



PAF 2018

ANNUAL REPORT



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WORDS FROM THE CEO

A CEO is not often proud of a drop in profits of 16%. But this year I am proud of exactly that.

During 2018, Paf took a step that was unique in the industry and introduced undoubtedly the strictest rules for responsible gaming imposed within the competitive section of the market. In particular, our unique limit for the maximum yearly loss, which we started rolling out in September 2018, has set a new level for measures that can actually demonstrate concrete results. An effect that inevitably involves lower earnings from players who

cannot or should not play for such large amounts as they'd like to.

We have also made the decision entirely unique in the industry, to be completely transparent about how large our profits are in the various customer segments (see page 18). Previously a very closely-guarded secret in the sector, probably driven by how incredibly large an impact on profits a few individuals have. Few other sectors have such concentrated earnings in a very small segment of their customer base.

Naturally, this vulnerability is demonstrated in the business model and it is clear to all observers how problematic earnings are from those who lose most. Gambling addiction must be regulated. It is completely unreasonable to expect the gaming industry to self-regulate when earnings are of such an explosive magnitude!

Paf's reduced earnings, and thereby profits, are entirely due to a major decrease in the big gamblers' losses – at the same time as we're growing within the lower segments. Seen in this light, we can feel proud.

Paf has increased the number of active customers by an absolutely fantastic figure of 24%. These new customers are of high quality and the cost of attracting them is competitive from an international perspective. So we can confirm that Paf's offering is in very good shape – in spite of imposing the industry's strictest requirements upon our customers.

For us, this is a validation that the path we have chosen is the one that, in time, the entire industry will be forced to follow. The fact that we have adapted to a future market dynamic will be a major asset for Paf over the coming 5-10 years.

Land & Ship shows almost unchanged earnings, with income dropping 1% and the gross margin unchanged. Profits fell by 18% due to 5% higher costs, which is an effect of the investments we are continually making in the business area Land & Ship. Paf has unwavering belief in Land & Ship and sees significant potential in the technology shift taking place, not least within payments and digitalisation.

During 2018, Paf launched internet gaming in

Latvia and we are satisfied with the start of something we see as a long-term project that fits in well with Paf's other markets and positioning.

Paf has also applied for and been awarded a five-year gaming licence for internet gaming in Sweden. This is an important milestone for Paf that means 100% of our gambling revenue now comes from regulated markets – a figure few, if any, internationally active gambling companies can match.

The objective of Paf is to generate profits which are then distributed to socially beneficial projects. We are therefore proud to announce that during 2018 we generated a total of EUR 21 million for our beneficiaries.

Paf is uniquely prepared to be a long-term sustainable player in serious, regulated European markets. There is a non-reversible trend towards greater transparency, increased focus on responsible gaming and ethically defensible business. When legislation and regulations catch up with Paf, we will be very well positioned, and will be so in an industry with a completely different reputation and pride than is unfortunately the case today.

Paf's challenge is to continually improve ourselves so that we can compete profitably despite our self-imposed limits. All this while actively and enthusiastically campaigning for stricter regulation – an inspiring challenge!



Christer Fahlstedt, CEO



OUR VISION



**The most fun, entertaining and
responsible gaming company for
the good of society**



OUR STRATEGIES



- **High fun factor** - we continuously develop our services and products to offer the most fun and entertaining customer experience in the market.
- **Responsible Gaming** - high ambitions are clearly visible in our daily actions and we take conscious decisions on how we generate our revenue.
- **Sustainable growth** - continue to develop our core market offering while expanding into adjacent markets.

THE YEAR IN BRIEF 2018

24,6
MILLION

The profit for 2018 was EUR 24.6 million of which EUR 21 million will be distributed for the benefit of society.



Paf launched a corporate website on 26 November 2018, aboutpaf.com.



pafbet.lv

Paf was granted a gaming licence in Latvia and launched the gaming website pafbet.lv on 13 June 2018.



Åland United won bronze in the Finnish women's league. Paf is Åland United's main sponsor.



An entirely new gaming category was launched on Paf.com on 3 September 2018. Jackpot Pools is a game in which the player tries to win the jackpot by betting on the right result in several different matches.



Jan-Mikael von Schantz was appointed as the new chairman of Paf's board on 24 May, 2018. He replaced the former chairwoman Åsa Ceder who left the board.

€30 000

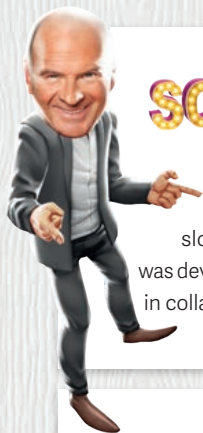
We introduced an annual limit which means that our customers cannot lose more than EUR 30,000 per year.

TALLINK | SILJA LINE

Paf and Tallink Silja extended their cooperation in March 2018.

We acquired the bingo supplier Programutvecklarna i Norrköping AB on 1 October 2018, and we also have a new office in Norrköping.





SCHLAGER Slotten

In January 2018, Schlager-slotten was launched, which was developed by Paf Games Studio in collaboration with Lasse Holm.

**€2,700,000
+ €350,000**

In June, a Paf customer won €2.7 million on the Hall of Gods slot machine, and she also won the Mega Millions campaign, giving her an additional €350,000.

Labour negotiations began in the autumn of 2018. As a result of these negotiations, 20 employees left Paf.

Carl Haglund left Paf's board on 28 August 2018.



APPROVED

On 20 December 2018, Paf was granted a five-year gaming licence in Sweden.



Paf began collaborating with skiing legends Thomas Wassberg and Juha Mieto, which resulted in a new game, developed at Paf Games Studio.

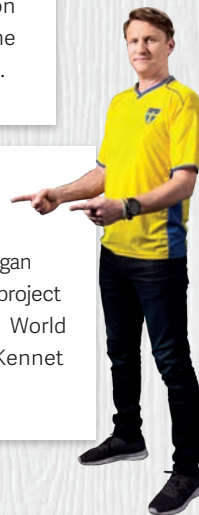
CORPORATE SPIRIT

Paf was awarded the Corporate Spirit prize as the company that most improved its results in Finland according to the staff survey.



Sara Björk-Södergård was appointed Chief Product Officer and Francois Maugis Chief Technology Officer on 1 October 2018. Both thereby became members of the group management.

Prior to the upcoming football World Cup, we began a collaborative project with the 1994 World Cup legend Kennet Andersson.







Our mission is crystal clear

– to generate profits for the benefit of society

Paf is different to other gaming companies. We strive to build a long-term sustainable business by caring for our customers and society as a whole. Paf is an international gaming company based on Åland with the clear objective of generating profits for the benefit of society.

The profits from our business are distributed to projects and organisations that arrange meaningful leisure activities and contribute towards a better society on Åland. Since Paf was founded in 1966, over EUR 300 million has been distributed among various recipients.

How we contribute to a better society

Every year, the Government of Åland receives hundreds of applications for support and grants to finance projects, investments, events and activities. All of these initiatives enrich our island with sports, culture and art. The projects also contribute to a safer society and cleaner natural surroundings.

All initiatives financed by Paf have one thing in common – they contribute to a thriving society by creating meaning, promoting community and encouraging new dreams about the future.

You'll find the beneficiaries of Paf funds listed on page 30.

On-board, online and on Åland

Paf.com is a full online casino with ten different gaming categories; slot machines, video poker, table games, live casino, bingo, lotteries, poker, betting, fantasy sports and jackpot pools. We are proud to say that many of our most popular games have been developed and created by our own Paf Games Studio. The studio allows us to differentiate ourselves with our online products, and we can tailor games to different markets.

The core of our business comes from our on-board offerings. We have slot machines and table games on 33 cruise ships on the Baltic Sea and North Sea. We have ongoing partnerships with Viking Line, AS Tallink Grupp, the Eckerö Group, Finnlines, Moby St Peterline and since 2017, also with Color Line, Norway's largest cruise ferry line. Apart from the slot machines, casino games and amusements on board, we also organise themed cruises and events on board the ships in collaboration with the operators.

Although we were early adopters of on-board gaming, we actually started our business on land. We were founded on Åland in 1966 by the Red Cross, Save the Children, Folkhälsan på Åland [Åland Public Health Service] and Dagens Barn [Today's Children] foundation. Today, the gaming business consists of the Paf Casino in Mariehamn, slot machines, scratch cards, amusement arcades and harness racing in collaboration with Ålands Hästsportförening [Åland Equestrian Sports Association] and the Swedish ATG (Aktiebolaget Trav och Galopp [the Harness and Horse Racing Company]). In addition to our gaming business, we contribute by having our head office, from where our activities are managed, located in Mariehamn, ensuring we form a strong part of Åland society.

Our offices and staff

Paf's head office is located in Mariehamn on Åland and we have offices in Helsinki, Stockholm, Norrköping, Oslo, Tallinn, Riga and Madrid, as well as employees on cruise ferries on the Baltic Sea. In total we have around 400 employees from over 30 different countries.

Read more about our staff on page 24.



Sustainability at the core

Operating a long-term sustainable business is fundamental to maintaining our position of trust. Ever since the beginning, our vision and strategy have been focused on generating sustainable benefit for Åland society. Sustainability lies at our very core and permeates everything we do.

Our three most important areas of sustainability are responsible gaming, a sustainable workplace and an environmentally sustainable business.

Responsible gaming

Sustainable gaming at a reasonable level is important to ensure we safeguard our customers and it gives us a more durable business. Responsible gaming is therefore an important cornerstone of our business.

Sustainable workplace

We want Paf to be an inspiring place to work. We believe our employees can grow and feel good in a fair, safe and equal working environment.

Environmental sustainability

All businesses have an effect on the environment. Paf is continually developing smart and sustainable solutions to limit our climate impact.



Our sustainability initiatives 2018

Using our previous measures as a starting point, at Paf we have adapted our sustainability targets to the strategy that encompasses all of Åland society. We monitor and actively contribute to the development and sustainability agenda for Åland whose targets must be met by 2030 at the latest. Every year we have a number of specific targets to meet.

During 2018 we prioritised the following:

- reducing our environmental impact from work travel
- knowledge exchange and cooperation both externally and internally
- purchase of sustainable products
- Paf's Yearly Limit, a powerful tool for responsible gaming
- to influence the gaming industry's responsibility
- to develop new management training



Industry-leading gaming responsibility

Paf is an industry leader in the area of responsible gaming. We are continually developing and we are making progress in innovative ways. It is important for us to take social responsibility, and sound gaming behaviour among our customers also creates long-term profitability. In this way, we can achieve sustainable growth which is also consistent with our values.

Gaming responsibility is a common thread that runs through our entire organisation. Our employees are encouraged to keep responsible gaming in mind while going about their workday. Ultimately the players themselves must make their choices but we try to create positive conditions for long-term sustainable choices.

