in foreign currency are translated at the exchange rate at the transaction date. Monetary items in foreign currency are translated into Norwegian kroner using the exchange rate at the balance sheet date. The effect of exchange rate changes is recognized in the income statement during the accounting period under other financial items.

Operating Income, Prizes, and Commissions

Players' gross betting amounts are considered as gaming revenues. For gaming on gaming terminals (Belago and Multix) and online casino games, players normally play multiple games in the same gaming session with possible replay of any prizes. Each individual game (bet with subsequent draw and possible prize payout) is considered as separate transactions in accounting, regardless of gaming sessions.

The book-keeping of gaming revenues and related prizes and commissions does not fully correspond with the calendar year but follows the calendar's weekly breakdown. In 2023, gaming-related revenues and costs include 52 rounds/weeks. Gaming

stakes with the associated expected prize share for multi-round games are periodized for each of the current rounds/weeks. The commission is similarly delimited.

Other sales revenues are recognized when delivery has taken place and the substantial risks and rewards have been transferred.

Tax

The company is exempt from taxation.

Classification and Valuation of Balance Sheet Items

Current assets and current liabilities include items due for payment within one year of the acquisition date, as well as items related to the operating cycle. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of acquisition cost and fair value. Current liabilities are recognized at nominal amounts at the time of inception.

Fixed assets are valued at acquisition cost, less depreciation and impairment. Long-term liabilities are recognized at nominal amounts at the time of establishment.

Research and Development

The company follows the exemption rule in the Accounting Act §5-6 for expensing expenses related to basic research and development. The company has few such activities.

Tangible Fixed Assets and Intangible Assets

Tangible fixed assets are recognized and depreciated linearly over the expected useful life of the asset. Maintenance of fixed assets is expensed as operating costs, while upgrades or improvements are capitalized and depreciated over the expected

useful life. If the fair value of the fixed asset is lower than the carrying amount, impairment to fair value is made. Fair value is the higher of net selling price and value in use. Value in use is the present value of the future cash flows expected to be generated by the asset, either directly or as a prerequisite for the company's other cash flows.

The company's development activities related to in-house development of software, game concepts, distribution channels, and systems are assessed according to NRS 19 intangible assets. Development activities meeting the criteria are capitalized and depreciated over the expected economic life.

Subsidiaries/Associates

Subsidiaries and associates are evaluated using the cost method in the company's accounts. Investments are valued at acquisition cost for the shares unless impairment has been necessary. Investments are written down to fair value when the decline is due to reasons that are not assumed to be temporary and it is deemed necessary according to good accounting practice. Write-downs are reversed when the basis for the write-down no longer exists.

Dividends, group contributions, and other distributions from subsidiaries and associates are recognized as income in the year they are approved at the companies' general meetings.

Receivables

Commission receivables, trade receivables, and other receivables are stated in the balance sheet at face value net of allowances for expected losses. Allowances for losses are made based on individual assessments of each receivable. In addition, an unspecified allowance is made for other trade receivables to cover assumed losses on claims.

Pensions

The company has defined benefit pension plans that are valued at the present value of the future pension benefits that are considered earned on the balance sheet date. Pension assets are valued at fair value.

Changes in defined benefit pension obligations resulting from changes in pension plans are allocated over the assumed average remaining service life.

The company uses the corridor method for accounting for the effects of pension assumptions. The cumulative effect of changes in estimates and changes in financial and actuarial assumptions (actuarial gains and losses) under 10% of the larger of the pension obligations and pension assets at the beginning of the year is not recognized. When the cumulative effect exceeds 10% at the beginning of the year, the excess is recognized over the assumed average remaining service life. The period's net pension cost is classified as salary and personnel costs.

Cash Flow Statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term, liquid investments.

Value Added Tax

Norsk Tipping AS's ordinary business activities are exempt from value-added tax under the Value Added Tax Act §5b, first paragraph, no. 6. Costs and investments generally include VAT.

