



PAF 2019

ANNUAL REPORT



Table of Contents

A Message from the CEO	3
Our Roots	6
Our Vision	7
Our Strategies	7
The Year in Brief 2019	8
Six Strategic Goals for Land & Ship	10
Paf.com – 1,000 Games in the Cloud	12
Paf – an Online Partner in Switzerland	15
Sustainability is part of our DNA	16
Our most Important Sustainability Area – Responsible Gaming	18
We lowered the loss limit	19
Transparency provides credibility	21
Summary of Paf’s gaming segments 2017, 2018 & 2019	21
Our environmental work	26
Our climate impact decreased in 2019	27
Climate compensation 2019	29
A balanced and active work environment	30
We at Paf	34
From the UN and Somalia to Paf	40
Profit to aid society	42
Distribution of Paf’s profits	43
How are funds distributed?	44
Paf helps the Red Cross in the fight against loneliness	46
Maritime safety in focus for the Åland Sea Rescue Society	49
Paf funding for the Children’s Internet	50
Beneficiaries of Paf funds 2019	52
Financial Report	55
Financial Summary	56
Organisation and Management	64
Financial Statement	66



A MESSAGE FROM THE CEO

During 2019, Paf accelerated the process initiated in 2018. Our profits are up 4%, but even more important is that our customer base has undergone very positive growth. On one hand, we have 19% more customers than last year, but what really stands out is how dramatically the distribution of revenue has improved.



The “red” revenue from players who lost more than EUR 30,000 during the year has decreased by 67%, while the “green” revenue from players who lost between EUR 0 and EUR 8,000 during the year has increased by 9.8%. We are bold enough to say that no other competitive company in this industry can demonstrate similar growth!

We were actually so pleased with the trend that we decided to extend our promise, and we now promise that in 2020 no customer will lose more than EUR 25,000, an extension of the promise we previously made of EUR 30,000.

This is the second year that Paf will account for revenue per customer segment in our annual report. When we started last year, it caused quite a stir in the industry and has had a major impact. However, we had hoped that more would have followed suit by this point. There are many others in our industry we think should embrace transparency and follow our example.

In order to regain society’s trust in our industry, we must be transparent about the problems we have - and demonstrate that we are taking concrete steps to improve the situation. Sticking your head in the sand and repeating buzzwords that imply that AI is going to solve all gambling addiction problems is not what our industry needs!

In 2019, as supplier to Grand Casino Luzern, Paf became part of the regulated online market in Switzerland. This is the fruit of a long-standing collaboration that was started as early as 2016, which has resulted in strong ties between the companies, culminating in a very successful launch in Switzerland in August 2019.

For a historic company like the Grand Casino Luzern that has the City of Lucerne as the largest owner, Paf’s background and leading approach to responsible gaming have been very important factors. However, you can’t rest on your historic laurels when launching a new product in a market. The customers’ reaction depends solely on how good and competitive the product is right now and we can be proud of the reception our joint product has received. Paf clearly delivers a world-class product!

Paf is indeed in an industry under great pressure and going through great change. The next few years, in regulated European markets, will be a baptism by fire where operators will need to change or be knocked out. Paf is determined to be a long-term player in the markets we operate in, and we believe that the market that results from this baptism by fire will be an attractive place for Paf. A place where the leisure industry of gaming is tightly regulated, transparent and fair. In such a market, Paf has all the qualities to be a long-term winner.

In Q1 2020, Paf completed the largest corporate acquisition in Paf’s history when NoAccountCasino was acquired. NoAccountCasino is a Swedish-licensed operator with a very strong position in the regulated Swedish market. Together Paf and NoAccountCasino will become an operator of sufficient size and expertise to become a long-term winner in the extremely tough Swedish market.

Land & Ship showed a slightly lower revenue of -2% and the gross margin decreased by -6%. These effects were primarily driven by the new Swedish regulation introduced on 1 January 2019. Continued high investments in both organisation and technology meant that earnings fell by 31% compared to last year. Over the past two years, Land & Ship's profits have been halved and there is doubtlessly only one way forward and that is to improve and modernise the product.

Paf is a major player in onboard gaming with an estimated market share of approx 40% of the passenger volume in Northern Europe (the Baltic Sea, North Sea and English Channel). When a market-leading player like Paf has a low 5% margin and the industry faces continued pressure from increased taxes and more stringent regulation as well as demands for product development and digitisation, it goes without saying that there will be a great deal of changes in the coming years. Land & Ship is where Paf began and we are determined to continue investing in Land & Ship and become the long-term leading operator in Northern Europe.

The purpose of Paf is to generate profits to distribute for socially beneficial projects. It is therefore with pride that we can say that in 2019 we generated an amount of EUR 15 million for our beneficiaries

Paf is a stronger company today than last year. However, we know that the markets we operate in will be tougher in the coming years. In order to meet our commitments to the community, it is imperative that Paf maintains a high rate of change with a high level of ambition – slowing down is not an option!

During the work on this annual report, COVID-19 created problems and issues that the company has never had to confront before. The same situation applies to our partners, employees and customers. The effects will certainly be significant and today it is impossible to assess which short term and long term effects we will experience. An already shifting environment has become even more uncertain and the demands for Paf to be able to adapt to new conditions have therefore increased further. To alleviate the negative effects of COVID-19, Paf will make a special distribution of EUR 25 million in addition to the planned ordinary distribution of EUR 15 million, which means that Paf will contribute a total of EUR 40 million during this year.



Christer Fahlstedt, CEO



Punainen Risti
Röda Korset



Our Roots

Founded by the Red Cross, Save the Children, Folkhälsan på Åland [Åland Public Health Service] and the Dagens Barn [Today's Children] Foundation

Paf was founded on 31 October 1966 on Åland by the Red Cross, the Åland Public Health Service and the former Today's Children Foundation. Paf began operations under a gaming licence on 1 January 1967. Today Paf is a public body managed by the Government of Åland and supervised by the Lottery Inspectorate.

From the outset, our profits have gone to socially beneficial projects and over a total of EUR 300 million has been distributed to various beneficiaries.

Paf exists to generate profits to be used for the benefit of society.



Our Vision

To offer the most enjoyable and entertaining gaming experience in a responsible way, in order to generate funds for good causes.



Our strategies

- **A high fun factor** – We continuously develop our services and products to offer the most fun and entertaining customer experience in the market.
- **Responsible gaming** – We have a high level of ambition in our daily work regarding all issues related to responsible gaming, and we make conscious decisions about how our revenues are generated.
- **Sustainable growth** – We continue to develop our core market offering while expanding into adjacent markets.

THE YEAR

IN BRIEF

2019

25.6 MILLION

Earnings in 2019 were EUR 25.6 million of which 15 million will be distributed for the benefit of society. In addition, EUR 25 million from the year and previous year's profit will be distributed to alleviate the effects of COVID-19.



€25,000

We lowered our mandatory loss limit, which means that our customers cannot lose more than EUR 25,000 in one year.



mycasino

Paf became Swiss Grand Casino Luzern's online partner. Paf provides the technology and games to mycasino.ch, which launched in August 2019.



The popular payment method Swish was introduced in January for Paf.se in Sweden.



Paf became the first company in Åland to receive the international certificate for high information security ISO standard ISO/IEC 27001:2013.

Together with four other gaming companies, Paf signed an agreement in October that strengthens responsible gaming in Latvia to a greater extent than required by Latvian law.



Paf launched the game, Kreisiraadio, in November. The game is based on the famous characters from the TV show Kreisiraadio in Estonia and was developed by Paf Games Studio.

23.3%

We reduced our climate impact by 23.3%, to 1,455 tonnes of CO₂e, mainly due to the reduced number of flights. We will climate compensate for our entire climate impact in 2019 by supporting a solar energy project.

In April, Paf was named the most responsible gaming company in Spain. This is the first time an online gaming company has ever been awarded this prize.

Most
Responsible
Spain



In February, Paf chose to openly publish how much different customer segments win and lose, a unique initiative in an otherwise very closed industry.

Paf launched a game exclusively for Spain in June. The game is based on a well-known animated Spanish character Enjuto Mojamuto and was developed by Paf Games Studio.



Paf became the main sponsor of the Estonian Latvian Basketball League in August. This collaboration will extend over a period of at least two seasons.



The marketing campaign Spelfabriken [the Gaming Factory] was launched in the Swedish and Spanish markets, with Paf being the gaming factory with a lovely atmosphere.



In autumn 2019, Paf decided to close down Paf Casino in Mariehamn effective 31 December 2019.



Sweden's most recognised gaming seminar, The Gambling Academy, was held on Åland in September, through a partnership between the Swedish Gambling Association Sper and Paf.



The four-year research project funded by Paf at Stockholm University presented its results. Voluntary gambling limits appear to have very little effect on gambling intensity.



Our site became faster during the year as we implemented new technical solutions. Above all, the speed improves the customer experience as the games and other information load faster.

Andreas Remmer was appointed the new Chief Operating Officer of Land & Ship in September, after seven months on the Paf Board of Directors.



Paf's partner Colorline launched the world's largest hybrid-powered vessel M/S Color Hybrid in August.



Six Strategic Goals for Land & Ship

CARING. Using “caring” as a wordplay in English, Andreas Remmer, Land & Ship’s new Chief Operating Officer, explains the department’s six strategic goals for the near future.

Take the first letter from every strategic goal on the Land & Ship agenda, now with Andreas Remmer at the helm, and you get Caring in English. C for Cashless, A for Amusement, R for Relationships, I for Internationalisation, N for Network and G for Gaming experience.

Following the restructuring of the department, we’re categorising these six new strategic goals, where the first on the list, Cashless, is among the most important.

“We live in an increasingly cashless society, and we need to have the infrastructure on-board the vessels where we operate adapted to a future where no cash is needed, to become the norm rather than a supplement,” says Andreas Remmer.

The next item on the list, Amusement, is about increasing the focus on entertainment. Virtual Reality (VR) comes into the picture here together with gaming experiences where a physical interaction and not just a digital experience is involved.

“Most people today are used to having a completely digital experience at home, for example via PlayStation and the like, so we are looking at differentiating ourselves in what we offer,” says Remmer.