We believe that knowledge and insight are the keys to sound and sustainable gaming – knowledge about the risks of gambling and insights into what the gaming behaviour itself looks like.

Our approach to long-term sustainable customer relationships is based on the idea

of shared responsibility that is upheld by both knowledge and preventative measures. As a local government-owned association, Paf strives for the business to be socially responsible and therefore the development of initiatives around responsible gaming are always a priority.

But anyone can write wonderful words – without taking concrete action they really don't mean much. And even if we disregard all of the tools and measures we had already introduced, last year we took an enormous step forward in increasing our level of gaming responsibility. We launched and implemented Paf's Yearly Limit.



“Sustainable growth can only happen with satisfied customers and healthy gaming habits – that’s why responsible gaming is the backbone of everything we do”

Daniela Johansson, Chief Responsibility Officer & vice-CEO



Kauppalehti | UUTiset | PÖRSSI | YRITYKSET | JOHTAMINEN | OPTIO

Ahvenanmaalainen Paf asettaa ensimmäisenä yksityisenä rahapeliyhtiönä pakollisen häviörajan - 30 000 euron tappiott ovat epäonnistuminen sekä meiltä että asiakkailta

30 000 euro i förlust - då blir det stopp

Under hos Paf.com ska inte omna förlora mer än 30 000 euro under ett år. Som första internationella spelbolaget inför Paf en förlustgräns för alla sina kunder på samtliga marknader.

Finland casino company to cut off gamblers after big losses

Paf inför 30 000 euro som förlustgräns för nätspel

Paf inför förlustgräns på nätspel

Paf.com First International Gambling Company to Introduce Loss Limit

Spelbolag inför förlustgräns

Paf förlorar 4 miljoner euro

Paf.com inför förlustgräns - som första internationella spelbolag

Paf creates history by introducing a loss limit

Åländska Paf inför förlustgräns - ingen ska förlora mer än 30 000 euro på spel per år

Paf inför förlustgräns

Paf.com becomes the first international gambling company to introduce Loss Limit

Paf risks 5% of income for €30K loss limit

ÅLAND

Paf.com First International Gambling Company to Introduce Loss Limit

Paf inför förlustgräns

Ahvenanmaalla on oma poikkeuksellinen peliyhtiö - Paf otti käyttöön yksittäisen pelaajan häviörajoituksen

Paf tekee kansainvälistä kasinohistoriaa - käyttöön häviöraja



Paf's Yearly Limit

– raising gaming responsibility to a new level

When we say we take concrete action to improve the level of our gaming responsibility, we mean it. In the summer of 2018 we launched a globally ground breaking policy, a policy no other gaming company on the international market has ever introduced. We launched Paf's Yearly Limit, a maximum limit that ensures that no customer can lose more than EUR 30,000 in one year at Paf.com. And we make no exceptions – all our online gamers are subject to the yearly limit.

Our yearly limit means that players, and especially those who run into problems with their gaming during the year, reach an upper limit at which we actually say no to their money. This is a no that we believe can stop the player with gambling problems from falling deeper into debt. We also believe that it will be a real wake-up call to the player, when we, as the gaming company, turn their money away.

“€ 30,000 is still a lot of money, but it is an affordable amount, which makes it easier for the player to come back from”

Christer Fahlstedt CEO

What the yearly limit means for us at every level is still something we have a lot to learn about. But we know that we now turn away all big players, the ones for whom many gaming companies are the key drivers and main source of income. We can already see differences in the customers we have, where players who gamble a lot are a thinning crowd, while those who play for smaller sums are a growing group.

Our yearly limit has naturally removed some of our income and we estimate that we are turning away several million Euros in revenues every year. So for an international gaming company that competes online, the yearly limit is totally unique, and probably unthinkable to most gaming operators. But we hope we can lead the way in the gaming industry and that other gaming companies will set fixed limits for their customers. Because it is not sustainable to receive this money, and the gaming industry would feel better without it.

Transparency in an opaque industry

Paf chooses to openly report customer segments which is unique in an otherwise very private industry. We publish the figures for different customer groups' gaming losses over the last two years. We are probably the first gaming company in the world to openly and transparently show what our customer segments look like.

"These are figures that most gaming companies prefer to hide because they show that a few individuals can have an immense impact on profits," says Paf's CEO Christer Fahlstedt.

We believe that a debate is needed about this fact and by being transparent we want to help to shine a light on this issue which is completely crucial to the future of the industry.

Summary of Paf's gaming segments 2017 & 2018

	Total gross gaming profits* (EUR)		Number of customers per segment		Average gross gaming profits* per customer (EUR)	
Annual gaming (EUR)	2018	2017	2018	2017	2018	2017
> 30,000	9,648,523	13,653,368	0.13%	0.20%	39,870	44,765
15,001 - 30,000	18,087,884	18,436,519	0.48%	0.60%	20,255	20,349
8,001 - 15,000	22,007,735	21,600,129	1.09%	1.32%	10,751	10,805
0.01 - 8,000	71,410,935	67,150,397	66.74%	73.65%	570	604
Winning players	-23,056,491	-23,003,994	31.57%	24.22%	-389	-629
Total	98,098,586	97,836,418	100.00%	100.00%	522	648

*Gross gaming profits = customer losses of own money

In brief, the figures show that we lost EUR 4 million in income from the red segment with big players. At the same time we have managed to increase the number of players in the green customer segment who spend smaller amounts per year.

Three bold promises

- **We will continue to be transparent.**

We will continue to openly publish our customer segments every year.

- **We will stop all big players.**

Our yearly limit means we can promise that we will stop all 'high rollers'. When the yearly limit is fully implemented, we will have no big players left in our online gaming service in 2020.

- **We will stop direct advertisements to customers in risk zones.**

We will stop all direct marketing to gaming customers in the risk zone. This means that only customers in the green segment will receive direct advertising from us. In practice we will thereby double the number of customers who do not receive direct offers from us.

Developed Radar

Paf's Radar is a tool we developed a number of years ago to help us detect risky behaviour among our customers, and which allowed us to proactively contact them from a responsible gaming perspective.

A new version of the Radar is now being developed so we detect risky gaming behaviour more quickly and more effectively. Among other things, this means that the Radar will have clearer parameters so that manual assessments will no longer be necessary. The radar will also be integrated with our process surrounding the yearly limit and the segments we divide the customers into, which will result in clearer and more frequent communication to customers at higher risk levels.

We will also be more open and show how our Radar works. We hope this will contribute to greater transparency about gaming responsibility in the industry, which in the long run will mean a better and safer gaming experience for customers.



Environmental sustainability

All businesses affect the environment. Paf is continually developing sustainable solutions specifically to limit our climate impact. We measure our emissions every year within a number of different categories together with an external partner, we work with Green Office and we engage with our local community to improve environmental sustainability. To minimise the effect of our climate impact in a definitive way, we climate compensate our entire business.

Annual climate audit

Paf's annual climate review is conducted by Tricorona Climate Partner Ab, which specialises in helping companies minimise their climate impact. The review helps us understand, identify and minimise our climate impact. It measures three different categories of climate impact.

Category 1 / Direct emissions

Direct emissions of greenhouse gases that come from sources owned or controlled by Paf (e.g. company vehicles).

Category 2 / Indirect emissions from purchased energy

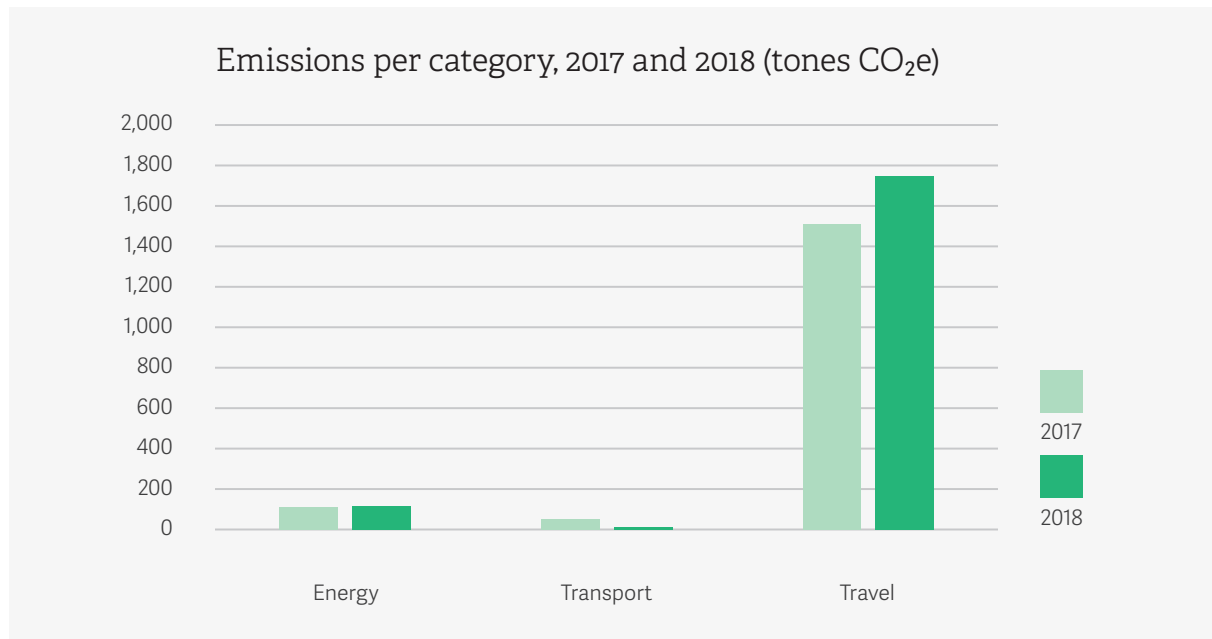
Emissions from heating, cooling and from the production of electricity that Paf buys.

Category 3 / Indirect emissions from company activities

Indirect emissions caused by Paf's activities such as business and client travel (e.g. aircraft, boats, taxis and hotel stays).

Our climate impact increased in 2018

Paf's activities in 2018 resulted in a total of 1,897 ton CO₂e, which is an increase of 11.5% from 2017. Most of our emissions come from business travel which accounted for 93% of total emissions, i.e. category 3. Energy use at our offices accounted for 6% and 1% was made up of transport.





Better sustainability together

Paf is part of the networking group for sustainable big businesses on Åland. The main aim of the group is to drive the larger companies' activities related to realising Åland's development and sustainability agenda. Since the autumn of 2018, Paf's vice-CEO Daniela Johansson has been one of two chairpersons for the group. In autumn 2018, twelve of the companies agreed to take on the challenge of reducing their climate impact.

"Together we will primarily review our business travel and also develop sustainable lunches for our companies," explains Daniela Johansson.