NOTE 1

Gaming revenue

The company's business areas are divided by game category based on fundamental characteristics of the games.

Gaming revenue per product category

Revenues from games	2023	2022
Sports games	5 657	4 907
Lottery games	11 816	11 593
Instant games	2 410	2 260
Casino games	29 508	27 943
Total gaming revenues	49 391	46 702

Net gaming revenue per product category (stakes less prize shares)

Net gaming revenues	2023	2022
Sports games	1 163	1 050
Lottery games	5 885	5 774
Instant games	864	864
Casino games	1 358	1 301
Total net gaming revenues	9 270	8 989

The gaming revenue was from calendar weeks 1-52 in 2023 (2.1.2023-31.12 2023)

The company's activities are aimed at the Norwegian market. There are no natural geographical market divisions.

NOTE 2

Payroll and personnel expenses

Payroll and personnel expenses	2023	2022
Salaries and fees	356	375
Employer's national insurance contributions	60	59
Pension expenses	48	64
Other social expenses	4	5
Total	468	503
Benefits in kind	8	8

Remuneration of executive personnel

Name	Position	Salaries and fees	Other remuneration	Pension expenses	Total
Thor Gjermund Eriksen	CEO until 30.9	2 241	66	316	3 090
Tonje Sagstuen*	CEO from 1.10	2 142	64	398	2 604
Stein Willy Andreassen	Director Finance and Cooperate Governance	1 728	27	314	2 069
Linda Eng Strand*	Director of Sponsorship and Communication from 30.9	1 012	34	178	1 224
Sverre Berg Lutnæs*	Director of Responsibility, Society, and Communication from 30.9	1 057	20	160	1 237
Per Ove Skomakerstuen*	Director of IT Operations until 13.11	1 598	10	508	2 116
Per Kristian Mengshoel*	Director of Innovation and Development until 30.9	1 378	33	364	1 775
Thorbjørn Unneberg**	Director of Customer Relations until 31.8	3 028	83	-401	2 710
Helge Løken	Director of Technology from 14.11	215	2	63	280
Roger Soleim*	Director of Customer Relations from 1.9	1 194	34	171	1 399

*Has been employed by the company for the entire fiscal year. Remuneration for the entire year is included in the reporting.

**Has been employed by the company for the entire fiscal year. In addition, a severance payment equivalent to 7 months' salary has been allocated.

There are no bonus schemes in the company, neither for executives nor other employees.

The number of full-time equivalents (FTEs) in 2023 was 419, compared to 433 in 2022.

Total remuneration paid to board members in 2023 was 1,925,900 NOK.

For detailed information, please refer to the remuneration report.

NOTE 3

Fixed assets and intangible assets

Fixed assets

Fixed assets	Art	Vehicles	Machinery, equipment and inventories	Land, buildings	Total
Acquisition cost as at 1.1.23	1	1	2 012	534	2 549
Year's disposals	-	-		0	0
Year's additions		-	29	29	57
Acquisition cost as at 31.12.23	1	1	2 040	563	2 606
Accumulated depreciation and write-downs	-	1	1 860	384	2 245
Book value as at 31.12.2023	1	-	181	179	361
Annual depreciation	-	-	59	-2	57
Depreciation schedule (straight-line)	None	5 years	3-6 years	10-25 years	

The company has expensed some minor leases for cars, office machinery and equipment.

Intangible assets

Intangible assets	IT- infrastructure	Games and game apps	Distribution channels	Agreements	Total
Acquisition cost as at 1.1.23	292	180	330	12	814
Year's disposals					-
Year's additions	-	-	-	-	-
Acquisition cost as at 31.12.23	292	180	330	12	814
Accumulated depreciation and write-downs	282	180	330	12	804
Book value as at 31.12.2023	10	-	-	-	10
Annual depreciation	0	-	-	-	0
Depreciation schedule (straight-line)	5 years	3-7 years	5-7 years	3 years	

Intangible assets relate to development projects carried out under the company's direction. The projects involve the development of new solutions or modifications of solutions purchased from external suppliers.