Deepen existing business relationships

The following item, Relationships, contains a clarification of the new division within Land



& Ship, with Sales being distinct from Relationships. Sales represents new accounts. Relationships on the other hand is to deepen the relationships with the customers we already have. As regards internationalisation, it is about growing Paf's business by finding new international customers and using synergies with existing customers in the local area.

Gaming experiences with new technology

In order to be able to introduce cashless systems on ships, the infrastructure needs to work. Therefore, Network is one of the strategic goals for, e.g., being able to monitor and optimise processes. The networks also need

to be expanded with a view to being able to introduce automatic age identification on the slot machines and getting the machines onboard connected to the authorities' systems with responsible gaming in mind. This is something that is already being done on the Estonian ships and it is hoped to have systems everywhere in the near future.

At the end of the list, Andreas Remmer mentions Gaming experience, to invest in a gaming experience with new technology in attractive packaging that arouses the curiosity of Paf's new and existing customers. He uses the term proactivity and emphasises the importance of being at the forefront rather than merely reacting to industry trends.

Paf.com

– 1,000 Games in the Cloud

Paf.com offers ten different gaming categories and everything a modern gaming site can deliver. The gaming experience is adapted to work on all imaginable mobiles, computers and tablets. 2020 will be the year when Paf can say it offers 1,000 different games on Paf.com.

The growth in the range of games has progressed rapidly

- In 2017, 150 new games were launched
- In 2018, 220 new games were launched
- In 2019, 460 new games launched

We are delighted that many of our most highly valued games have been developed and created in our own Paf Games Studio. The studio allows us to offer online gaming products which no other gaming provider has, and we can produce between six and eight exclusive games a year.

Next level of technology in the cloud

The pace of game development and the demands of technical solutions mean that we will soon have made all our technology cloud-based. The cloud-based technology makes it easier to scale up the business faster and easier to implement new technology.

In Paf's Tech Radar, we openly showcase our technological portfolio; the languages, tools, infrastructure and kind of technology we use. We have also chosen to openly show what technologies we evaluate, test and implement, from idea to finished product.

You can find our updated Tech Radar on this website: radar.pafcloud.net





One of our 2019 Helsinki hackathons.



GRAND
CASINO LUZERN

Paf – an Online Partner in Switzerland

Paf was chosen as Swiss Grand Casino Luzern’s online partner in June 2019. Paf has been following the regulation of the gaming market in Switzerland for a long time and after an extensive selection process, the choice fell to Paf when the operator Grand Casino Luzern chose a partner.

“We are pleased that Grand Casino Luzern has chosen us as their partner. We have a strong common view of our partnership, we have the technology in place and I am convinced that together we’ll succeed in Switzerland,” says Paf’s CEO Christer Fahlstedt.

In Switzerland, only land-based casinos may obtain online gaming licences, and Grand Casino Luzern is one of only four casinos to be licensed in 2019. Paf provides the technology, games and operational support for Grand Casino Lucerne’s gaming site mycasino.ch, launched in August 2019.

“Paf will be our strategic know-how partner with the right technology.”

Grand Casino Luzern is a popular Swiss land-based casino with a long tradition. Their goal has been to find a stable partner with the right knowledge and a good reputation in the industry.

“Paf will be our strategic know-how partner with the right technology. They’ve been pioneers on the online side and we believe Paf can provide us with the experience and innovation needed to quickly establish an online casino in the Swiss market,” says Grand Casino Luzern’s CEO Wolfgang Bliem.

“Paf has long-term, stable owners and they are also well known for their responsible gaming which makes them an excellent partner for us,” he adds.



Wolfgang Bliem

Sustainability is part of our DNA

Operating a long-term sustainable business is fundamental to the management of our position of trust. Our vision and strategy have always been about generating a sustainable profit for the Åland community. Sustainability is part of our DNA and everything we do.

Our three main areas of sustainability are responsible gaming, a sustainable workplace and environmental sustainability:

Responsible gaming

Sustainable gaming at a moderate level is important for protecting our customers. We, as a gaming company, have a major responsibility to work proactively to prevent unsustainable gaming amongst our customers and also contribute to a more sustainable industry.

A 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 work environment.

Environmental sustainability

All companies leave an environmental footprint and Paf is no exception. We are constantly working to develop new and sustainable practices to limit our climate impact.



Our sustainability initiatives 2019

We monitor and actively contribute to the development and sustainability agenda for Åland whose goals must be met no later than 2030. We adapt our sustainability goals to the agenda that encompasses the entire Åland community by contributing in particular to our three most important areas. Every year we have a number of specific targets to meet.

During 2019 we prioritised the following:

- more openness and transparency
- ending all customers in the red segment
- ending direct advertisements to customers in the risk zones
- reducing our environmental impact from travel
- making our offices more sustainable
- influencing the gaming industry's responsibility commitment



Responsible Gaming

Our most Important Sustainability Area

The gaming industry is at a crossroads in many markets, a crossroads that will determine how society views the industry. Will society accept the gaming industry as part of the range of entertainment that adults can access or will gambling for money be banished to the periphery of society's undesirable industries? How we, as a gaming company, handle responsible gaming is clearly a decisive factor for which way the industry will go. Responsible Gaming is by far the most important sustainability issue that we need to make visible and talk openly about, although many would prefer to hide from an open and honest discussion about responsible gaming.

We are the industry leader in responsible gaming. We are constantly developing our responsible gaming and we take concrete measures that produce results. We believe that greater openness can change the gaming industry of the future and make us more sustainable.



We lowered the loss limit

In autumn 2019, we chose to lower our yearly limit by EUR 5,000 to EUR 25,000. This is a substantial measure that has a negative impact on our profits with a loss of about 2%, corresponding to EUR 2 million.

“We don’t just want to sit and pat ourselves on the back when we’ve done something good. We’ve followed developments, absorbed what the research says and the feedback we’ve received. A lower, yearly loss limit is good for our customers and the most effective thing we can do,” says Paf’s CEO Christer Fahlstedt.

Research supports mandatory loss limits

Paf has both funded and contributed real gaming data from our gaming site to a four-year research project at Stockholm University. The purpose for Paf has been to help research in responsible gaming take a step forward.

A total of three studies were carried out during the project:

- Study I - evaluation of the effects of a voluntary loss limit
- Study II - prediction of freezing gaming categories
- Study III - survey of players’ experiences of responsible gaming measures.



Paf arranged the “Industries we love and hate” seminar during Almedalen Week in Visby on board the training vessel Michael Sars.

Particular attention was paid to Study I, in which it was found that voluntary loss limits do not have a noticeable effect on the intensity of the gambling.

“Voluntary gambling limits simply don’t seem to produce a desirable effect. That’s what the combined research suggests,” says Ekaterina Ivanova, a researcher at Stockholm University.

“The mandatory loss limit that Paf has is definitely a step in the right direction and it is such a measure that needs to be tested,” she adds.

It’s good that our support has helped the research on responsible gaming.

“We are proud to have contributed to moving the research on responsible gaming a step forward. The research can help us all gain a better understanding of what tools and methods are proven to provide better responsible gaming procedures,” says Paf’s Deputy CEO and Chief Responsibility Officer Daniela Johansson.



Ekaterina Ivanova

Transparency provides credibility

Paf agreed to report openly on its customer segments in 2019, a unique initiative in the gaming industry. We published the figures for different customer groups' gaming losses in recent years. We were probably the first gaming company in the world to openly and transparently show what our customer segments look like.

"The figures show that a few customers account for a huge portion of revenues, which is unsustainable in the long run if the gaming industry is to become better accepted," says Paf's Deputy CEO and Chief Responsibility Officer Daniela Johansson.

Summary of Paf's gaming segments 2017, 2018 & 2019

Customer segment (EUR)	Total gross gaming profits* (EUR)			Number of customers per segment			Average gross gaming profits per customer (EUR)		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
> 30,000	3,189,244	9,720,655	13,923,396	0.04%	0.13%	0.21%	37,967	40,003	44,626
15,001 - 30,000	20,626,663	18,508,905	18,793,786	0.46%	0.49%	0.61%	20,751	20,273	20,340
8,001 - 15,000	23,001,102	22,237,825	21,979,908	1.00%	1.11%	1.35%	10,713	10,733	10,806
0.01 - 8,000	78,986,037	71,909,105	68,016,420	67.68%	66.09%	73.80%	544	583	612
Winning players	-22,966,373	-23,159,811	-23,061,013	30.82%	32.18%	24.03%	-347	-385	-637
Total	102,836,673	99,216,679	99,652,497	100.00%	100.00%	100.00%	479	531	662

*Gross gaming profits = customer losses of own money

In brief, the figures show that we reduced revenue by 67% from the red segment representing big players. We also managed to increase revenue from players in the green customer segment that play for smaller sums by 9.8%.



No big players in 2020

This year we will not have any remaining customers in the red segment. The red segment will show EUR 0 in revenue and we have also lowered the loss limit there to EUR 25,000. This is what we call a concrete and genuine measure to strengthen our responsible gaming efforts. In addition, we have also ended direct marketing to players in the risk zones, which means that only customers in the green segment will receive direct marketing from Paf.

Further development of Paf's Radar

Paf's Radar is a tool we developed many years ago to detect the risky behaviours of our customers and to proactively contact them from a responsible gaming perspective.

In 2019, the Radar was updated to better and more quickly detect risky gaming behaviour. This means, among other things, that the Radar now has clearer parameters, which has led to manual assessments only in exceptional cases. In addition, the Radar has been integrated with the process for the yearly loss limit and risk segments, which has led to clearer and more frequent communication to customers with higher risk levels.



Erik Elvingsson Hedén spoke to the Gambling Academy.

The Gambling Academy on Åland

In the autumn, the Nordic gaming industry gathered on Åland to discuss the sustainability of the gaming industry. This was done in conjunction with Sweden's most established industry forum, the Gambling Academy, organised in partnership between Paf and the Swedish Gambling Association Sper. Speaker Erik Elvingsson Hedén, CEO of SB Insight, presented the gaming industry's position according to a sustainability index.

"The gaming industry has such a bad reputation in Sweden right now, that you can't really go any lower. Therefore, you can actually try anything now to attempt to make it better," said Erik Elvingsson Hedén.