Paf is also investing in a sustainability pilot alongside a number of the bigger businesses: Wiklöf Holding, Ömsen and Ålandsbanken/Crosskey. The pilot function consists of one person who is tasked with piloting and supporting: organisations, companies, municipalities, associations and authorities who want to contribute towards a more sustainable society within the framework of the network Bärkraft.ax which works on the sustainability agenda on Åland. The investment makes it possible for Bärkraft.ax to employ an additional sustainability pilot for the next three years, starting in 2019.

Green Office

Our two largest offices in Mariehamn and Helsinki are included in the Green Office programme, which is run by the World Wildlife Fund (WWF). The program provides tools for planning and monitoring internal environmental initiatives in various areas; such as waste, recycling, energy efficiency and procurement. Paf's offices in Mariehamn and Helsinki are Green Office-certified.

The biggest investments under the Green Office umbrella in 2018 were the introduction of plastic-free lunches and the purchase of primarily organic, locally-grown produce.

During the spring of 2019, WWF will carry out an audit of the office in Helsinki and in the autumn of 2019, the office in Mariehamn will be audited. The audit is performed every three years and the aim is for both offices to maintain their status as Green Office-certified.



Climate compensation

Climate compensation – Paf 2018

Compensation for:

1,897 tonnes CO₂e

Project:

Sodo och Humbo

Certificate:

Gold Standard

Climate partner:

Tricorona

Paf climate-compensated for its entire climate impact in 2018 by supporting the Sodo and Humbo project in Ethiopia. The project's aim is to reverse the deforestation trend in the country, which is being done by planting and protecting 1.2 million trees. Paf thereby compensated 1,897 tonnes CO₂e which the company calculated it was responsible for during the year. This climate compensation has taken place with the help of our climate partner Tricorona and it has gone to a project of the highest possible environmental standard.



A creative working environment

We bring entertainment into everyday life and our staff form the core of our company. We believe that an inspiring working environment goes hand in hand with being able to give customers what they want. That way we are able to give our players experiences that exceed their expectations, and games that are out of the ordinary. We work together to continually move our skills and our business forward. We want to encourage our employees to grow and develop professionally, so they can use their full potential with us.

We shape our culture

The work culture permeates the entire business and is what allows Paf to be Paf. It differentiates, defines and shapes us as a company. Our culture is created from our code of conduct – what we do and how we do it.

- We **actively** work continually to move forward
- We always strive to improve and to **develop**
- We treat each other and those around us with **respect**

New corporate website

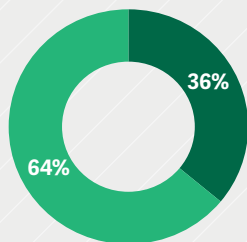
We launched a new corporate website on 26 November 2018, aboutpaf.com. On the corporate website, you can read more about us, our latest news and you will also find all our available services there.

399

EMPLOYEES

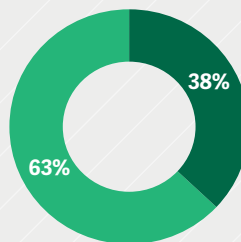
Location	Total
Mariehamn	223
Helsinki	89
Tallinn	43
Stockholm	17
Madrid	13
Norrköping	9
Oslo	3
Riga	2

Gender distribution, total



Gender	Total
Male	257
Female	142

Gender distribution, management



Gender	Total
Male	40
Female	24

35

NATIONALITIES



We have 35 different nationalities working at Paf (31/12/2018).

People Power Index states our personnel's satisfaction with Paf as an employer, compared to the average level (67.4) for companies in Finland. Last year (2017), the figure was 69.2 for Paf.

71,1

PEOPLE POWER INDEX



From Aleppo in Syria to Paf in Mariehamn

Elias Azar, 49, works in Mariehamn as a service engineer in the field service department. Elias escaped with his family from the major city of Aleppo in Syria to Lebanon in 2012 when fighting in the city got worse.

“We lived in Lebanon for three years before we were given the opportunity to move to Finland, in fact during our time in Lebanon, my youngest daughter was born. Now I live on Åland with my wife and three daughters,” says Elias Azar.

Elias is a trained engineer and had a company in Aleppo that focused on banking systems and cash machines. The company was destroyed by bombing in the war, but in the autumn of 2018 it could begin trading again.

“We actually installed the first ever cash machine in Aleppo, which we imported from Sweden. Now two people are working at the company and I am in daily contact with them,” says Elias Azar.

Elias Azar has worked at Paf for almost two years.

“I really enjoy working at Paf, gaming machines are a bit like cash machines, so this job is pretty suitable for me. I have very good colleagues who support and help me,” says Elias Azar.

His 75-year-old mother is still living in Aleppo and at home they discuss moving back at some point. But his daughters love living on Åland and they don't want to move back to Syria.

“One of my goals is to continue working here, it provides me with quality of life. Of course I've thought about going back as well, but not now while the war is still going on and I actually just found out yesterday that they'd shot three missiles into Aleppo. But we'll no doubt visit my country in the future,” says Elias Azar.





Filming advertisements with ski legends Thomas Wassberg and Juha Mieto in Swedish Lapland.



Summary of our sustainability initiatives

Every year we set a number of specific goals, because we believe that actions speak louder than words when it comes to sustainability. A glance in the rear view mirror shows that we have taken several strides in the area of sustainability, but that we could not achieve all of our goals.

We introduced our yearly limit which clearly improves our level of gaming responsibility and strengthens our position as an industry leader in responsible gaming. We have expanded our external collaborations for sustainability, above all within the framework of the Bärkraft.ax network. Internally we have managed to use our own staff to develop new managers. We have made clear improvements in the procurement of sustainable products and, among other things, we now have plastic-free lunches. We have also worked on influencing the gaming industry's responsibility, where we have campaigned for tougher legislation in Sweden. But our environmental impact from business trips is still high and we were unfortunately not able to reduce our CO₂e value.

Sustainability initiatives 2019

Our most important efforts within the framework of sustainability initiatives in 2019 came in the area of responsible gaming. We must fulfil our three promises and continue to be transparent, stop the big players and stop advertising directly to customers in the risk zones. This will further strengthen our position as industry leader in responsible gaming and, above all, it will benefit our customers.

Our contribution

All of our profits go to socially beneficial projects, which is our mission. In accordance with Åland law, there is an allocation committee tasked with proposing principles and providing suggestions to the Government of Åland for how Paf's profits for each financial year should be distributed. This is how our contribution finds its way into the community.

Allocation committee

The allocation committee consists of one ordinary representative from each member organisation within the association, as well as a representative from the Åland Culture Delegation, one from the Government of Åland and one representative from Paf. The allocation committee is appointed for two years at a time. The representative for the Government of Åland acts as chair of the allocation committee.

Distribution of Paf's profits

Based on Paf's profits in 2017, EUR 18 million was distributed during 2018.

Social activities	3,342,000
Environmental activities	600,000
Youth work	617,000
Sport	1,700,000
Arts and culture activities	1,698,000
Leadership support	95,000
Other business support	2,750,000
Investment support	4,000,000
Event support	200,000
Integration	40,000
Loans	2,958,000
Total	18,000,000

This year our contribution will grow to EUR 21 million, an increase of EUR 3 million.



€ 300 MILLION
DISTRIBUTED SINCE 1966

How are funds distributed?



1. Budget

Based on the information from Paf's Board, the allocation committee reports the expected net profits for the current financial year to the Government of Åland.

On the basis of the allocation committee's suggestions, the various areas' handlers produce a proposal that is processed by the Government of Åland who then submit a budget to the Åland Parliament, where the budget is adopted.



2. Applications

Applications for support and loans from Paf's profits must be submitted to the Government of Åland by 15 October the year before the applicant wishes to receive the support or loan. Event support can be applied for on an ongoing basis, at least three months before the planned event.



3. Proposal

Administrators produce a proposal based on the submitted applications for distribution of funds in the following areas:

- Social activities
- Environment
- Youth services
- Sport, equipment and facilities
- Culture
- General activities, events and civil engineering projects

The proposal is then discussed by the allocation committee.



4. Decision

After being processed by the allocation committee, the respective handlers present the proposal to the appropriate minister in the Government of Åland. Allocations related to sports support are handled by the Board of the Åland Sports Association and those related to cultural activities by the Åland Culture Delegation.



5. Distribution

Paf funds are paid out to the beneficiaries as:

- Work grants
- Travel grants
- Project support
- Culture grants
- Event support
- Investment support
- Elite support
- Business support

Beneficiaries 2018

Finance department / Event contributions

Leader Landsbygdsnätstag
Ålands innebandyförbund, Baltic preseason
Ålands curlingsklubb, Paf Masters Women
Ålands curlingsklubb, Ålands mens ICC
Teater Alandica, My Fair Lady
Ålands Curlingsklubb, NJT
Mariehamns stad, Tall Ships Race

Finance department / Integration

Emmaus Åland rf. främja integration
Jomala IK fotboll integrationsprogram
Rädda Barnen på Åland rf. integrationsprojekt

Finance department / Investment contributions

Ålands sjöräddningsällskap rf.
Geta kommun, Hemgården och skolan
Mariehamns stad, kultur- och fritidsavdelningen
Mariehamns stad, friidrottsarena och fotbollsarena
Jomala kommun, miljöcertifierat samlingshus
Mariehamns stad, hiss i Islandia
Ålands Motorklubb rf. förprojektering trafiksäkerhetscentrum
Mariehamns gymnastikförening förprojektering gymnastikarena
Svinryggens deponi Ab förprojektering av biogasanläggning

Finance department / Loans

Nybond i Krogstad rf.
Germundö Alpin rf.