The total income from capitalised assets is expected to at least offset the cost of production. Expenses related to salaries and other personnel expenses for employees involved in development work are not capitalised since the company has no reliable means of measuring them.

Depreciations and write-downs

Depreciations and write-downs	2023	2022
Intangible assets	0	23
Fixed assets	57	89
Total depreciation	57	112

NOTE 4

Other operating expenses

Other operating expenses	2023	2022
Operation of installations and equipment	502	473
Distribution and shipping expenses	34	42
ID and payment solutions	224	216
Consultancy services and fees	158	134
Printed matter and office supplies	31	34
Other expenses	57	47
Telecommunications	62	61
TV production	34	32
Advertising	158	198
Sponsorship and promotion	116	117
Costs relating to the Norwegian Gaming Authority	44	44
Total other operating expenses	1 421	1 398

Auditor, amounts in NOK thousands	2023	2022
Standard auditing services	374	472
Other attestation services	359	0
Tax advice	0	0
Other services	133	106
Total	865	579

NOTE 5

Financial income and expenses

Financial income	2023	2022
Interest income	221	41
Other financial income	0	0
Financial income subsidiaries and associated companies	10	9
Capital gains	12	12
Total financial income	243	62

Financial expenses	2023	2022
Interest expenses	0	1
Other financial expenses	0	0
Capital losses	4	2
Total financial expenses	4	3

The company operates accounts in NOK and EUR. Balances in currency accounts are normally limited to the amounts required in connection with day-to-day operations. Prize transactions in games offered in cooperation with other regulated gaming companies (Vikinglotto and Eurojackpot) are conducted in EUR and mean that the company can at times hold large reserves of EUR.

In accordance with the company's articles of association, surplus liquidity in excess of 2.5 per cent of the net gaming revenue in the preceding year is transferred each month to the company's sight deposits with the Treasury in Norges Bank. The interest terms for these deposits follow the government's sight deposit rate.

The company has no forward foreign exchange contracts.

NOTE 6

Investments in subsidiaries and associated companies

Company	Year aquired	Business office	Voting rights	Cost price of shareholding	Book value
SUBSIDIARIES					
Norske Spill AS	2009	Hamar	100 %	100 %	1
Total subsidiaries					1
ASSOCIATED COMPANIES					
Buypass AS	2006/ 2009/ 2011	Oslo	50 %	50 %	32
Lotteries Entertainment Innovation Alliance AS	2018	Hamar	20 %	20 %	1
Total associated companies					34
Total					34

Pursuant to section 3-8, paragraph two, of the Accounting Act, the subsidiary has not been consolidated into Norsk Tipping AS's accounts. The reason for excluding the companies from consolidation is that they are of no relevance when assessing the Group's financial position or performance.

The annual accounts for Buypass have not been reported. Dividends totalling NOK 10,2 million were recognised as income in 2023.

The company Lotteries Entertainment Innovation Alliance AS was established as a joint venture in cooperation with four other state-owned gaming enterprises.

NOTE 7

Other non-current receivables

Other non-current receivables	2023	2022
Long-term loans to employees *	7	8
Other receivables	38	34
Totalt	46	42

* The company offers mortgages to employees on the same terms and conditions as the Norwegian Public Service Pension Fund (SPK).

NOTE 8

Sales agent receivables

Norsk Tipping AS settles receivables with its sales agents in arrears on a weekly basis by means of automatic deductions. Receivables are generally secured by means of deposits and guarantees provided by the sales agents. The draw follows the days of the week and the balance at the end of the year will vary because of this.

NOTE 9

Other receivables

Other receivables include prepaid and accrued expenses and other trade receivables due for payment in less than a year after the end of the accounting year.

Other receivables	2023	2022
Trade receivables	3	0
Prepaid expenses	134	68
Personal loans/salary advances *	6	6
Other current receivables	73	49
Total	215	122

* Personal loans/salary advances for employees have a term to maturity of up to 4 years. Interest rate gains are taxed as such.