Identification needed for all slot machines

An important step to further improve responsible gaming is identification at physical slot machines. We have physical slot machines on Åland and aboard many passenger ships. At present, the rules that are enforced in the agreement on slot machines on vessels between Finland and Sweden from 1979 ("the Gaming Convention") are followed. We have submitted an opinion to the authorities, in which we express our belief that development and updating of the agreement should be carried out, where the requirements for stricter identification at the slot machines are something we welcome and which would lead to improved gaming responsibility.

Identification at slot machines is something that we already do onboard the Estonian vessels. Passengers are identified by the boarding pass they received for the trip and they are also checked against the Estonian self-exclusion register. This function could also be implemented on other vessels, where it is checked against the Spelpaus [Gambling Break] register in Sweden and a corresponding national register for Finland.

Transparency is the key

Transparency is important for the gaming industry. When we openly show our figures and talk about the problems that exist in the gaming industry, we also show the public that we really are aware of the problems. We need to have an open, truthful discussion about gambling problems and responsible gaming. This is the only way for the gaming industry to rebuild trust. In the end, we must also openly admit that the gaming industry is not good for everyone.

"Gambling is like alcohol, pretending it is something else is being hypocritical. Like alcohol, gambling is for the pleasure of the masses but the destruction of the few," says Paf's CEO Christer Fahlstedt.



M/S Color Hybrid is the world's largest plug-in hybrid vessel. Paf's partner Color Line launched the vessel in August 2019.



■ Our environmental work

All activities have an impact on the environment. Each year we work to develop better solutions to limit our climate impact and improve our sustainability. Every year we measure our climate impact in several different categories together with an external partner. We work to keep our offices Green Office certified, and we are active in our local community to improve local environmental sustainability. In order to ultimately reduce the effects of our climate impact in a concrete way, for the past several years in a row, we've chosen to climate compensate throughout our operations.

The European Commission lauded the sustainability agenda

EOne of the most tangible ways we are active in the local community is by participating and contributing to the Åland development and sustainability agenda. The sustainability agenda was lauded in spring 2019 by the European Commission, which organised the European Sustainability Awards in Brussels. The Åland agenda was considered to be the best in the category for communities of up to 100,000 inhabitants.

We also participate in the networking group for sustainable, large companies in Åland. The main purpose of the group is to drive the larger companies' activities related to realising Åland's development and sustainability agenda. Four of the group's members, including Paf, chose to invest in a sustainability pilot, an investment that enabled Bärkraft.ax to engage another sustainability pilot for the next three years starting in 2019. During the winter, the networking group worked on the issue of sustainable meeting places, travelling and hosting. During the period May-August 2019, the campaign and the challenge were carried out to find common sustainable modes of transportation to and from work.

Annual climate audit

Paf's annual climate audit is conducted by an external partner who performs a GHG (The Greenhouse Gas Protocol) protocol according to the established international standard. The audit 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

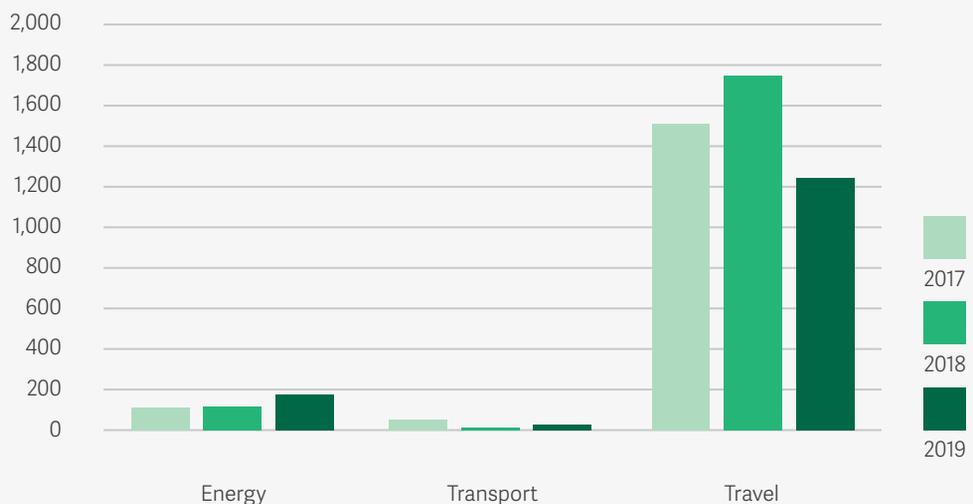
Indirect emissions caused by Paf's activities such as business and client travel (e.g. aircraft, boats, taxis and hotel stays).

Our climate impact decreased in 2019

Paf's operations in 2019 resulted in a total of 1455 tonnes of CO₂e, which is a decrease of 23.3% from 2018. The reason for the decrease is mainly a decrease in the number of flights, from 3,807 in 2018 to 3119 in 2019. We have also agreed to only book sustainability certified hotels to the greatest extent possible.

Most of our emissions come from work trips, which accounted for 86% of total emissions, i.e. category 3. Energy consumption in our offices accounted for 11% and 3% consisted of transportation. Our energy consumption has largely increased as a result of having an office in Norrköping. To reduce energy consumption, LED lighting was installed in the workshop and we will replace all lighting at the head office to less energy-intensive LED lighting in 2020.

Emissions per category, 2017, 2018 & 2019 (tonnes CO₂e)





Our Green Office certified offices

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 programme provides tools for planning and monitoring internal environmental initiatives in various areas; such as waste, recycling, energy efficiency and procurement. Paf's Helsinki office became Green Office certified again in autumn 2019 and our office in Mariehamn is undergoing a new review in 2020. The review is conducted every three years and our goal is for both offices to maintain their status as Green Office certified.



Kranmärkta (Eco-tap) offices

In the autumn we chose to pursue Eco-tap labelling for our offices in Mariehamn and Stockholm. This means that we no longer buy water that is served in plastic bottles. Instead, we only serve local tap water, directly from our own faucets. In autumn 2018, we also installed new water-saving nozzles for most of the faucets at the head office, which reduced our water consumption in 2019 by as much as 136 cubic metres of water.



Climate Compensation 2019

We will compensate for our entire climate impact in 2019 by supporting the Bhilwara solar project in India. The climate compensation project expands the solar energy investment in India and it also contributes to socio-economic benefits for the region's residents. The project is run by the Finnish energy company Fortum, which has taken a strong position on more sustainable energy production.

We are thus compensating 1,455 tonnes of CO₂e that the business is expected to have caused during the year. This climate compensation has taken place with the help of our climate partner Tricorona and it has gone on to be a project of the highest possible environmental standards.

Climate Compensation — Paf 2019

Compensation for:

1,455 tonnes of CO₂e

Project:

Solar energy in Bhilwara

Certificate:

UN and Gold Standard

Climate partner:

Tricorona

Gold Standard[®]

Climate Security & Sustainable Development



United Nations
Framework Convention on
Climate Change



A balanced and active work environment

The gaming industry is rapidly evolving and the work pace is high, which is why the balance between work life and private life is incredibly important. We strive to offer our employees opportunities to find a good work situation that works for their life as a whole. Our staff is the key to Paf's success. When all of us who work at Paf feel good, we are also able to perform better and develop together. Together we create entertainment in the form of gambling for adults, and when we all do well and grow in the workplace, we can also create something extra good for our customers.

We are our culture

The work culture permeates the entire business and is what allows all of us who work at Paf to be Paf. We are a different gaming company and we go our own way in the industry because we believe in what we do. When we describe our culture, what we do and how we do it, then these three keywords are the most descriptive:

- We are constantly **active** in moving forward.
- We continuously strive for **improvement** and growth
- We treat each other and the community around us with **respect**



The Employee Forum was held in Åland in May 2019.

Employee Forum & Leader Forum

Last year we held an Employee Forum on Åland for all Paf employees. The full day started at our head office, followed by a guided bus tour around Åland, lunch at the Smakbyn restaurant and a visit to the Stallhagen brewery. The evening ended with a large dinner for the whole gathering at a restaurant in Mariehamn.

A Leader Forum was also organised during the year, where all managers gathered to gain common insights into Paf's continued operations. Leadership is very important to us and we have developed a new leadership programme. The programme is there to help and guide our leaders, as well as tell us what expectations we have of a leader in Paf.

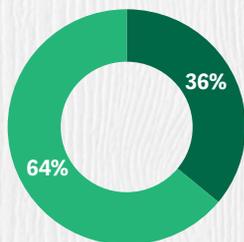
We want there to be more of us

We want to attract the sharpest and most innovative minds to Paf. At the end of last year, we undertook to invest a lot more in the recruitment of technically knowledgeable individuals and that investment will become more visible in 2020. Our goal is to hire around ten people for our head office in Åland and with that investment we also want to become a company that drives forward the ability to attract necessary expertise to the whole of Åland.