Finance department / Business contributions

Ålands Brands- och Räddningsförbund rf.
Ålands Sjöräddningsällskap rf.
Röda Korsets frivilliga räddningstjänst
Ålands Bruks- och Sällskapshundklubb rf. räddningssektor
Ålands Flygklubb rf.
Ålands Hästsportförening rf.
Ålands Marthadistrikt rf.
Ålands 4H-distrikt rf.
Stiftelsen Ålands Fredsinstitut r.s.
Ålands guider rf.
Föreningen Norden på Åland rf.
Visit Åland rf.
Skördefestens vänner rf.
Ålands feministparaply

Sports / Tools and facilities

Mariehamns stad, fotbollsmål, bowling, simning, tennis
Åländska Segelsällskapet, säkerhetsbåt
Åländska Sportskytteföreningen, luftgevär junior m.m.
Lemlands Kommun, motionsbana
Mariehamns Seglarförening, J70-båt, optimistjollar m.m.
Vårdö Kommun, tennisbana, bollplank
Ålands Motorklubb, säkerhetsanpassad motorbana
Ridklubben Sleipner, bamponnyer, sadlar m.m.
Agilityax, träningsplan, hoppinder m.m.
Germundö Alpin, tidtagningsystem

Sports / Sports activities

Ålands Fotbollsförbund
Ålands Idrottsdistrikt
Ålands Innebandyförbund
Ålands Motionsförbund
Mariehamns Lawn-Tennisklubb
Ridklubben Sleipner
IFK Mariehamns Ishockey
Mariehamns Gymnastikförening
Ålands Simförening
Ålands Golfklubb
Ålands Seglardistrikt
Ålands Judoklubb
Ålands Volleybollförbund
Ålands Bowlingförbund
Karateklubben Ogawa
Ålands Motorklubb
De Utvecklingsstördas Vål
Ålands Sportskytteförening
Ålands Kraftsportklubb
Badmintonklubben Smash
Germundö Alpin
Nordic Budo & Sports Academy
Mariehamns Bågskytteförening
Ålands Curlingklubb
Alenskur Islandshästförening
IFK Mariehamns Bordtennis
Åland Triathlon Club
Åland Stags Rugby Club
Joker Dart
Kyrkoby Golfklubb
Tai Chi Föreningen Vita Tranan
Sportdykarklubben Nautilus
Ålands Schackklubb
Jomala IK
Ålands Idrott, Starka Barn

Cultural department / Other

Ung resurs
Ålands Idrott
Ålands Sjöfartsmuseum
Ålands Bildningsförbund
Arbetarnas bildningsförbund

Culture delegation / Investment support

Pålsbölenjens byalag
Segeljaktföreningen Altana
Enklinge hembygdsförening
Hembygdens vänner
Lumparlands uf
Brändö ungdomsförening
Sunds ungdomsförening
Torsholma ungdomsförening
Kökar hembygdsförening
Dånö museiförening
Hammarlands Torp byalag

Culture Delegation / Business Contributions and special projects

Ålands konstförening rf.
Ålands slöjd- och konsthantverk rf.
Filmklubben Chaplin rf.
Fotoklubben Obscura
Formföreningen Fibula
Ålands Spelmansgille rf.
Folkmusiklaget Kvinnfolk rf.
Antons vänner rf.
Visans Vänner på Åland rf.
Föreningen Ålands Gospel rf.
Sångföreningen Triolen
Ålands Accordion Club
Ålands Dragspelsklubb rf.
Alandia Squaredancers rf.
Folkdansarna på Åland rf.
Swingskeppet rf.
Ålands Sång & Musikförbund rf.
Teaterföreningen i Mariehamn
Föreningen Kappsäcksteatern rf.
Föreningen Teater Alandica
Åbo Svenska Teaterförening rf.
Lumparlab Teaterförening rf.
Kompani Nord Teaterförening rf.
Teaterföreningen Kuling rf.
Kulturforeningen Katrina Kammamusik
Förbundet Ålands Sjödagar rf.
Visor så in i Norden
Ålands orgelfestival
Shanty Society Pommern rf.
Geta Kulturförening rf.
Ålands kulturstiftelse r.s.
Ålands litteraturförening rf.
Kulturfestival på Åland
Sund Kultur rf.
Föreningen Franciskus på Kökar rf.
Kökarkultur rf.
Skeppsforeningen Albanus
DUV, De utvecklingsstördas våll på Åland rf.
Mariehamns Strategiklubb rf.
Hemslöjdsillet i Mariehamn rf.
Ålands amatörastronomer
Ålands Radiomatorer rf.
Ålands Telehistoriska förening rf.
Ålands mångkulturella förening rf.
Skeppargården Pellars rf.
Stiftelsen Ålands Jakt- och fiskemuseum
Stödföreningen för Ålands Jakt- och fiskemuseum rf.
Kobba Klintars Vänner rf.
Kökar Hembygdsförening rf.
Lappo uf/Skäringsmuseet rf.
Önningeby Hembygdsförening rf.
Föreningen Ålands Emigrantinstitut rf.
Föglö Hembygdsförening rf.
Ålands Brand- och Räddningsförbund rf.
Bomarsundsällskapet rf.
Kumlunge byalag rf.

Nybonds i Krogstad r.f.
Dånö Muselförening r.f.
Alandia Strings r.f.
Bild och Formskolan r.f.
Sällskapet Bel Canto Alandia r.f.
Flera Röster r.f.
Ålands Marthadistrikt
Föreningen Vård i Livet r.f.

Culture Delegation/ Cultural grants

Kalle Wetterström
Erica Tömröth
Gunnar Sjöblom
Dexter Mäkelä
Pernilla Hurme
Karl Henrik Edlund
Anna Sundblom-Westerlund
Marcus Boman
Marika Markström
Ann-Britt Eriksson
Sajja Saarela
Maja Sundblom
Ursula Sepponen
Katja Syrjä-Johansson
Ellen Smulter
Grancine Eriksson
Christer Liewendahl
Ulf Andersson
Kristoffer Gottberg
Emilia Eriksson
Mats Backman
Sara Alm
Emil Hage
Filip Karlström
Lydia Eriksson
Anton Johansson
Patrik Komorowski
Andreas Jacobsson
Emanuele Ferrari
Anton Osterlund

Culture delegation/ Project support

Träffpunkt Ungdom
Ålands Projektkör
Lamori
TAIR
Performance HBTQI
Textil 3D
Krisgruppen
Sälskärs Fyr
Ukulele och vinyl
Skärgårdsteatret
Holmström och Raar
Kodarklubben
Ålands konstförening
Ålands Biodlarförening
Garantiföreningen Matsmårs

Windjammars Barn
Duo Ponthin
Mariehamns Gröna kulturav
No Title
Tri tidig Beethoven
Gabriel Sydänvirta
Ålands Marthadistrikt
IFK Mariehamn r.f.
Visans Vänner på Åland
Arbetsgruppen Grüssner & Andersson
Red Room Ensemble
Arbetsgruppen Ålandscoloristen
Kodarklubben
Arbetsgruppen 80-konsert
Arbetsgruppen Spetsalund

Cultural delegation/ Support for autonomy celebration 2018

Kökars Marthaförening
Garantiföreningen Matsmårs
Kastholmsnejdens byalag
Ålands Fredsinsitut

Travel grants

Arbetsgruppen Katriona
Ulrika Kjeldsen
Anna Sundblom
Alexandra Sjöblom
Hannele Ögård
Linda Smith
Elspeth Randelling & Anna Eklund
O'Really
Åke Hillar
Rita Jokiranta
Katja Syrjä-Johansson
Minna Ö & Edward J
Katarina Holmberg
Johanna M Engdahl

Culture delegation/ Work grants

Annika Åkerfelt
Therese Karlsson
Liz Lindvall

Environmental activities

Östersjöfonden
Ålands djurskyddsförening r.f.
Miljöbyrå vid Ålands landskapsregering, vattenförbättring
Ålands fågelskyddsförening r.f., fyrvakarhuset på Lågsår
Ekologiska odlarna på Åland r.f.
Rädda Lumparn r.f.
Energi- och miljötekniska föreningen i landskapet Åland r.f.
Åland teknikkuster r.f.
Ålands fiskvårdsförening r.f.
Natur och Miljö r.f., Ålands naturskola
Emmaus Åland r.f. hållbarhetsstrategi
Lions Club Åland Freja r.f., Miljödagen
Ålands landskapsregering, Hållbarhetslots

Nåtö biologiska station
Kattihjälpen r.f.
Ålands Natur & Miljö r.f.
Husö biologiska station, Åbo Akademi

Social sector/ Business support and special projects

Andning & Allergi Åland r.f.
De utvecklingsstördas väl på Åland r.f.
Demensföreningen på Åland r.f.
Den inre oasen r.f.
Diabetesföreningen på Åland r.f.
Emmaus Åland r.f.
Finlands Röda Kors, Mariehamns avdelning
Finlands Röda Kors, Ålands distrikt r.f.
Fri från narkotika Åland r.f.
Föreningen Vård i Livet r.f.
Föreningen Vårt Hjärta r.f.
Krigsveteranerna på Åland r.f.
Landskapsföreningen Folkhälsan på Åland r.f.
Mariehamns pensionärsförening r.f.
Norra Ålands pensionärer r.f.
Pussellfamiljen r.f.
Rädda Barnen på Åland r.f.
Socialmission på Åland r.f.
Stall JoYs handikappridklubb r.f.
Stiftelsen Hemmet r.s.
Vuxna på stan r.f.
Ålands autismspektrumförening r.f.
Ålands cancerförening r.f.
Ålands fackliga semesterorganisation r.f.
Ålands fountainhouse r.f.
Ålands handikappförbund r.f.
Ålands handikappförbund r.f. - Fixtjänst
Ålands hemgårdsförbund r.f.
Ålands hälso- och sjukvård - Tobakskampen
Ålands hälsoalternativ r.f.
Ålands hörselrörelseförening r.f.
Ålands intresseförening för psykisk hälsa - Reseda r.f.
Ålands motorföres helnykterhetsförening r.f.
Åland neurologiska förening r.f.
Ålands reumatförening r.f.
Ålands synskadade r.f.
Åländska HBT-föreningen Regnbågsfyren r.f.
Ålands landskapsregering, projekt Äldres psykisk ohälsa
Ålands landskapsregering, projekt motarbeta sexuellt våld

Youth activities

Ung resurs
Ålands ungdomsförbund
SKUNK
DUV, De utvecklingsstördas väl
Ungmartha
Ålands scoutdistrikt
Åländska studentlaget vid Åbo Akademi
Förbundet Hem och skola
Emmaus





■ Financial report



Financial summary

REVENUES

The Group's turnover for 2018 decreased from EUR 116.5 to EUR 111.8 million. The reduced turnover is primarily due to lost revenues from the internet business.

Internet business

Gaming revenues from the internet business fell from EUR 84.5 to EUR 80.0 million. The loss of revenues can largely be explained by Paf having introduced on 1 September 2018, at its own initiative, a yearly limit for how much Paf's online customers can lose in total over a twelve-month period. This measure affects turnover negatively but has been implemented to offer a more responsible and socially acceptable gaming product.

As the only company on the competitive market to do so, Paf has chosen to report on how turnover is distributed across selected customer segments. The total gross gaming profits from customers who generated more than EUR 30,000 has fallen during the year by EUR 4.0 million, which converted to revenues, corresponds to approx. EUR 3.3 million. By 2020 there will be no customers at all in the segment exceeding EUR 30,000.

The products that have grown most during the year are sports betting, slot machines, live casino and lotteries. New gaming suppliers added this year are SG Digital, a supplier of casino games and Colossus Bets, a supplier of Pool Betting.

On 1 October 2018, Paf acquired the company Programutvecklarna i Norrköping AB which supplies Paf's bingo product. The acquisition has had a very limited impact on our revenues.