NOTE 10

Cash and cash equivalents

The item cash and cash equivalents includes tax withholding funds amounting to NOK 25 million.

Surplus liquidity is transferred only a monthly basis to the company's sight deposits with the Treasury in Norges Bank. These are classified as bank deposits.

The balance of the sight deposits with the Treasury as at 31.12.2023 was NOK 5 951 million.

NOTE 11

Share capital

Norsk Tipping's share capital consists of three shares, each with a nominal value of NOK 50 000.

The Ministry of Culture and Equality owns 100 per cent of the shares in the name of the Norwegian state.

NOTE 12

Equity

The company has an investment fund in line with the Gaming Act and guidelines issued by the Ministry of Culture and Equality.

The investment fund is included in retained earnings in line with other equity.

Equity	Share capital	Restricted equity fund	Investment fund	Other equity	Total equity
Equity as at 31.12.2022	0,15	150	9	326	485
YEAR'S CHANGE IN EQUITY:					
Added from the year's surplus funds				7 087	7 087
Year's transfers to surplus funds recipients				-7 087	-7 087
Net change in the accounting year				0	0
Equity as at 31.12.2023	0,15	150	9	326	485



NOTE 13

Pension liabilities

Norsk Tipping AS has both funded and unfunded pension schemes. The funded pension plans are administered by SPK, see the detailed description of the arrangement below. The unfunded pension plans involve retirement pension agreements with current and former holders of executive positions with salaries above 12G, as well as two other pension agreements for former senior employees.

The company has also on occasion entered into supplementary agreements concerning pensions funded through operations with some employees who left following organisational changes.

Norwegian Public Service Pension Fund (SPK)

Description of the arrangement:

Norsk Tipping AS has a group pension scheme for its employees in the Norwegian Public Service Pension Fund (SPK). The pension scheme provides benefits in line with the Norwegian Public Service Pension Fund Act. The benefits cover retirement, disability, spouse, and child pensions. In addition, the calculation applies to benefits from the age of 62 under the early retirement arrangement (AFP) for public sector employees. The pension benefits are coordinated with the national insurance scheme's benefits. The company's premium contributions are expensed under payroll and personnel expenses as they are incurred.

Premiums are set and pension liabilities calculated based on actuarial principles as part of the SPK arrangement. The arrangement is not fund based, rather it is based on the simulated administration of pension assets ('notional assets') as if the 65 per cent of the assets were invested in government bonds and 35 per cent on returns corresponding to the Government Pension Fund Global. Pension payments are guaranteed by the State (section 1 of the Norwegian Public Service Pension Fund Act). The pension scheme cannot be moved in the same way as a private pension scheme and this calculation assumes that the arrangement will be continued by SPK. The simulation is based on the bonds being held until maturity. The pension assets are valued at their book value.

Funded pension plans (SPK)

Pension expenses	2023	2022
Present value of year's pensionable earnings	49	53
Interest expense from pension liabilities	32	21
Return on pension assets	-35	-21
Employees' pension contributions	-7	-7
Administrative expenses	1	1
Net pension expenses before amortisation	41	48
Recognised effect of estimate deviations	10	18
Accrued employer's national insurance contributions 1)	8	10
Net pension expenses funded pension schemes	58	76
No. of active employees included in the calculation	440	445

1) Employer's national insurance contributions are net defined benefit pension liabilities multiplied by the current percentage for employer's national insurance contributions. Net actuarial gains and losses not recognised on the balance sheet include employer's national insurance contributions.

Pension liabilities	2023	2022
Calculated pension liabilities	1 219	1 092
Employer's national insurance contributions	64	53
Pension assets (at market value)	-765	-717
Net accrued pension liabilities	519	428
Unrecognised effect of estimate deviations	-402	-285
Net pension liabilities	117	143

Financial assumptions	2023	2022
Discount rate	3,10 %	3,00 %
Expected return on fund assets	4,80 %	4,70 %
Expected wage adjustment	3,50 %	3,50 %
Expected G adjustment	3,25 %	3,25 %

The financial assumptions are based on NRS(V) Pension assumptions (January 2023).