395 EMPLOYEES

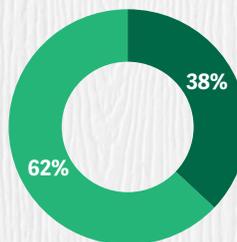
Location	Total
Mariehamn	203
Helsinki	82
Tallinn	63
Stockholm	19
Norrköping	12
Madrid	11
Oslo	3
Riga	2

Gender distribution, total



Gender	Total
Male	253
Female	142

Gender distribution, management



Gender	Total
Male	41
Female	25

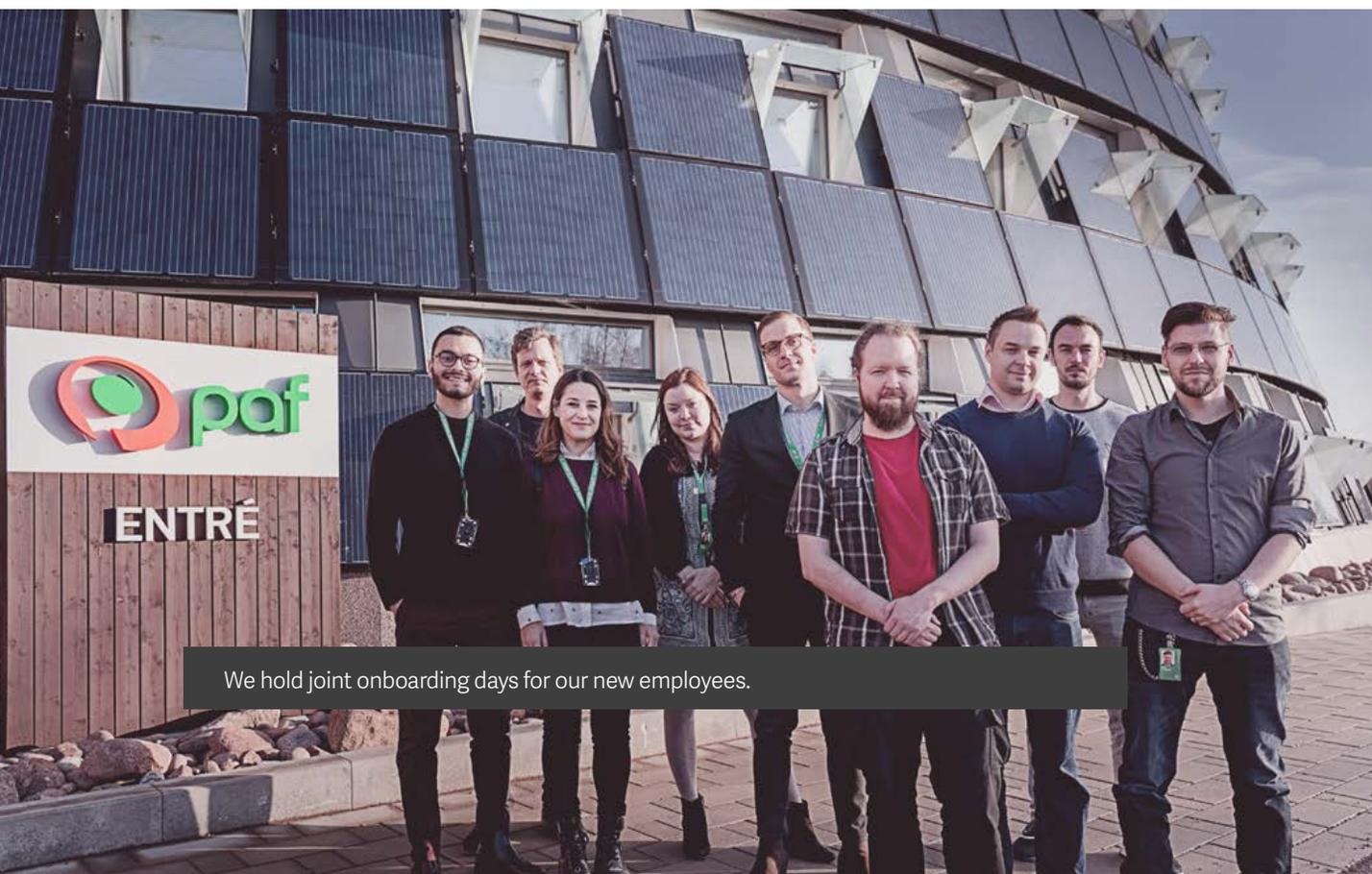
30 NATIONALITIES



We have 30 different nationalities working at Paf (31/12/2019).

The People Power Index indicates our staff's satisfaction with Paf as an employer, compared to the average level (67.5) for companies in Finland in 2019. Last year (2018), the figure was 71.1 for Paf.

70.8 PEOPLE POWER INDEX



We hold joint onboarding days for our new employees.

■ We at Paf

Santiago Dominguez, Madrid



Who are you and what do you work with?

"I am the Senior Designer and the Creative Marketing Assistant at the Paf office in Madrid. Together with Cristina Sebastian, I manage the marketing campaigns here in Spain and the content of the Spanish website. I have worked at Paf for about four and a half years and have learned a lot."

Do you do breakfast? And how do your lunch plans look?

"I don't always eat breakfast, but today I'm being a typical Spaniard. In other words, café con leche (coffee with milk), squeezed orange juice and toast with tomato and olive oil. For lunch, it will be the leftovers from yesterday. Rice and chicken and a little salad."

How do you get to work and how long does it take?

"I drive my own car and it takes about one hour. I live about 26 kilometres outside of downtown Madrid."

What does a perfect day look like at work?

"I like when the day turns out as I thought and planned. I like to work with creative projects and it's fun to create something from scratch and feel productive."

What is your screensaver?

"Various landscape images that come with the computer. I'm a real game nerd, so sometimes I even have one of our games as a background image."

What have you learned so far at Paf?

"The importance of proper communications. I think it's interesting to see how the public reacts when we run different campaigns. You learn a lot from that."

What would you like to learn in general in life right now?

"I would like to learn everything, but unfortunately there's no time for that. For example, it would be fun to paint more, but I never find the time for it. Maybe I should learn how to make a time machine."

Diana Degro, Riga

Who are you and what do you work with?

"My name is Diana and I'm the mother of two boys. I like gardening, science fiction, different TV series where crimes are investigated and crafts of various kinds."

"My position at the most responsible and green gaming company ever is Market Operations Manager. With support from the AML (Anti Money Laundering) team, I am also responsible for AML in Latvia. I just completed the quarterly report to the local authorities. And on today's to-do list is a range of different things. I started working for Paf in September 2017 when pafbet.lv was in its infancy. It's been fun to be there from the beginning and to see the company grow."

Do you do breakfast? And how do your lunch plans look?

"A cheese sandwich. I am not a breakfast person. Lunch plans as a usual. I'm going to join my co-workers and eat at a cafe somewhere nearby."

How do you get to work and how long does it take?

"I drive my car and how long it takes depends on whether or not there is rush-hour traffic. The trip by car can take anywhere from 20 minutes to an hour."

What does a perfect day look like at work?

"The perfect day is when everything I planned gets done and when nothing urgent arises."

What is your screensaver?

"Honestly, I don't even know. Probably a picture of a landscape. I have loads of icons and quick links everywhere on my desktop, so I barely see the background image. I think that's the best way not to lose anything."

What have you learned so far at Paf?

"That things are not always as they appear at first glance. That you need to get as much information as possible before you can draw any conclusions. And that it's always worth trying, whatever it is."

What would you like to learn in general in life right now?

"A lot of things. But managing my time properly is something I would like to improve and be as good at that as possible."





Linda

Linda Wilander, Stockholm

Who are you and what do you work with?

"My name is Linda and I'm a 43-year-old mother of an 8-year-old daughter who stays with me every other week. I love handball and working out and have worked at Paf for almost eight years. I work with HR and also take care of our Swedish offices."

Do you do breakfast? And how do your lunch plans look?

"For breakfast I had two boiled eggs and a cup of coffee. Today I'm eating the food I brought with me for lunch like I do most days. About half of my co-workers eat in so you always have company."

How do you get to work and how long does it take?

"I take the underground to work and it's about an hour door-to-door."

What does a perfect day look like at work?

"A perfect day at work is when I am busy but everything still flows along and I can interact with people."

What is your screensaver?

"An image of a person running on the beach at sunset."

What have you learned so far at Paf?

"I've learned that I want to work with people and I've been given the opportunity to train as an HR assistant."

What would you like to learn in general in life right now?

"To say what you want to learn from life is difficult, I just want to continue to grow both in my professional role and personally."

Zoran Grojic, Tallinn

Who are you and what do you work with?

"I am a middle-aged man who enjoys the best of life. I am also someone's father and someone's son. I work as a Campaign Manager at Paf's office in Tallinn. Our marketing unit here in Estonia is very small and I am involved in almost everything that affects our market. In general, my job is to make plans, run campaigns and advertising for Estonia and follow the market situation and take care of PR issues and sponsorship projects."

"My journey at Paf started ten years ago when I started working at a company called Spordiennustus which was then renamed Paf. Since then, my job description has changed several times and we've moved the office twice since Paf is constantly growing here. You can therefore say that it has clearly been a journey."

Do you do breakfast? And how do your lunch plans look?

"I think this fuss about eating is a bit overrated. We sometimes joke, in a friendly way, about our co-workers at the other offices whose main question is 'when and where should we have lunch?' Here it's primarily about getting things done and then eating."

How do you get to work and how long does it take?

"When it comes to this, I am unfortunately not at all environmentally friendly. I drive alone in my diesel car for about 10-15 minutes. Sorry Greta! My daily tasks require me to drive around town and I would lose an extra hour each day if I used public transport."

What does a perfect day look like at work?

"The perfect day is of course the day before a national holiday, when we have a shorter workday. But if I am to be a little more serious, which is not always easy for me, a good day is when I have completed a project or campaign successfully. When I feel that the campaign has been relevant to the company and I find out that our players have liked it."

What is your screensaver?

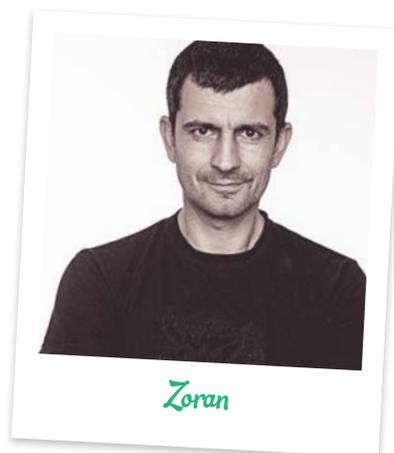
"I don't know. I never see it."

What have you learned so far at Paf?

"That lunch is important and not to schedule meetings at 12 o'clock."

What would you like to learn in general in life right now?

"I would like to learn to take things a bit easier. Not too much, just a little. The right balance is probably somewhere between the ease or security of "old Europe" and the energy and competitiveness of post-communist countries. For example, I could start by learning how to make small talk at the beginning of a meeting."

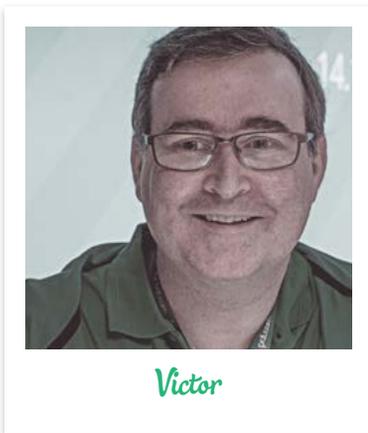


Victor Rincón, Helsinki

Who are you and what do you work with?