The number of customers contributing to turnover during the year increased to 187,819 (150,894 in 2017) which is a new record. Paf assesses that the number of active customers will continue to increase during 2019, driven by a strong focus on developing the technical platform, customer focus and effective marketing.

Land and ship business

Gaming revenues for the land and ships business were EUR 31.8 million (EUR 31.9 million in 2017). Paf had slightly lower average revenues per passenger on vessels in the Baltic Sea, which in turn is explained to some extent by the Swedish Krona weakening against the Euro. This development has meant that customers carry less cash on board, which has had a negative effect on revenues. Paf is working hard to develop alternative payment methods on board and continues to invest in new technology.

Materials and services

Costs fell from EUR 32.9 million to EUR 28.5 million. Lower revenues have meant that the direct costs for the internet business have fallen by approx. EUR 1.20 million. Reduced costs of approx. EUR 1.3 million can be explained by streamlining and decreased use of external services. The Supreme Administrative Court's decision on 5 February 2019 means that Paf does not need to pay converted VAT on its purchases from partners. This decision results in a cost reduction for the year of EUR 1.8 million.

Staff costs

Costs grew marginally from EUR 25.6 million to EUR 26.0 million. During Q3, Paf implemented staff cutbacks. As a result of the 20 redundancies, Paf had a one-off cost of EUR 0.7 million in the form of severance pay. The number of employees fell from 358 to 351.

Activated development costs

The activation of internal development costs increased slightly, from EUR 0.7 million to EUR 1.0 million. The proprietary technological platform and casino games require constant development in order to offer the best possible gaming experience for Paf's customers.

Depreciations and amortisation

Costs for depreciations and amortisation were EUR 5.8 million (EUR 5.7 million in 2017). Planned depreciations are largely unchanged, as are depreciations of good will and amortisations.

Other operating costs

Other operating costs grew from EUR 25.5 million to EUR 28.1 million.

The growth in costs is explained by Paf having increased its marketing spend by EUR 3.7 million in 2018. A large part of this increase is linked to increased marketing costs in the Swedish market. During 2019, the marketing costs are expected to continue to grow in a controlled manner.

Apart from the marketing costs, other operating costs have fallen which can be explained by lower administrative costs and lower external services costs.

OPERATING PROFIT

The group's operating profit for the year fell from EUR 27.6 million to EUR 24.7 million.

Financial income and costs

The net profit from financial income and costs fell from a profit of EUR 2.0 million to a profit of EUR 0.2 million. This fall is largely explained by Paf reporting one-off items in 2017 which had a positive impact on profits totalling EUR 1.5 million. At the end of September, Paf divested all investments in securities, which produced a capital gain of EUR 0.5 million.

Accounting period profit/loss

The profits for the accounting period fell from EUR 29.4 million to EUR 24.6 million.

OTHER INFORMATION

During 2013, the tax authorities carried out an audit of parts of the Paf group. The Finnish Tax Administration then ruled that Paf should pay converted VAT on its purchases from partners. Paf appealed the decision and made provisions for costs in accordance with the Finnish Tax Administration's ruling. On 5 February 2019, the Supreme Administrative Court made a final ruling in Paf's favour. The Supreme Administrative Court's decision means that in 2018 Paf has booked off the amounts that were reserved. The profits for 2018 have been positively affected by EUR 1.8 million and previous years' provisions and interest have been booked against equity, which increased by a total of EUR 5.7 million.

REPAID LOTTERY TAX

Apart from the profits Paf distributes, the Government of Åland receives a surplus of EUR 12.6 million in repaid gaming tax from the Finnish government.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 22 May, the subsidiary SIA Paf Latvija was granted a Latvian licence for online gaming. Since June 2018, SIA Paf Latvija has offered online gaming via its website www.pafbet.lv.

On 1 September 2018, in the markets in which it operates, Paf introduced a yearly limit on how much players could lose. The amount is set to EUR 30,000, and SEK 300,000 for the Swedish market.

On 1 October 2018, Paf acquired the company Programutvecklarna i Norrköping AB. The company has 9 employees and supplies Paf's bingo product. From October to December, the company generated external revenues of EUR 59,000.

In February 2018, the Åland District Court issued its verdict in the legal proceedings against Paf and Paf's former CEO for money laundering offences. Paf was ruled by the Åland District Court as guilty of money laundering by negligence, while Paf's former CEO was acquitted on all accounts. The court considered that Paf had sufficient processes and procedures for the efforts against money laundering in place, but that the handling of the matter had fallen short in this specific case. Paf has appealed the District Court's ruling to Åbo Court of Appeal and is now awaiting the Court of Appeal's decision. The decision is due on 11 April 2019.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

On 1 January 2019, Paf Consulting Abp was granted two Swedish licences, one for betting and one for commercial online gaming at www.paf.se and www.se.paf.com. The licence is valid until 31 December 2023.

During January and February 2019, Paf Consulting Abp was granted a Swedish licence for on-board gaming on nine different ships.

FORECAST OF LIKELY FUTURE DEVELOPMENTS

The markets in which Paf operates are expected during 2019 to show continued growth with increased competition and stricter regulatory requirements on how the business should be run. An important area of focus is growth in international markets where increased marketing efforts are likely, which in the short term will affect operating profits negatively but in the longer term are expected to contribute to greater profitability.

SIGNIFICANT RISKS

Paf conducts an ongoing risk assessment which is presented to the board annually. Paf has identified a number of risks that may have a significant impact on the company's business, financial position and profits. Understanding the company's risks is of the utmost importance to the company's Board of Directors.

Classification of risks

Strategic risks

Strategic risks consist of changes in expectations in the markets in which Paf operates. Increased competition, higher taxes, stricter regulatory requirements and more expensive marketing channels can lead to lower profitability. If the gaming industry does not control its marketing efforts, there is a risk of lower social acceptance of gaming, which can result in lower future market growth. By operating in several markets, Paf can reduce these risks.

Operational risks

Paf depends upon good working relationships with external partners. Changes to contractual terms and conditions with e.g. gaming suppliers, payment platforms, banks or technical suppliers can have a negative impact on Paf's growth.

Paf is directly dependent upon the internally-developed technical platform and on its IT system functioning and performing well. If Paf does not keep up with technological developments, Paf risks losing market share. It is important for Paf's IT system to maintain a high level of security to counteract the risk of fraud, money laundering, DDos attacks and security infringements.

Paf's land and ship based business can be affected negatively by changes to legislation. Transitions to new technology can cause a need for depreciation which in the short term can affect profitability.

To be able to deliver a first-class customer experience, it is important that the company maintain and recruit the necessary expertise.

Financial risks

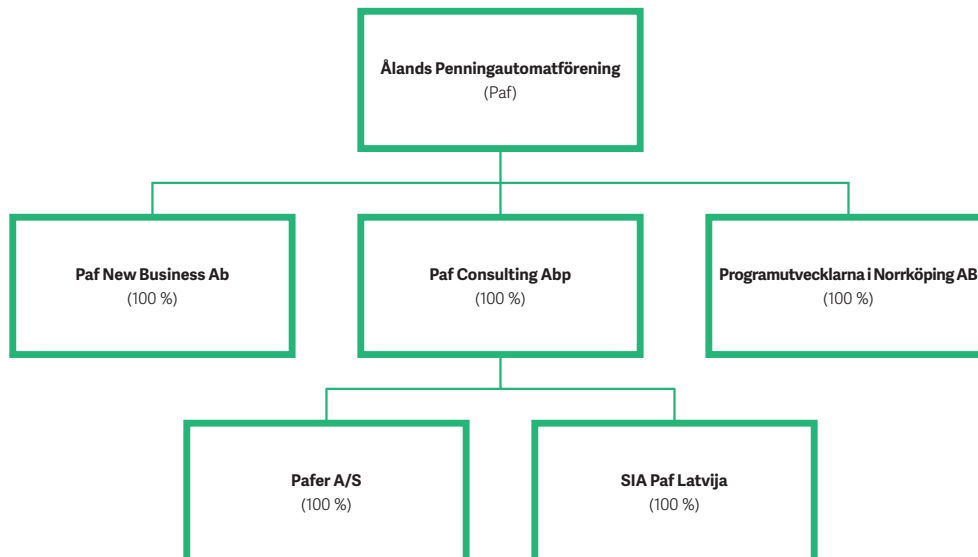
Paf's financial risks can be divided up into credit risk and currency risk. Credit risks can appear in the form of important suppliers or banks becoming insolvent. By working with several suppliers, Paf can minimise the risk. Paf can be affected negatively by major changes in currency values. Primarily, it is a weakening of the Swedish or Norwegian krona that could negatively impact Paf's profits, but the currency risk is relatively low as the majority of income and costs occur in Euros.

Legal risks

A clear area of risk for Paf, and indeed for the industry as a whole, is that of legal risks. Gaming and lotteries are activities that require permits, and political decisions naturally affect our business. We monitor and closely watch any legislative changes and adapt our businesses accordingly. One area of focus during this year has been adapting to the new EU GDPR which came into effect on 25 May 2018. Any legal processes against Paf may cause considerable costs and a loss of trust.

GROUP SUMMARY

At the end of 2018, the Paf group consisted of the parent company Ålands Penningautomatförening with subsidiaries Paf New Business Ab, Paf Consulting Abp and Programutvecklarna i Norrköping AB. Paf Consulting Abp in turn is the owner of the subsidiary Pafer A/S and SIA Paf Latvija.



Active companies

Ålands Penningautomatförening offers physical gaming on Åland and on board vessels registered in Åland, as well as international gaming operations on the Internet.

Paf Consulting Abp operates gaming activities on foreign-owned ships and online gaming on the international market.

Paf Consulting forms a sub-group which consists of Pafer A/S, SIA Paf Latvija and Paf Consulting Sverige AB (dormant) which in turn owns Paf Sverige AB (dormant). The Paf Consulting group's main business area is made up of ship-based gaming activities and internet gaming on the international market. The various business branches are divided between the Paf Consulting group's different companies.

Programutvecklarna i Norrköping AB carries out development of Paf's bingo software.

Paf New Business Ab has conducted limited operations during 2018.



Organisation and management

Board

At the beginning of 2018, the Board comprised chairwoman Åsa Ceder, vice-chairman Anders Å Karlsson, and members Sara Kemetter, Danne Sundman, Birgitta Eriksson, Carl Haglund and Anna Dahlsten.

Changes during the year

Åsa Ceder chose to leave the Board in May and Jan-Mikael von Schantz was appointed chairman of the Board in her place. Anders Å. Karlsson also left the Board in May and his vice-chairman position was taken over by Carl Haglund. Anna Dahlsten was appointed the new vice-chairwoman in September after Carl Haglund left the Board at the end of August. Danne Sundman passed away at the end of the year after a period of illness. In January 2019, Andreas Remmer was appointed as a new Board member.