Common assumptions used within insurance have been used as actuarial assumptions for demographic factors and departures. The calculations are based on the mortality assumptions in K2013.

Unfunded pension schemes and pensions funded through operations

As mentioned in note 2, the company has unfunded pension plans, as well as agreements involving pensions funded through operations with some employees linked to their leaving the company. The agreements concerning pensions funded through operations provide entitlement to 66 per cent of salary from the age of 67.

Unfunded pension schemes	Unfunded agreements over 12G	Pensions funded through operations
Provisions as at 01.01	60	23,0
New provisions/expenses in the period	2	-
Paid out in 2023	3	5
Liabilities as at 31.12	59	18

Provisions/expenses in the period were charged in full to the accounts for 2023.

Total pension liabilities	2023	2022
Unfunded pension plans over 12G	59	23
Funded pension plans (SPK)	117	143
Pensions funded through operations	18	61
Total pension liabilities	194	226

NOTE 14

Inter-company balances with subsidiaries and associated companies

	2023	2022
Current liabilities to intragroup companies	0	0
Current liabilities (accounts payable) to associated companies	24	28
Current receivables from intragroup companies	0	0
Current receivables from associated companies	0	0

Transactions with close associates

Purchase of goods and services	2023	2022
Buypass AS (associated company)	220	252
Lotteries Entertainment Innovation Alliance AS	16	16
Total	236	268

Purchases of goods and services from Buypass AS relate to ID and payment services associated with the games. Lotteries Entertainment Innovation Alliance AS delivers games and platform services. The service has been put out to tender in line with the Public Procurement Act.

NOTE 15

Other current liabilities

Other current liabilities	2023	2022
Deposits sales agents	23	26
Bonus pots linked to games	203	193
Unpaid holiday pay	38	37
Liabilities linked to players' accounts	422	399
Accruals	29	45
Total	714	701

NOTE 16

Residual surplus funds and distribution

Residual surplus funds and distribution match the year's distribution of surplus funds less advance payments/distribution to surplus funds recipients based on earned surplus funds for the year.

Advance payments and distribution to surplus funds recipients	2023	2022
Health and rehabilitation purposes	133	124
The Bingo Operators' surplus funds for good causes	21	23
Grassroots Share recipients	504	498
Sports purposes	903	840
Cultural purposes	42	26
Total	1 603	1 512

Residual surplus funds payable	2023	2022
Year's distribution of surplus funds	7 087	6 582
Advance payments	1 603	1 512
Total	5 484	5 070

FORMAL REPORT

Auditor's report



BDO AS
Tordenskjoldsgt. 13-15
2821 Gjøvik

Independent Auditor's Report

To the General meeting of Norsk Tipping AS

Opinion

We have audited the financial statements of Norsk Tipping AS.

The financial statements comprise:

- The balance sheet as at 31 December 2023
- The income statement for 2023
- Statement of cash flows for the year that ended 31 December 2023
- Notes to the financial statements, including a summary of significant accounting policies

In our opinion:

- The financial statements comply with applicable statutory requirements, and
- The financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Directors' report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

BDO AS, et norsk aksjeselskap, er deltaker i BDO International Limited, et engelsk selskap med begrenset ansvar, og er en del av det internasjonale nettverket BDO, som består av uavhengige selskaper i de enkelte land. Foretaksregisteret: NO 993 606 650 MVA.

side 1 av 2



- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Terje Tvedt
State Authorised Public Accountant
(This document is signed electronically)

Note: Translation from Norwegian prepared for information purposes only.

BDO AS, et norsk aksjeselskap, er deltaker i BDO International Limited, et engelsk selskap med begrenset ansvar, og er en del av det internasjonale nettverket BDO, som består av uavhengige selskaper i de enkelte land. Foretaksregisteret: NO 993 606 650 MVA.

side 2 av 2



www.norsk-tipping.no