"I work as a Senior Software Engineer & QA. In practice, this means that I create various technical solutions so that Paf can fulfil its obligations to the authorities in the countries where we operate. I have worked for Paf twice now and both in Mariehamn and Helsinki. The first time was from 2014-2017 and now I've worked at the Helsinki office for about nine months."

"When I describe myself, I usually say that I am an Ålander who was born in Spain and lives in Espoo. I am also a dad to three toddler daughters and am quite busy with everything that goes along with that."



Do you do breakfast? And how do your lunch plans look?

"Bread with hummus and coffee with milk, but no sugar. Actually, I would have liked to have cheese on the sandwich too but unfortunately I couldn't find the cheese slicer. For lunch it will be leftovers from yesterday. Pasta with chicken, spinach and cream."

How do you get to work and how long does it take?

"Today I'm working from home, but usually I go by bus and underground and it takes about 45 minutes. When the weather gets nicer, I plan to start riding my bicycle. It's about 12 kilometres to work."

What does a perfect day look like at work?

"I like when the day goes according to plan and what I needed to do gets done."

What is your screensaver?

"A picture of my daughters."

What have you learned so far at Paf?

"I have a lot to do with many different teams and have learned to listen and try to understand the problems the others have in order to solve our problems. It's about seeing things in their context and thinking about what reality looks like for the others I work with. It can look very different."

What would you like to learn in general in life right now?

"I've now reached 40, so maybe it's time to grow up and become a middle-aged man. I probably think a lot about the future too. What should I be doing the next ten years? It would be nice to be able to look back on good moments and experiences as a 50-year-old and to have enjoyed life a little too."

Niklas Burman, Norrköping

Who are you and what do you work with?

"My name is Niklas and I live in Stockholm with Carin and our two children Max and Philip. I work as Team Manager for Pingu and Integration and have worked for Paf for about one and a half years. Prior to that, I worked for Proactive Gaming for five years with Paf as our customer."

Do you do breakfast? And how do your lunch plans look?

"It was a breakfast box I got on the train for breakfast and at lunch today I will meet with a recruitment company who I'm hoping will be able to help get us more developers."

How do you get to work and how long does it take?

"I take the Lidingö Railway and then the underground to the T-Central metro station and after that it takes about an hour and 15 minutes by train from Stockholm to Norrköping. I usually work on the train."

What does a perfect day look like at work?

"A day without meetings."

What is your screensaver?

"I don't have one."

What have you learned so far at Paf?

"I have learned to prioritise more efficiently."

What would you like to learn in general in life right now?

"To learn to focus on one thing at a time."





From the UN and Somalia to Paf

“Living under a constant death threat changes you forever as a human being,” says Mia Korhonen. Last autumn, she changed her life as a UN expert in police affairs in Somalia and New York to become Paf’s new Corporate Security Manager. A big life change, to say the least.

“I’m really pleased with my decision,” she says.

After many years of experience in the Finnish police force, Mia went to Somalia as the first Finnish police officer there to help build up the police system after the war.

There were no ready roles, no context or colleagues to lean on and Mia describes the challenge as both demanding and stressful.

“The lessons learned are both positive and negative. Living for two years constantly under the threat of death is an experience I will never forget. I never got used to it. When I came home to Finland, I could hear friends complaining about trivial matters. It could almost be difficult when at the same time I knew how bad life was for so many people in Somalia.”

“At the same time, it was amazing to see how my Somali colleagues fought for a better country and how the children there could laugh and play even though they barely had any food, clean water or clothes on their bodies. And definitely no toys.”

After Somalia, Mia worked as an expert in police affairs for the UN in New York. She describes the feeling of working for such a large organisation as breathtaking, but it also involved a huge bureaucracy that kept making her crazy.

When Mia later had an assignment for the EU in Palestine, she suffered from lung disease and had to completely change her life.

“It was tough, but I had already started to feel ready for another kind of life. I have two sons who are 15 and 16 years old. They could not be with me in such a conflict-affected area as Somalia and only sometimes in New York. Now, above all, I want to be with them more before they’ve grown up completely.”

Mia started working at Paf in October and has created a commuting lifestyle for herself that suits her perfectly.

“Every other weekend I go to my children in Helsinki and sometimes work at Paf’s office there. Otherwise, I live and work in Åland and every other weekend I live in our apartment in Stockholm with my husband. It’s a lot of travelling back and forth, but the distances are still small if you consider how I used to commute between Africa, the US and Finland.”

As a trained croupier with several years of experience at the casino before her police training, the gaming industry is no stranger to her either.

“I’m really happy. The people are friendly and it feels good to work for a gaming company like Paf that donates money to good causes,” she says.

Profit to aid society

Paf (Ålands Penningautomatförening) is a gaming company founded in 1966 to raise money for the benefit of society. Those who laid the foundation for Paf were the Red Cross, Save the Children, Public Health and the former Today's Children Foundation. The fundraising for social benefits would be achieved through setting up and offering entertaining games. That foundation has provided us with our mission, a mission that is still the most important thing today. A mission that is reflected in what we do, how we act and that we want to provide gaming activities that are sustainable for our customers and the society as a whole.

“Without Paf funds, we would not be able to carry out our operations as we do today”

Dag Lindholm, operations manager at the Åland Sea Rescue Society

We are a different gaming company and our mission is a big reason for that. We exist to generate a profit for the benefit of society. Since we were founded in 1966, over EUR 300 million has been distributed to various beneficiaries.

This is how we contribute to a better society

The profits we generate are distributed to projects, associations and organisations that create meaningful leisure time and a better society. Each year, the Government of Åland receives hundreds of applications for support and scholarships for financing projects, various investments, grants for events and other activities. All these initiatives in sport, culture, research and the arts make society better, safer and contribute to a cleaner natural environment.

How our contributions are distributed

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. Then our contributions find their 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 of the Government of Åland acts as chairman of the allocation committee.

Distribution of Paf's profits

Based on Paf's 2018 profits, EUR 21 million was distributed during 2019.

Social activities	3,500,000
Environmental activities	600,000
Youth work	548,000
Sport	1,745,000
Arts and culture activities	1,785,000
Leadership support	95,000
Other organizational support	2,800,000
Investment support	3,500,000
Event support	200,000
Integration	40,000
Loans	6,187,000
Total	21,000,000

This year our contribution will be EUR 15 million. In addition, EUR 25 million from the year and previous year's profit will be distributed to alleviate the effects of COVID-19.

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' administrators produce a proposal that is processed by the Government of Åland who then submits 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 administrators 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
- Organizational support.



Paf helps the Red Cross in the fight against loneliness

It can be difficult, as an immigrant, to enter the Åland community and make friends. Many elderly people in Åland as well as young people with mental illness suffer from loneliness. In recent years, the Red Cross in Åland has received a lot of Paf funding to work on integration.

“Our friendship activities involve many volunteers and change lives,” says Linda Johansson, Red Cross coordinator for social and multicultural activities.

Anyone can feel lonely, but fortunately anyone can be a friend too. The Red Cross on Åland's friendship activities are important to many people. They work against loneliness and for the community. It may involve visiting an elderly person living at home or at a retirement home, meeting and socialising with young people who are alone and have mental health issues or other disabilities or becoming a friend to a new refugee family.

The Red Cross on Åland also has a friend pool that can help if someone breaks their leg and needs a ride to buy food or if someone wants to go to a cultural event and lacks company.

"Loneliness is an endemic illness in the same class as smoking and being overweight. Lonely people become ill more easily. That we have received additional Paf money for integration work is therefore extremely valuable," says Tomas Urvas, operations manager at the Red Cross in Åland.

"The interest in participating in the friendship activities is great both amongst those who need help and those who want to help," Linda continues.

"About 100 volunteers are involved in Åland and we have some projects that attract even more, such as the dogs that visit retirement homes where about 40 volunteers are active."

"When it comes to those who need help, many children or other relatives abroad contact us. They ring and report that their parents don't have many people who can visit them at home or at the retirement home and ask if their parents or relatives can become part of our friendship programme."

The Red Cross is the world's largest aid organisation and has as its main goal reducing suffering in different ways. In Åland, the Red Cross has 1,400 members and is divided into 16 departments, one in each municipality. The collaboration between Paf and the Red Cross goes back a long way. They co-founded PAF in 1966 and today 80 per cent of the district's operations in Åland is financed by Paf funds. Its task is to support, inspire and train all volunteers in Åland. They organise, coordinate and arrange various training programmes and events. They are also always on standby if anything happens in the community and help is needed.



SAP
orsafe as
RENDAL NORWAY

Maritime safety in focus for Åland Sea Rescue Society

No one should die at sea in Åland and we should be able to reach a person in distress within one hour. These are Åland Sea Rescue Society's – the national association – two most important objectives. The voluntary association's activities, which is 65 percent financed by funds from Paf, can be both tough and demanding. The Sea Rescue Society has six stations and 120 active members who respond to about 150 calls a year.

How should you actually conduct yourself at sea? What do you need to think about and how do you call for help if something happens?

"Common sea sense is important in order to prevent accidents at sea," says operations manager Dag Lindholm.

"We respond to 150 calls a year. Most are in July," he continues. "But we also do a lot of preventive work. We train volunteers, go out to schools and provide information about maritime safety and hold courses on first aid and navigation."

A number of rescue boats are moored in the fishing port of Ytternäs in Mariehamn, where Åland's Sea Rescue Society and five employees are located. In total, they have 15 boats at their disposal and the association's work includes maintenance of boathouses and the six stations around Åland. Both the

volunteers and the yearly staff are also available to the authorities in case of sea rescue, fire and oil fighting. And the Sea Rescue also help Åland's healthcare when it's time for doctor visits in the archipelago.

"Patients are given more time and doctors have time to see all patients in one day when we transport their doctors so that they don't have to sit on the slow ferries," says Dag.

"As you can see, there is a lot to do and it is nice to see that we have so many volunteers making themselves available. And one thing is for sure," he says, "without Paf funds, we wouldn't be able to carry out our operations as we do today."



Paf funding for the Children's Internet

"Don't drive your car when you check Facebook" and "Put your mobile away when you're with me". The Children's Internet talks to children about social media, apps and games and asks how they feel about adults' internet use. It's Save the Children on Åland that's behind the operation, which is financed by Paf funds.