CEO and group management

At the beginning of 2018, Paf's group management team consisted of CEO Christer Fahlstedt, Vice-CEO Daniela Johansson, COO Land & Ship Jukka Nikula, CCO Anders Sims, CFO Per Sahlberg, CMO Goran Ristic, CIO Tuomas Bergström, CGO Kim Johansson, General Counsel Sara Eriksson and SVP Public Affairs Sverker Skogberg.

Changes during the year

Tuomas Bergström left the group management team and Paf at the beginning of July. Anders Sims left the group management team and Paf at the beginning of September. At the start of October, Sara Björk-Södergård was appointed CPO and Francois Maugis CTO CISO. Sara and Francois joined the group management team in October.

Auditors

The auditors appointed by the Government of Åland for Ålands Penningautomatförening are David Mattsson (CGR) and Fredrik Westerholm (CGR). Their deputies are Petter Westerback (CGR) and Henry Maarala (CGR).

Board's suggestions for profit distribution

The Board proposes that EUR 21 million from the year's profits of EUR 24.6 million (and previous profits) be distributed to the Government of Åland for allocation to charitable bodies. At the same time, the Board wishes to extend their thanks to the management and staff for their excellent work.

Financial statement

Ålands Penningautomatförening

Financial statement for the period 01.01-31.12 2018

RATIOS

€ 1 000

Group	2014	2015	2016	2017	2018
Revenue	98 148	110 033	113 515	116 513	111 821
Operating profit	16 763	19 972	15 788	27 607	24 742
Profit before tax	17 315	22 852	15 330	29 600	24 950
Net profit	17 160	22 697	15 171	29 407	24 622
Operating marginal	17,1 %	18,2 %	13,9 %	23,7 %	22,1 %
Profit as % of revenue	17,5 %	20,6 %	13,4 %	25,2 %	22,0 %
Return on equity in % (ROE)	17,1 %	23,0 %	15,4 %	27,9 %	20,3 %
Return on invested capital in % (ROIC)	17,6 %	22,6 %	15,8 %	28,0 %	20,4 %
Equity/assets ratio	81,8 %	85,6 %	84,5 %	87,4 %	88,2 %
Investments in tangible assets	5 080	13 451	9 929	3 936	4 405
Investments in intangible assets	1 136	2 289	2 406	887	2 087
Investments in tangible and intangible assets	6 215	15 739	12 335	4 824	6 492
Average number of employees	314	345	376	358	351

Parent company Ålands Penningautomatförening	2014	2015	2016	2017	2018
Revenue	77 641	81 336	86 224	93 793	89 404
Operating profit	17 110	23 335	20 837	28 081	24 374
Profit before tax	17 590	23 626	18 374	26 305	24 673
Net profit	17 590	23 618	18 341	26 270	24 654
Operating marginal	22,0 %	28,7 %	24,2 %	29,9 %	27,3 %
Profit as % of revenue	22,7 %	29,0 %	21,3 %	28,0 %	27,6 %
Return on equity in % (ROE)	17,9 %	24,3 %	18,5 %	24,8 %	20,5 %
Return on invested capital in % (ROIC)	18,3 %	23,9 %	18,7 %	25,7 %	20,3 %
Equity/assets ratio	85,3 %	83,9 %	85,0 %	86,2 %	87,7 %
Investments in tangible assets	4 742	13 225	7 887	1 676	2 370
Investments in intangible assets	927	1 779	1 979	792	1 640
Investments in tangible and intangible assets	5 668	15 004	9 866	2 469	4 011
Capital investments	4 808	3 880	4 930	3 756	1 243
Total investments	10 477	18 884	14 796	6 224	5 253
Gross investments as % of revenue	13,5 %	23,2 %	17,2 %	6,6 %	5,9 %
Average number of employees	256	264	261	305	291
Distribution of profits	21 000	20 000	15 000	18 000	21 000*
Lottery tax in Finland	9 995	11 105	11 433	12 413	12 583

*Board proposal for dividend

Definitions of key figures

Revenue	Sales income – winnings payments – lottery taxes and similar taxes	
Return on equity in % (ROE)	$\frac{\text{profit before tax – taxes}}{\text{equity + minority interests}}$	×100
Return on invested capital in % (ROIC)	$\frac{\text{profit before tax + interest costs + other financial expenses}}{\text{balance sheet total – interest-free short-term liabilities}}$	×100
Equity/assets ratio	$\frac{\text{equity + minority interests + voluntary provisions}}{\text{balance sheet total – advances received}}$	×100
Average number of employees	Calculated as an average of the number of employees at the end of the calendar months, taking into consideration part-time employment	

For ROE and ROIC the ratio's divisor is calculated as an average of the values in the balance sheet for the financial period and for the previous financial period.

INCOME STATEMENT

		Parent company		Group	
	Note	2018	2017	2018	2017
REVENUES	R1	89 403 560,61	93 793 185,37	111 820 755	116 512 706
Other operating income		1 786 896,22	1 835 449,01	380 392	119 098
Materials and services					
Purchases during the accounting period		-16 285,20	-19 074,32	-5 429 952	-5 023 542
Total purchased services		-17 656 369,92	-21 630 320,12	-23 116 165	-27 878 710
		-17 672 655,12	-21 649 394,44	-28 546 116	-32 902 252
Staff costs	R2				
Salaries and remuneration		-18 375 566,57	-17 873 665,38	-21 258 181	-20 350 976
Pension costs		-2 819 778,40	-3 102 977,51	-3 025 349	-3 276 121
Other payroll expenses		-1 161 884,27	-1 481 914,81	-1 706 328	-1 958 877
		-22 357 229,24	-22 458 557,70	-25 989 857	-25 585 974
Activated development costs		990 197,85	679 624,76	990 198	745 722
Depreciations and amortisation					
Depreciation/amortisation according to plan		-4 583 138,92	-4 614 400,10	-5 738 261	-5 644 920
Amortisation of goodwill		0,00	0,00	-25 301	-72 572
Write-down of fixed assets		-8 244,84	-29 714,78	-8 245	-29 835
		-4 591 383,76	-4 644 114,88	-5 771 807	-5 747 327
Other operating expenses		-23 185 265,34	-19 475 653,53	-28 141 310	-25 534 548
OPERATING PROFIT		24 374 121,22	28 080 538,59	24 742 254	27 607 425
Financial income and expenses					
Income from shares in group companies		0,00	0,00	0	3 102 836
Other interest and financial income		1 327 769,07	1 281 138,15	1 428 729	1 386 776
Interest costs to group companies		-40 471,43	-39 862,38	0	0
Other interest and financial costs	R3	-988 550,80	-3 017 029,55	-1 220 906	-2 496 946
		298 746,84	-1 775 753,78	207 824	1 992 666
PROFIT BEFORE TAX		24 672 868,06	26 304 784,81	24 950 078	29 600 091
Tax for the year and previous years		-18 512,00	-35 077,43	-18 512	-35 077
Deferred taxes		0,00	0,00	-309 837	-158 037
PROFIT FOR THE FINANCIAL PERIOD		24 654 356,06	26 269 707,38	24 621 729	29 406 977

BALANCE SHEET

		Parent company		Group	
	Note	31.12.2018	31.12.2017	31.12.2018	31.12.2017
ASSETS					
FIXED ASSETS					
Intangible assets	B1				
Balanced development costs		1 054 714,18	1 346 534,58	1 531 668	1 346 535
Intangible rights		0,00	0,00	126 941	23 755
Goodwill		0,00	0,00	476 954	0
Other long-term expenses		602 497,45	935 367,64	926 711	1 081 318
Advance payments and pending acquisitions		553 134,24	296 312,95	553 134	296 313
		2 210 345,87	2 578 215,17	3 615 408	2 747 921
Tangible assets	B2				
Land and water areas		702 700,11	702 700,11	702 700	702 700
Buildings and structures		18 381 906,50	19 021 765,60	18 825 866	19 491 766
Machines and inventories		5 342 957,75	6 799 103,36	9 125 184	10 115 355
Advance payments and pending acquisitions		50 501,57	175 614,26	761 824	375 134
		24 478 065,93	26 699 183,33	29 415 574	30 684 955
Investments	B3				
Shares in group companies		5 948 895,83	4 706 389,29	0	0
Capital loans to group companies		6 700 000,00	6 700 000,00	0	0
Other shares and holdings		20 406,15	20 406,15	20 406	20 406
		12 669 301,98	11 426 795,44	20 406	20 406
TOTAL FIXED ASSETS		39 357 713,78	40 704 193,94	33 051 388	33 453 282
CURRENT ASSETS					
Long-term receivables					
Loan receivables		83 839,07	4 909 401,34	83 839	5 109 401
		83 839,07	4 909 401,34	83 839	5 109 401
Short-term receivables					
Customer receivables		11 070,92	39 000,08	383 134	179 476
Receivables from group companies	B5	7 290 575,65	4 376 206,49	0	0
Other short-term receivables		15 347 393,05	16 706 467,91	15 436 982	16 668 546
Accrued income		1 842 169,60	2 088 587,76	2 064 603	2 613 635
		24 491 209,22	23 210 262,24	17 884 719	19 461 657
Financial securities					
Other securities		0,00	21 726 120,88	0	21 726 121
		0,00	21 726 120,88	0	21 726 121
Cash and bank	B4	86 011 794,06	50 508 276,99	99 339 855	60 714 833
TOTAL CURRENT ASSETS		110 586 842,34	100 354 061,45	117 308 413	107 012 012
TOTAL ASSETS		149 944 556,12	141 058 255,39	150 359 801	140 465 294
PASSIVE					
EQUITY					
Other restricted equity	B8	0,00	0,00	31 423	33 306
Retained profit		102 577 106,30	86 616 752,42	103 654 962	84 380 934
This year's profit		24 654 356,06	26 269 707,38	24 621 729	29 406 977
		127 231 462,36	112 886 459,80	128 308 114	113 821 217
PROVISIONS					
Other provisions	B7	4 035 493,53	8 472 142,50	4 052 689	8 776 431
		4 035 493,53	8 472 142,50	4 052 689	8 776 431
Long-term foreign capital					
Deferred tax liabilities		0,00	0,00	1 165 243	855 406
		0,00	0,00	1 165 243	855 406
Short-term foreign capital					
Liabilities to suppliers		2 818 068,59	3 553 770,10	3 544 473	3 940 037
Advances received		210 661,19	200 295,47	210 661	200 295
Short-term liabilities to group companies	B6	4 640 528,05	4 948 519,93	0	0
Other short-term liabilities		6 662 816,66	6 439 295,12	8 315 435	7 956 557
Accrued income		4 345 525,74	4 557 772,47	4 763 187	4 915 349
		18 677 600,23	19 699 653,09	16 833 756	17 012 239
TOTAL PASSIVE		149 944 556,12	141 058 255,39	150 359 801	140 465 294