Most of the children that Tanja Rönnerberg meets on the Children's Internet talk about how much fun it is to play and be out on social media. In 2019, she met with 1,411 children in primary schools and secondary schools and talked about how you should be kind to each other online, avoid being harassed, how to help a mate who's been a victim of something and what laws apply when filming and spreading images.

"We try to encourage and shape nicer online users and make sure that the children are doing as well as possible on the forums they use. Save the Children always concentrates on children's rights according to the Convention on the Rights of Child and we also inform parents of kindergarten children about how their children can be safe online and what kind of rights the children have," says Tanja.

"Children appreciate when adults have filters and are keen on their well-being. One

problem is that adults are rarely online where the children are. We believe in turning the discussions around and not just cursing and complaining about the chats," Tanja says, and suggests questions you can ask your child.

"What's fun? Who do you meet on that chat? Is there anyone you know? Try to show curiosity and be a good role model."

"Online bullying also happens among adults and harassment flies all over on Facebook. Surveys show that children want to do the right thing, so it would be good if adults could support them in it," says Tanja and continues,

"There are not very many children who are victims of bad things on the Internet, but those who are can be very seriously affected. The risk depends on a variety of things, but we need to be aware that we are always just a click away from anything."

”Min mamma skickar konstiga
emojis”



Beneficiaries of Paf funds 2019

Finance department / Event support

IF Fram, Innebandyturering juniorer 2019
IF Fram, Innebandyturering kvinnor och män
Mariehamns stad, Tall Ships Race
Sångvik, havets röst 2020
Ålands Curlingklubb, nordic mixed double 2019
Ålands Curlingklubb, Nordic mixed double 2020
Ålands Curlingklubb, women 2019
Ålands simförening, BOW, 2019
ÅSS, nordic championship 2019

Finance department / Integration

Ålands natur och miljö, träffpunkt skogen

Finance department / Investment support

Emmaus, utrustning för återvinning
Finlands röda kors, Mariehamns avdelning, solpaneler
Folkhälsan på Åland rf, hiss styrmansgatan
Geta kommun, byte från olja till bergvärme skolan
Geta kommun, ombyggnad av kansli till gym
Hammarlands kommun, utbyggnad Hammargården
Lemlands kommun, solceller Sveagården
Mariehamns stad, fastighetsavd, renovering av Mariebad
MGF, gymnastikhall
MLK, padeltennisbana
Saltviks kommun, byte av olja till bergvärme kommundelen
Skeppsöreningen Albanus, renovering Albanus inför TSR
Stiftelsen Emelia
Ålands fågelskyddsförening, renovering Lågskår
Ålands motorklubb rf, trafiksäkerhetscentrum
Ålandsfåret rf, dräktighetsscanner

Finance department / Organizational support

Finlands Röda Kors, Ålands distrikt, frivilliga räddningstjänsten
Föreningen Norden på Åland rf. Inkl Nordjobb
Mathantverkarna
Skördfestens vänner rf
Stiftelsen Ålands freidsinstitut r.s.
Visit Åland rf, inkl specialprojekt
Ålands 4H-distrikt rf.
Ålands 4H-distrikt rf, företagsamma fyrklövern
Ålands Brand- och Räddningsförbund rf. inkl ungdomsverksamhet projektbidrag
Ålands Bruks- och Sällskapslundsklubb
Ålands feministparaply rf.
Ålands flygklubb rf. bistå vid räddningsuppdrag
Ålands Guider rf.
Ålands Hästsportförening rf.
Ålands Marthadistrikt rf.
Ålands Marthadistrikt rf, Navet
Ålands Räddningshundklubb rf.
Ålands Sjöräddningssällskap rf.
ÅSRS, Sjösäkerhetsutbildning

Social sector / Organizational support and special projects

Andning & Allergi Åland rf.
De utvecklingsstördas väl på Åland rf.
Demensföreningen på Åland rf.
Diabetesföreningen på Åland rf.
Emmaus Åland rf.
Finlands Röda Kors, Mariehamns avd.
Finlands Röda Kors, Ålands distrikt
Föreningen Vård i livet rf.
Föreningen Vårt Hjärta rf.
Krigsveteranerna på Åland rf.
Landskapsföreningen Folkhälsan på Åland

Mariehamns pensionärsförening rf.
Matbanken på Åland rf.
Norra Ålands pensionärer rf.
Pussellfamiljen rf.
Rädda barnen på Åland rf.
Socialmissionen på Åland rf.
Stall JoYs handikappidklubb rf.
Stiftelsen Hemmet r.s.
Vuxna på stan rf.
Ålands autismspektrumförening rf.
Ålands cancerförening rf.
Ålands fackliga semesterorganisation rf.
Ålands fountainhouse rf.
Ålands handikappförbund rf.
Ålands handikappförbund rf - Fxjtjänst
Ålands hemgårdsförbund rf.
Ålands hälso- och sjukvård - Tobaks kampen
Ålands hälsoalternativ rf.
Ålands hörsellförening rf.
Ålands Intresseförening för psykisk hälsa
Ålands motorförares helnykterhetsförening rf.
Ålands neurologiska förening
Ålands reuma förening rf.
Ålands synskadade rf.
ÅLR - "Fair sex"
ÅLR - Åldres psykiska ohälsa
Åländska HBT-föreningen Regnbågsfyren rf.

Culture delegation / Organizational support and special projects

Alandia square dancers rf
Alandia Strings rf
Alandica Bugg rf
Bomarsundssällskapet rf
DUV på Åland rf
Eckerö Hembygdsförening rf
Filmklubben Chaplin rf
Folkdansarna på Åland rf
Folkmusiklaget Kvinnfolk rf
Fornföreningen Fibula rf
Fotoklubben Obscura rf
Föglö hembygdsförening rf
Förbundet Ålands Sjödagar rf
Föreningen Franciskus på Kökar rf
Föreningen Ålands Emigrantinstitut rf
Föreningen Ålands Orgelfestival rf
Föräldraföreningen Bild- och Formskolan rf
Garantiföreningen för Matsmars rf
Geta Kulturförening rf
Hantverksföreningen Östra smedjan rf
Hemslöjdsägillet i Mariehamn rf
Kappsäcksteatern rf
Kompani Nord Teaterförening rf
Kulturfestival på Åland rf
Kulturföreningen Katrina rf
Kumlinge Byalag rf
Kökar hembygdsförening rf
Kökarkultur rf
Lappo uf/Skårgårds museet rf
Mariehamns Strategiklubb rf
Medeltidsföreningen å Austrvega rf
Nybonds i Krogstad rf
Shanty Society Pommern
Skeppsöreningen Albanus rf
Stiftelsen Sjökvarteret r.s.
Stiftelsen Ålands Jakt- och Fiskemuseum r.s.
Stödföreningen för Ålands Jakt- och Fiskemuseum rf

Sund Kultur rf
Swingskeppet på Åland rf
Sångföreningen Triolen
Sällskapet Bel Canto rf
Teater Alandica rf
Teaterföreningen i Mariehamn rf
Teaterföreningen Kuling rf
Visans Vänner på Åland rf
Visor så in i Norden
Åbo Svenska Teater rf
Ålands Accordion Club rf
Ålands Brand- och Räddningsförbund rf
Ålands Dragspelsklubb rf
Ålands konstförening rf
Ålands Litteraturförening rf
Ålands Mångkulturella förening rf
Ålands Radioamatörer rf
Ålands Stöjd- och Konstnartverk rf
Ålands Spelmansgille
Ålands Sång- och Musikförbund rf
Ålands Telehistoriska förening rf
Ålands Veterantrottklubb rf
Önningeby-Hembygdsförening rf

Culture delegation / Project support

Wårdö kulturstiftelse rf

Culture delegation / Investment support

Föglö hembygdsförening
Garantiföreningen Mats Mars
Lumparlands uf
Mariehamns Ungdomsorkester
Segelföreningen Storbåten
Skeppsöreningen Albanus
Ålands konstförening
Ålands scoutdistrikt

Cultural delegation / Cultural scholarships / Literature

Alberius-Forsman Kiki samt Ann-Britt Eriksson
Björkman Molin Emma
Elevall Jennie
Erlandsson Karin
Erlandsson Karin
Fjellander Tiina
Hancock Michael
Karlsson Carina
Karlsson Carina
Lantz Nicklas
Löthman Leo
Ruohonen Hannamari
Smith Linda
Sundberg Eva
Sundbäck Krister
Thalen Fanny
Toivonen Jeanette

Culture delegation / Cultural grants

Barnberg Kenneth
Fagerholm Krister
Hägglöblom Anna
Jokiranta Riita
Mattsson Sture
Nygård Anna
Rosenlöf Maria
Saarela Saija
Tokur-Ehres Hülya

Torgé Bo
Trizna Alexandra
Törnroth Erica
Warius Niclas
Wlén Jonas

Cultural delegation / Cultural scholarships / Music

Alin Axä
Alm Sara
Blomqvist Amanda
Brunnsberg A
Carlstedt Jenny
Eriksson Emilia
Eriksson Francine
Förström Oliver
Grüssner Johanna
Heidenberg Camilla
Hägerstrand Peter
Selander Linnea
Sundström Greta

Cultural delegation / Culture awards / Theatre, dance, other

Stenlund Matts

Cultural delegation / Travel grants

Arbetsgrupp Jazz Farmer
Arbetsgruppen Sonck-Frisk
Astrid Olhagen
Birdpeople
Caroline Pipping
Elspeth Randelin
Gunilla Wahlsten
Haidari Benn
Jahrén Kjell
Karl Henrik Edlund
Linda Smith
Lisa Schåman
Lösa Boliner
Markus Boman
O'Really
Peter Winquist
Tiina Holmberg

Culture delegation / Project support

Antons Vänner
Arbetsgrupp Textil3D
Arbetsgruppen för Backsittisar-Brita
Arbetsgruppen Snelvedt/Kaletsch
Arbetsgruppen TAIR
Arbetsgruppen Vinyl & Ukulele
Birdpeople
Bomarsundssällskapet rf
Dänö museiförening rf
Edward Furbacken, Jochum Juslin m.fl.
Föreningen Kobba Klintar
Hembygdens Vål i Kumlinge
Kompani Nord Teaterförening rf
Kompani Nord Teaterförening rf
Krisgruppen
Kunskapens hus
Kökarkultur rf
Kökars ungdomsförening rf
Lappo Ungdomsförening rf
LumparLab Teaterförening rf
Mirari konstresidens
Sing & Play med Miina och Liina/ Canary Songs

Skeppargården Pellas rf.
Skeppargården Pellas rf.
Skärgårdsteatern
Sottunga-Hembygdsförening rf.
Stiftelsen Ålands fredsinstitut
Träffpunkt Ungdom rf.
Uvens Döttrar
Ålands Kultur stiftelse
Ålands lärarförening rf
Ålands projektör rf.
Ålands Slöjd- och konsthantverksförening

Cultural delegation / Support for autonomy celebration

Bomarsundssällskapet rf.
Garantiföreningen för Matsmärs rf.
Kastelholmsnejdens Byalag
Kökars marthaförening
Önningeby museets vänner rf.

Environmental activities

Bärkraftax
Ekologiska odlarna på Åland rf.
Energi- och miljötekniska föreningen i landskapet Åland rf.
Föreningen Ålandsfåret rf. specialprojekt
Företagsam skärgård rf.
Husö biologiska station/Åbo Akademi
Kathjälpen rf.
Natur och Miljö rf.
Nätö biologiska station/Societas pro Flora et Fauna Fennica rf.
Rädda Lumparn rf. specialprojekt
Skördefestens vänner rf. specialprojekt
Stiftelsen Ålandsfonden för Östersjöns framtid rs.
Ålands djurskydds förening rf.
Ålands fågelskydds förening rf.
Ålands Natur och Miljö rf. specialprojekt

Sports / Tools and facilities

Brändö IK Tennisplan ute
Finströms kommun Höjdhoppstrutning
Germundö Alpin Boxar för Snowpark
Hammarlands IK Ledstråkastare till motionsbana
Kyrkoby Golf Övningsområde golf
Kyrkoby golfklubb rf Träningsutrustning för juniorer
Mariehamn Lawn Tennisklubb Padeltennis
Mariehamns Seglarförening, 2 optimistjollar, en J70 båt
Mariehamns stad Bowlingklot
Mariehamns stad Bänkpress, kettelbells och GHD
Mariehamns stad Fridrottsutrustning till Ytternäs sportfält
Sportdykarklubben Nautilus Högrtryckskompressor
ÅID/IF Åland Orientering Emit stämpelenheter
ÅID/IF Åland Orientering Nyrkning av kartor
Ålands Curlingklubb Handikapp redskap, Rullstolsramp
Ålands Curlingklubb Juniorskor, sweepers
Ålands Motorklubb rf. Folk race, prova på utrustning
Ålands Sportskytteförening 2st Lerduvekastare trapbanebyggnation

Sports / Sports activities

Ålenskur islandshästförening rf.
BK Smash Åland rf.
De Utvecklingsstördas Vål på Åland rf.
FC Åland
Fridrott -IF Åland
Germundö Alpin rf.
IFF Fotboll
IFF Innebandy
IFFK Fotboll

IFFK Fridrott
IFFK Innebandy
IFK Mariehamn Bordtennis
IFK Mariehamn fotboll rf.
IFK Mariehamn Fridrott
IFK Mariehamn ishockey rf.
JIK Fotboll
JIK Fridrott
JIK Idrottskul
JIK Innebandy
Joker Dart rf.
Karateklubben Ogawa rf.
Kyrkoby golfklubb rf.
LIF Basket
LIF Fotboll
LIF Fridrott
LIF Innebandy
LUIA rf.
Mariehamn Lawn Tennisklubb rf.
Mariehamns Bågskytteförening
Mariehamns Gymnastikförening rf.
Mariehamns Seglarförening rf.
Nordic Budo & Sports Academy rf.
Orientering
Ridklubben Sleipner rf.
Skidor
Sportdykarklubben Nautilus rf.
Tai Chi-föreningen Vita Tranan rf.
Viking Åland Sport Club rf.
Åland Judoklubb rf.
Åland Triathlon Club
Åland United rf.
Ålands Bowlingförbund rf.
Ålands Bruks och sällskapshundsklubb
Ålands curlingklubb rf.
Ålands Fotbollsförbund rf.
Ålands Golfklubb rf.
Ålands idrottsdistrikt rf./IF Åland rf.
Ålands Innebandyförbund rf.
Ålands Kraftsportklubb
Ålands Motionsförbund rf.
Ålands Motorklubb rf.
Ålands Schackklubb
Ålands Seglardistrikt rf.
Ålands Simförening rf.
Ålands sportskytteförening rf.
Ålands Volleybollförbund
Åländska Segelsällskapet rf.

Youth activities

De Utvecklingsstördas Vål
Emmaus
Förbundet Hem och Skola
Föreningen Ung Resurs
SKUNK
Ålands scoutdistrikt
Ålands Ungdomsförbund
Åländska studentaget vid Åbo Akademi

Cultural department / Other

Arbetarnas Bildningsförbund
Stiftelsen Ålands sjöfartsmuseum
Ålands Bildningsförbund
Ålands Idrott





■ **Financial report**

Financial Summary

REVENUE

The group's revenues for 2019 increased from EUR 111.8 to 114.2 million.

Internet business

Gaming revenue increased from EUR 80.0 to 84.5 million. The increased revenue is explained by a new record number of active customers and an improved gaming product.

During the year, Paf's self-imposed yearly limit for how much Paf's online customers can lose in total during a twelve-month period had a dampening effect on turnover, but it is a conscious choice to be able to offer a more responsible and socially accepted gaming product.

As the only company on the competitive market to do so, Paf reports on how turnover is distributed across selected customer segments. The total gross gaming profits from customers that generated more than EUR 30,000 during the year decreased from EUR 9.7 to EUR 3.2 million. Converted to turnover, a reduction of the gross gaming profit of EUR 6.5 million corresponds to a decrease in turnover of approx. EUR 5.4 million. The difference between gross gaming profit and revenues is explained by the fact that jackpot provisions and gaming taxes are deducted to obtain turnover and that revenue from network games such as poker is not directly linked to customers' winnings and losses. During the year, Paf switched to calculating the yearly mandatory loss limit per calendar year. As of 1 January 2020, Paf decided to reduce the yearly mandatory loss limit from EUR 30,000 to EUR 25,000. For 2020, no customers will be in the segment above EUR 25,000.

The products that have had the strongest growth during the year are slot machines and so-called Pool betting.

The number of customers that contributed to the turnover during the year increased to 223,446 (187,819, 2018), which is a new record for Paf. Paf estimates that the number of active customers will continue to increase during 2020 through effective marketing and continued development of the technical platform.

Land and ship business

Gaming revenues for the land and ships business were EUR 30.2 million (EUR 31.8 million in 2018). Average revenue per passenger on the vessels was slightly lower in 2019 compared with the previous year. The introduction of the Swedish licensing system has resulted in an increase in the cost of gaming tax of approximately EUR 0.2 million. Technical development has led to customers carrying 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.

Other operating income

Other operating income remained unchanged at EUR 0.4 million. The revenues for 2019 largely refer to revenues from Paf's partnership with Grand Casino Luzern AG.

Materials and services

Costs decreased from EUR 28.5 to EUR 26.9 million. Despite increased turnover, direct costs for the Internet business have decreased by approximately EUR 1.4 million, which is explained by streamlining and reduced use of external services. Paf's acquisition of Programutvecklarna i Norrköping AB in October 2018 means that costs previously reported as costs for materials and services after the acquisition date are instead reported as staff costs and other operating expenses. This change explains a reduction in costs equivalent to EUR 0.2 million.

Personnel costs

Costs decreased marginally from EUR 26.0 to EUR 25.6 million. Paf's costs for IT salaries increased during the year as Paf hired more software developers. In Q3 2018, Paf completed a restructuring, with Paf taking a one-off cost of EUR 0.7 million in the form of severance pay. The average number of employees increased from 358 to 372.

Capitalised development costs

Capitalisation of own development costs increased from EUR 1.0 to 2.1 million. Paf increased its investments in the technology platform and its own casino games during the year, which require constant development in order to offer the best possible gaming experience for Paf's customers.

Depreciations and amortisation

Depreciation and amortisation costs were EUR 5.9 million (EUR 5.8 million in 2018). Depreciation according to plan and amortisation remain unchanged, amortisation of goodwill has increased by EUR 0.1 million.

Other operating expenses

Other operating expenses increased from EUR 28.1 to EUR 32.3 million.

The increase in costs is explained by Paf having increased marketing costs of EUR 2.0 million in 2019 and having higher costs for so-called Compliance audits and one-off costs in connection with the ISO 27001 certification during the year. Paf also entered into a settlement agreement during the year with entrepreneurs in Åland who, during the period 2009-2012, were subjected to gross embezzlement where the stolen money was then used for gambling at Paf. The settlement agreements resulted in a one-off cost of approximately EUR 0.8 million.

OPERATING PROFIT

The group's operating profit for the year increased from EUR 24.7 to EUR 26.2 million.

Financial income and costs

Net profit from financial income and costs decreased from a profit of EUR 0.2 million to a loss of EUR 0.1 million.

Accounting period profit/loss

Profit for the accounting period increased from EUR 24.6 to EUR 25.6 million.

REPAID LOTTERY TAX

Apart from the profits Paf distributes, the Government of Åland receives a surplus of EUR 12.0 million in repaid gaming tax from the Finnish government.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Paf signed a long-term partnership agreement with Grand Casino Luzern AG on 18 January 2019 for the delivery of a complete certified gaming platform with Paf's casino games, integrations with third-party casino games and payment solutions. On 22 August 2019, www.mycasino.ch was launched under Grand Casino Luzern AG's Swiss gaming licence. Only land-based casinos in Switzerland may apply for a Swiss casino licence for internet games.