FINANCIAL ANALYSIS PARENT COMPANY

Parent company	2018	2017
Cash flow from operating activities		
Operating profit	24 374 121	28 080 539
Correction for non-cash items	7 845 381	7 272 749
Changes in working capital	-2 302 999	-5 915 397
Financial income and costs	298 747	-1 775 754
Depreciation of shares in group companies	0	656 876
Taxes	-18 512	-35 077
Net cash flow of business activities	30 196 738	28 283 935
Investments		
Net investments in intangible assets	-1 016 430	-807 729
Net investments tangible assets	-985 967	-1 190 390
Transferred income from the sale of subsidiaries	0	5 498 723
Increase/reduction of investments in financial securities	21 726 121	9 096 748
Capital loans to subsidiaries	0	-3 700 000
Increase in other long-term investments	-1 242 507	-55 599
Total investment cash flow	18 481 217	8 841 753
Cash-flow before financing	48 677 955	37 125 688
Financing		
Increase/reduction in long-term receivables	4 825 562	-409 371
Allocated profits	-18 000 000	-15 000 000
Other	0	315 371
Total financing cash-flow	-13 174 438	-15 094 000
Change, cash and cash equivalents	35 503 517	22 031 688
Cash and cash equivalents 01.01	50 508 277	28 476 589
Cash and cash equivalents 31.12	86 011 794	50 508 277

FINANCIAL ANALYSIS GROUP

Group	2018	2017
Cash flow from operating activities		
Operating profit	24 742 254	27 607 425
Correction for non-cash items	8 925 468	8 499 499
Changes in working capital	1 398 455	-4 427 952
Financial income and costs	207 824	-1 110 170
Taxes	-18 512	-35 077
Net cash flow of business activities	35 255 489	30 533 725
Investments		
Net investments in intangible assets	-2 442 467	-887 220
Net investments tangible assets	-2 939 229	-3 503 900
Transferred income from the sale of subsidiaries with deductions for the subsidiary's cash at the time of sale	0	3 642 724
Increase/reduction of investments in financial securities	21 726 121	9 096 748
Total investment cash flow	16 344 425	8 348 352
Cash-flow before financing	51 599 914	38 882 077
Financing		
Increase/reduction in long-term receivables	5 025 562	-609 371
Allocated profits	-18 000 000	-15 000 000
Other	-454	325 288
Total financing cash-flow	-12 974 892	-15 284 083
Change, cash and cash equivalents	38 625 022	23 597 994
Cash and cash equivalents 01.01	60 714 833	37 116 839
Cash and cash equivalents 31.12	99 339 855	60 714 833

BALANCE SHEET NOTES

Consolidation principles

The group accounts have been prepared according to the purchase method. The difference between the acquisition costs for subsidiaries and the equivalent equity has been reported as group goodwill/group passives. Group goodwill has been depreciated after 5 years.

Group profits for the sale of subsidiaries have been included in financial income and costs. The sold subsidiaries' contributions to the group profits during the year up to the date of sale are reported in the respective items in the group's profit and loss account.

The group's internal transactions, internal profits, internal profit distribution and internal receivables and liabilities have been eliminated.

Currency conversion differences

The currency conversion differences prompted by the unrestricted equity have been included in the group's unrestricted equity and the conversion differences prompted by the restricted equity have been included in the item Other restricted equity.

Items in foreign currencies

Assets and liabilities in foreign currencies have been converted to Euros at the balance sheet date rate. Foreign subsidiaries' profit and loss accounts have been converted to EUR according to the accounting period's monthly average rate, while the balance sheet has been converted at the balance sheet date rate.

Activated development costs

Activated development costs on their own account refer to the period's direct expenses for salaries and other staff-related costs, as well as direct expenses attributed to development projects recorded as assets in the balance sheet. A precondition for activation is that it concerns a significant new development.

Depreciation principles

The fixed assets have been included in the balance sheet as acquisition expenses with deductions for scheduled depreciations. The scheduled depreciations have been calculated linearly and are based on the fixed assets' economic useful life.

Expenses which generate revenue over three or more years have been activated and depreciated during the usage period. Smaller acquisitions are expensed directly at the time of acquisition. The depreciation periods applied are:

Intangible assets

Gaming platforms and basic investments in major computer systems and licences	3-5 years
Gaming products and licences	3 years
Software licenses	3-6 years
Investments in leased premises	5-6 years
Goodwill	5 years

Tangible assets

Properties	40 years
Light structures	5-10 years
Gaming equipment	3-6 years
Personal computers and accessories	3-5 years
Cars	5-7 years
Equipment	3-5 years
Other tangible assets	5 years

BALANCE SHEET NOTES

		Parent company		Group	
	Note	2018	2017	2018	2017
Revenues by geographic area	R1				
Åland – land-based gaming		2 561 162,61	3 359 589,90	2 561 163	3 359 590
Gaming on board ships		12 162 131,42	11 799 373,16	29 160 994	28 587 220
Finland		0,00	0,00	48 000	48 000
Internet		74 680 266,58	78 634 222,31	80 050 598	84 517 896
		89 403 560,61	93 793 185,37	111 820 755	116 512 706
Revenues by business area					
System development and associated services		0,00	0,00	48 000	48 000
Casino gaming and lotteries on land and on ships		14 723 294,03	15 158 963,06	31 722 157	31 946 810
Online gaming		74 680 266,58	78 634 222,31	80 050 598	84 517 896
		89 403 560,61	93 793 185,37	111 820 755	116 512 706
Internet revenues by customer segment (EUR)					
Gross gaming profits*					
> 30,000				9 648 523	13 653 368
15,001 - 30,000				18 087 884	18 436 519
8,001 - 15,000				22 007 735	21 600 129
0,01 - 8,000				71 410 935	67 150 397
Winning players				-23 056 491	-23 003 994
Total				98 098 586	97 836 419
Lottery tax, jackpot provisions and other items not affecting customer balances				-18 047 988	-13 318 523
Total internet				80 050 598	84 517 896
*Gross gaming profits = gaming revenues - profits - bonuses					
Management salaries and remuneration	R2				
Salaries for parent company CEO and deputy		-518 140,44	-575 285,96	-518 140	-575 286
Salaries for subsidiaries' CEOs and deputies		0,00	0,00	-66 073	-84 909
Board fees		-120 866,67	-85 900,00	-120 867	-85 900
Total		-639 007,11	-661 185,96	-705 080	-746 095
Other interest and financial costs	R3				
Losses from sales of shares in subsidiaries		0,00	-656 876,04	0	0
Depreciation of receivables		-94 000,00	-1 560 148,99	-94 000	-1 560 149
Other interest and financial costs		-894 550,80	-800 004,52	-1 126 906	-936 797
Total		-988 550,80	-3 017 029,55	-1 220 906	-2 496 946

BALANCE SHEET NOTES

	Parent company		Group		
INTANGIBLE FIXED ASSETS	Note	2018	2017	2018	2017
	B1				
Balanced development costs					
Opening acquisition values		6 465 612,48	5 762 430,36	6 602 965	5 995 650
Acquisitions		0,00	0,00	497 159	0
Sold/discarded		0,00	0,00	0	-95 867
Transfers between items		757 866,56	703 182,12	757 867	703 182
Currency conversion differences		0,00	0,00	5 100	0
Closing accumulated acquisition values		7 223 479,04	6 465 612,48	7 863 090	6 602 965
Opening depreciations according to plan		-5 119 077,90	-4 118 372,69	-5 256 430	-4 309 347
Period's depreciations		-1 049 686,96	-1 000 705,21	-1 074 988	-1 004 143
Sold/discarded		0,00	0,00	0	57 060
Currency conversion differences		0,00	0,00	-5	0
Closing accumulated depreciations		-6 168 764,86	-5 119 077,90	-6 331 423	-5 256 430
Total balanced development costs		1 054 714,18	1 346 534,58	1 531 668	1 346 535
Patents, licences and similar rights					
Opening acquisition values		0,00	0,00	126 772	708 098
Period's investments		0,00	0,00	200 000	8 800
Sold/discarded		0,00	0,00	0	-590 126
Closing accumulated acquisition values		0,00	0,00	326 772	126 772
Opening depreciations according to plan		0,00	0,00	-103 016	-642 418
Period's depreciations		0,00	0,00	-96 815	-20 088
Sold/discarded		0,00	0,00	0	559 490
Closing accumulated depreciations		0,00	0,00	-199 831	-103 016
Total patents and similar rights		0,00	0,00	126 941	23 755
Goodwill					
Opening acquisition values		893 179,10	893 179,10	13 816 746	15 993 893
Acquisitions		0,00	0,00	497 159	0
Sold/discarded		0,00	0,00	0	-2 177 147
Currency conversion differences		0,00	0,00	5 100	0
Closing accumulated acquisition values		893 179,10	893 179,10	14 319 005	13 816 746
Opening depreciations according to plan		-893 179,10	-893 179,10	-13 816 746	-14 687 447
Period's depreciations		0,00	0,00	-25 301	-72 572
Sold/discarded		0,00	0,00	0	943 669
Currency conversion differences		0,00	0,00	-4	-396
Closing accumulated depreciations		-893 179,10	-893 179,10	-13 842 051	-13 816 746
Total goodwill		0,00	0,00	476 954	0
Advance payments and ongoing projects					
Opening acquisition values		296 312,95	281 399,31	296 313	281 399
Period's investments		1 633 677,70	764 451,96	1 633 678	764 452
Sold/discarded/expensed		-618 989,85	-11 636,20	-618 990	-11 636
Transfers between items		-757 866,56	-737 902,12	-757 867	-737 902
Closing accumulated acquisition values		553 134,24	296 312,95	553 134	296 313
Total advance payments and ongoing projects		553 134,24	296 312,95	553 134	296 313
Other long-term expenses					
Opening acquisition values		22 088 630,43	21 998 996,91	22 114 252	26 108 216
Period's investments		6 577,60	27 871,02	253 406	113 968
Sold/discarded		-55 221,60	0,00	-75 222	-4 317 355
Transfers between items		26 459,10	61 762,50	26 460	209 423
Closing accumulated acquisition values		22 066 445,53	22 088 630,43	22 318 896	22 114 252
Opening depreciations according to plan		-21 153 262,79	-20 804 503,45	-21 032 934	-23 941 567
Period's depreciations		-334 612,75	-348 759,34	-403 178	-439 461
Sold/discarded		23 927,46	0,00	43 927	3 348 094
Closing accumulated depreciations		-21 463 948,08	-21 153 262,79	-21 392 185	-21 032 934
Total other long-term expenses		602 497,45	935 367,64	926 711	1 081 318
TOTAL INTANGIBLE ASSETS		2 210 345,87	2 578 215,17	3 615 408	2 747 921

BALANCE SHEET NOTES

Parent company				Group	
TANGIBLE FIXED ASSETS	Note	2018	2017	2018	2017
	B2				
Buildings					
Opening acquisition values		22 512 058,76	22 509 114,78	23 110 688	23 141 962
Period's investments		0,00	2 943,98	34 218	2 944
Sold/discarded		0,00	0,00	0	-34 218
Closing accumulated acquisition values		22 512 058,76	22 512 058,76	23 144 906	23 110 688
Opening depreciations according to plan		-3 490 293,16	-2 849 780,28	-3 618 923	-2 946 548
Period's depreciations		-639 859,10	-640 512,88	-700 117	-672 375
Closing accumulated depreciations		-4 130 152,26	-3 490 293,16	-4 319 040	-3 618 923
Total buildings		18 381 906,50	19 021 765,60	18 825 866	19 491 766
Land and water areas					
Opening acquisition values		702 700,11	1 098 528,31	702 700	1 098 528
Sold/discarded		0,00	-395 828,20	0	-395 828
Closing accumulated acquisition values		702 700,11	702 700,11	702 700	702 700
Total land and water areas		702 700,11	702 700,11	702 700	702 700
Machines and inventories					
Opening acquisition values		32 757 642,89	32 376 967,41	38 196 667	34 571 452
Period's investments		725 107,14	913 507,02	1 932 120	1 120 593
Sold/discarded		-3 326 769,36	-1 620 195,09	-3 443 063	-2 182 962
Transfers between items		1 674 166,44	1 087 363,55	1 938 705	4 688 477
Currency conversion differences		0,00	0,00	-1 374	-892
Closing accumulated acquisition values		31 830 147,11	32 757 642,89	38 623 056	38 196 667
Opening depreciations according to plan		-25 512 081,69	-24 414 927,12	-27 626 678	-25 982 496
Period's depreciations		-2 558 980,11	-2 624 422,66	-3 508 493	-3 508 853
Sold/discarded		2 030 330,28	1 527 268,09	2 091 740	1 864 319
Currency conversion differences		0,00	0,00	191	352
Closing accumulated depreciations		-26 040 731,52	-25 512 081,69	-29 043 239	-27 626 678
Opening amortisation		-446 457,84	-446 457,84	-454 633	-454 633
Closing accumulated amortisation		-446 457,84	-446 457,84	-454 633	-454 633
Total machines and inventories		5 342 957,75	6 799 103,36	9 125 184	10 115 355
Advance payments and ongoing projects					
Opening acquisition values		175 614,26	529 998,07	375 134	2 466 462
Period's investments		1 645 221,55	760 022,24	2 438 249	2 812 748
Sold/discarded		-69 708,70	0,00	-86 394	-40 897
Transfers between items		-1 700 625,54	-1 114 406,05	-1 965 164	-4 863 180
Closing accumulated acquisition values		50 501,57	175 614,26	761 824	375 134
Total advance payments and ongoing projects		50 501,57	175 614,26	761 824	375 134
TOTAL TANGIBLE ASSETS		24 478 065,93	26 699 183,33	29 415 574	30 684 955

BALANCE SHEET NOTES

		Parent company	Group		
	Note	2018	2017	2018	2017
INVESTMENTS	B3				
Shares in group companies					
Shares in group companies					
Acquisition costs at the start of the period		30 779 430,51	30 723 831,87		
Increases		1 242 506,54	55 598,64		
Acquisition costs at the end of the period		32 021 937,05	30 779 430,51		
Previous amortisation		-26 073 041,22	-20 217 442,58		
Sales			-5 855 598,64		
Book value at the end of the period		5 948 895,83	4 706 389,29		
Investments in other shares and holdings					
Acquisition costs at the start of the period		3 229 946,16	3 229 946,16		
Acquisition costs at the end of the period		3 229 946,16	3 229 946,16		
Previous amortisation		-3 209 540,01	-3 209 540,01		
Book value at the end of the period		20 406,15	20 406,15		
Capital loans to group companies					
Acquisition costs at the start of the period		6 700 000,00	3 300 000,00		
Increases		0,00	3 700 000,00		
Sales		0,00	-300 000,00		
Acquisition costs at the end of the period		6 700 000,00	6 700 000,00		
Total investments		12 669 301,98	11 426 795,44		
Parent company's subsidiaries	B3				
Paf New Business Ab, Åland					
Ownership		100 %	100 %		
Value on balance sheet		4 000 000	4 000 000		
Equity at the end of the accounting period		4 822 045	4 787 544		
Accounting period profit/loss		34 501	5 422		
Paf Consulting Abp, Åland					
Ownership		100 %	100 %		
Value on balance sheet		706 389	706 389		
Equity at the end of the accounting period*		2 925 719	3 216 915		
Accounting period profit/loss		-582 572	-1 122 908		
*including retained capital loans from parent companies up to EUR 6,700,000					
Programutvecklarna i Norrköping AB, Sweden					
Ownership		100 %	0 %		
Value on balance sheet		1 242 507	0		
Equity at the end of the accounting period		168 494			
Accounting period profit/loss		-80 155			
Other group companies					
Group companies	Parent company	Stake 2018	Stake 2017		
Winone Oy, Åland	Paf New Business Ab	100 %	100 %		
Pafer A/S, Estland	Paf Consulting Abp	100 %	100 %		
SIA Paf Latvija, Lettland	Paf Consulting Abp	100 %	100 %		
Paf Consulting Sverige AB, Sverige	Paf Consulting Abp	100 %	100 %		
Paf Sverige AB, Sverige	Paf Consulting Sverige AB	100 %	100 %		
CASH AND BANK	B4	2018	2017	2018	2017
Customer assets		2 958 534,89	2 863 339,02	2 975 474	2 863 339
Other cash and bank		83 053 259,17	47 644 937,97	96 364 381	57 851 494
Total cash and bank		86 011 794,06	50 508 276,99	99 339 855	60 714 833

BALANCE SHEET NOTES

		Parent company		Group	
	Note	31.12.2018	31.12.2017	31.12.2018	31.12.2017
RECEIVABLES IN THE SAME GROUP	B5				
Short-term receivables in group companies					
Customer receivables		119 379,31	143 534,14		
Other receivables		7 171 196,34	4 232 672,35		
		7 290 575,65	4 376 206,49		
LIABILITIES IN THE SAME GROUP	B6				
Short-term liabilities to group companies					
Supplier debts		39 600,00	36 450,00		
Other liabilities		4 600 928,05	4 912 069,21		
		4 640 528,05	4 948 519,21		
PROVISIONS	B7				
Other provisions					
Jackpot provisions		3 760 493,54	2 583 857,62	3 777 689	2 596 770
Other provision		274 999,99	5 888 284,88	275 000	6 179 661
		4 035 493,53	8 472 142,50	4 052 689	8 776 431
EQUITY	B8				
Other restricted equity at start of year		0,00	0,00	33 306	34 739
Currency conversion differences		0,00	0,00	-1 883	-1 434
Other restricted equity at end of year		0,00	0,00	31 423	33 306
Balanced profits at start of year		112 886 459,80	99 079 940,83	113 787 911	96 852 448
Changes to Paf loans		0,00	315 371,47	0	315 371
Distribution of profits		-18 000 000,00	-15 000 000,00	-18 000 000	-15 000 000
Adjustment of previous year's profit*		7 690 646,50	2 221 440,12	7 866 292	2 221 440
Currency conversion differences		0,00	0,00	759	-8 325
Balanced profits at end of year		102 577 106,30	86 616 752,42	103 654 962	84 380 934
Accounting period profit/loss		24 654 356,06	26 269 707,38	24 621 729	29 406 977
EQUITY		127 231 462,36	112 886 459,80	128 308 113	113 821 217

*Refers to reversal of provisions for previous years after won tax disputes and in the group also adjustments of previous years' results in subsidiaries.

PLEDGED SECURITIES AND CONTINGENT LIABILITIES	31.12.2018	31.12.2017
Pledged securities in favour of group companies		
Bank guarantees for which property income has been pledged as security.		
Bank guarantees, principal debtor Paf Consulting Abp	1 000 000,00	1 000 000,00
Other pledged securities and contingent liabilities		
Credit limits for which property income has been pledged as security		
Credit limits	10 000 000,00	10 000 000,00
Total property income pledged as security	10 000 000,00	10 000 000,00
Rental guarantees	221 476,44	221 476,44

Other financial liabilities not included in the balance sheet

Property investments;

The company is obliged to adjust the VAT deductions that the company has made for a property investment concluded in 2016, if the property's use changes during the adjustment period. The last adjustment year is 2025. The maximum liability amount is EUR 96,165.

Board and CEO signatures and auditor's endorsement

Jomala, on

22 mars 2019



Christer Fahlstedt | CEO



Jan-Mikael von Schantz | Chairman



Sara Kemetter



Andreas Remmer



Anna Dahlsten



Birgitta Eriksson

A report has been issued on the audit on this day.

Jomala on

29.3.2019



David Mattsson | CGR



Fredrik Westerholm | CGR

Förteckning över bokföringsböcker och verifikatslag samt förvaringssätt

Accounting books

Trial balance	Bound hard copy
Day book	Stored electronically in Visma Control accounting system
Nominal ledger	Stored electronically in Visma Control accounting system
Purchase ledger	Stored electronically in Visma Control accounting system
Sales ledger	Stored electronically in Visma Control accounting system
Fixed assets register	Stored electronically in Visma Control accounting system
Group summaries	Stored electronically in Aaro consolidated accounts system

Compliance with section 2:10 of the Finnish Bookkeeping Act is ensured since the completed accounting year is locked from editing and the database is backed up to a separate data medium.

Verification series

AN	Accounts payable invoice register	Paper receipts
AR	Offset of accounts payable	Paper receipts
AV	Periodic depreciation/amortisation of fixed assets	Electronic verification
BOX	Electronic transfer from pre-system	Paper receipts
KB	Payments received on customer invoices	Paper receipts
KR	Customer invoicing	Paper receipts
LB	Payment of invoices	Electronic verification
LF	Final accounting of supplier invoices	Paper receipts
PE	Allocation of accounting events	Electronic verification
RE	Nominal ledger	Paper receipts
IMAN	Accounts payable invoice register in Invoice Manager	Electronic verification
IMAR	Offset of accounts payable in Invoice Manager	Electronic verification
IMLF	Final accounting of accounts payable in Invoice Manager	Electronic verification







Danne Sundman

1973-2018

Board member Danne Sundman passed away on 24 November 2018
after a long battle with cancer.