Paf was sentenced in February 2018 in the Åland District Court for money laundering by negligence for an event that took place in 2012. 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 appealed the district court's judgment to the Turku Court of Appeal. The Court of Appeal handed down its decision on 11 April 2019 which included the district court's conclusion. Paf was ordered to pay a corporate fine of EUR 250,000. Paf has applied for leave to appeal to the Supreme Court.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

As of 1 January 2020, Paf lowered the mandatory loss limit for how much a customer can lose on Paf's Internet business to EUR 25,000 for all markets except the Swedish market where the loss limit is SEK 250,000. For 2019, the loss limit was EUR 30,000 and SEK 300,000, respectively.

During the first quarter of 2020, Paf acquired the Maltese company Mandalorian Technologies Ltd, which operates the gaming sites www.noaccountcasino.com, www.noaccountbet.com and www.prankcasino.com. Mandalorian Technologies Ltd was renamed Paf Multibrand Ltd after the acquisition. In 2019, Mandalorian Technologies Ltd had a turnover of EUR 34.6 million.

Prior to the acquisition of Mandalorian Technologies Ltd, Paf formed a holding company in Malta, Paf Holding Ltd which is now the parent company of Paf Multibrand Ltd. At the same time, a new wholly-owned Maltese subsidiary to Paf Holding Ltd was formed with the name Paf International Ltd. Paf International Ltd does not currently operate any business. Paf Consulting Corporation owns all shares in Paf Holding Ltd.

The outbreak of the viral disease Covid-19 has had a major impact on Paf's land and ship business. In mid-March, operations on board the vessels were largely shut down. Several of the vessels on which Paf operates have been temporarily removed from traffic. Operations will be restarted when it is deemed appropriate in terms of infection control. For Paf's business on the Internet, it is mainly sports betting that is adversely affected since sports events are being cancelled and postponed. If the Covid-19 outbreak leads to increased unemployment in the markets where Paf operates, it will probably have a negative impact on Paf's entire turnover in the long run.

FORECAST OF LIKELY FUTURE DEVELOPMENTS

The markets in which Paf operates are expected during 2020 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.

CLASSIFICATION OF RISKS

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.

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.

Outbreaks and control of viral diseases such as Covid-19 can have a major negative impact on Paf's turnover and profitability and on how the business can be run.

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, Distributed Denial of Service (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 a write-down requirement 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

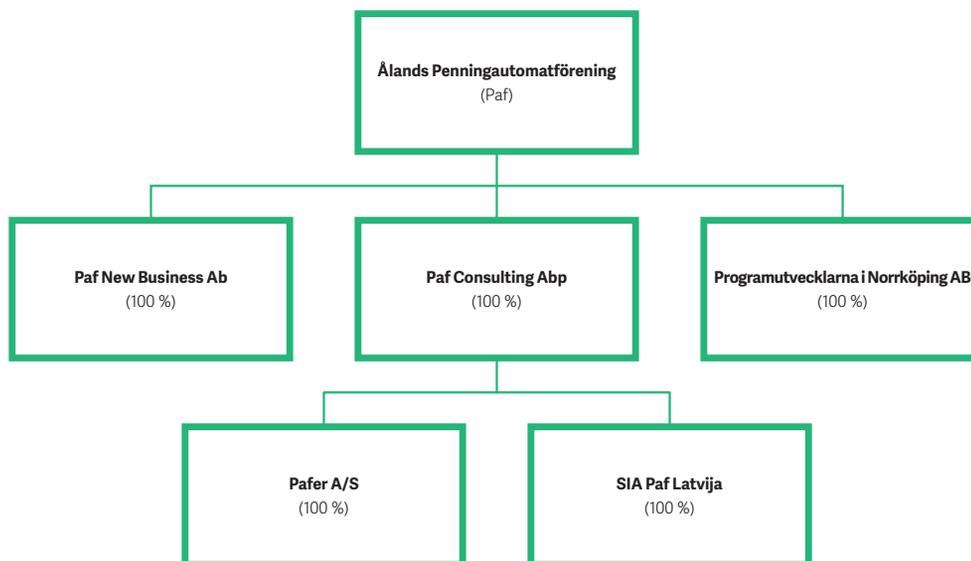
Paf's financial risks can be divided up into credit risk and currency risk. Credit risks can appear in the form of important suppliers or banks becoming insolvent. By working with several suppliers, Paf can minimise the risk. Paf can be affected negatively by major changes in currency values. Primarily, 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

EA 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. Any legal processes against Paf may cause considerable costs and a loss of trust.

GROUP SUMMARY

At the end of 2019, 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 onboard 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 (dormant) which in turn owns Paf Sverige AB (dormant). Paf Sweden AB was merged with Paf Consulting AB in January 2020. The Paf Consulting group's main business area is made up of ship-based gaming activities and online gaming on the international market. The various business branches are divided between the Paf Consulting group's different companies.

Programutvecklarna i Norrköping AB develops and provides Paf's bingo software.

Paf New Business Ab conducted limited operations during 2019.

Gaming licences

Paf conducts licensed operations under the following national gaming licences:

Åland: Ålands Penningautomatförening: gaming licence online, on Åland and on board ships.

National Regulatory Authority: Lottery Inspection, Åland

Estonia: Pafer A/S: gaming licence online and on board ships

National Regulatory Authority: EMTA (Estonian Tax and Customs Board)

Latvia: SIA Paf Latvija: online gaming licence

National Regulatory Authority: IAUI (Lotteries and Gambling Supervision of Latvia)

Spain: Paf Consulting Abp: online gaming licence

National Regulatory Authority: DGOJ (Directorate General for the Regulation of Gambling)

Sweden Paf Consulting Abp: gaming licence online and onboard ships

National Regulatory Authority: Swedish Gambling Authority



The Board

Organisation and management

Board

At the beginning of 2019, the Board consisted of Chairman Jan-Mikael von Schantz, Deputy Chairman Anna Dahlsten, members Sara Kemetter, Birgitta Eriksson and Andreas Remmer.

Changes during the year

Andreas Remmer left the board in September. At the end of November, Gunnar Westerlund was appointed as a new board member.



CEO and group management

At the beginning of 2019, Paf's group management team consisted of CEO Christer Fahlstedt, Deputy CEO & CRO Daniela Johansson, COO Land & Ship Jukka Nikula, CFO Per Sahlberg, CMO Goran Ristic, CPO Sara Björk-Södergård, CTO Francois Maugis, CGO Kim Johansson, General Counsel Sara Eriksson and SVP Public Affairs Sverker Skogberg.

Changes during the year

Jukka Nikula left Group Management and Paf in September. In early September, Andreas Remmer was appointed COO for Land & Ship.

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 proposal for profit distribution

The Board proposes that EUR 40 million from the year's profits of EUR 25.6 million (and previous profits) be distributed to the Government of Åland for allocation to charitable organisations. 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 - 31/12/2019

KEY RATIOS

€ 1000

Koncernen	2015	2016	2017	2018	2019
Revenue	110,033	113,515	116,513	111,821	114,205
Operating profit	19,972	15,788	27,607	24,742	26,151
Profit/loss before tax	22,852	15,330	29,600	24,950	26,060
Net profit	22,697	15,171	29,407	24,622	25,630
Operating margin	18.2 %	13.9 %	23.7 %	22.1 %	22.9 %
Profit as % of sales	20.6 %	13.4 %	25.2 %	22.0 %	22.4 %
Return on equity in % (ROE)	23.0 %	15.4 %	27.9 %	20.3 %	19.5 %
Return on invested capital in % (ROI)	22.6 %	15.8 %	28.0 %	20.4 %	19.7 %
Equity/assets ratio	85.6 %	84.5 %	87.4 %	88.2 %	87.4 %
Investments in tangible assets	13,451	9,929	3,936	4,405	3,038
Investments in intangible assets	2,289	2,406	887	2,087	2,291
Investments in tangible and intangible assets	15,739	12,335	4,824	6,492	5,330
Average number of employees	345	376	358	351	372
Parent company Ålands Penningautomatförening	2015	2016	2017	2018	2019
Revenue	81,336	86,224	93,793	89,404	87,972
Operating profit	23,335	20,837	28,081	24,374	30,646
Profit/loss before tax	23,626	18,374	26,305	24,673	30,634
Net profit	23,618	18,341	26,270	24,654	30,616
Operating margin	28.7 %	24.2 %	29.9 %	27.3 %	34.8 %
Profit as % of sales	29.0 %	21.3 %	28.0 %	27.6 %	34.8 %
Return on equity in % (ROE)	24.3 %	18.5 %	24.8 %	20.5 %	23.1 %
Return on invested capital in % (ROI)	23.9 %	18.7 %	25.7 %	20.3 %	22.8 %
Equity/assets ratio	83.9 %	85.0 %	86.2 %	87.7 %	87.2 %
Investments in tangible assets	13,225	7,887	1,676	2,370	1,187
Investments in intangible assets	1,779	1,979	792	1,640	2,291
Investments in tangible and intangible assets	15,004	9,866	2,469	4,011	3,479
Capital investments	3,880	4,930	3,756	1,243	8,510
Total investments	18,884	14,796	6,224	5,253	11,989
Gross investments as % of revenues	23.2 %	17.2 %	6.6 %	5.9 %	13.6 %
Average number of employees	264	261	305	291	305
Distribution of profits	20,000	15,000	18,000	21,000	40,000*
Lottery tax to the Finnish government	11,105	11,433	12,413	12,583	12,015

*Board's proposed allocation

Definitions of key figures

Revenue	Sales income – winnings payments – lottery taxes and similar taxes	
Return on equity in % (ROE)	$\frac{\text{profit before tax} - \text{taxes}}{\text{equity} + \text{minority interests}}$	×100
Return on invested capital in % (ROIC)	$\frac{\text{profit before tax} + \text{interest costs} + \text{other financial expenses}}{\text{balance sheet total} - \text{interest-free short-term liabilities}}$	×100
Equity/assets ratio	$\frac{\text{equity} + \text{minority interests} + \text{voluntary provisions}}{\text{balance sheet total} - \text{advances received}}$	×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	2019	2018	2019	2018
REVENUE	R1	87,972,263	89,403,561	114,205,496	111,820,755
Other operating income		5,509,044	1,786,896	443,172	380,392
Materials and services					
Purchases during the accounting period		-23,549	-16,285	-5,473,855	-5,429,952
Total purchased services		-16,514,323	-17,656,370	-21,395,920	-23,116,165
		-16,537,872	-17,672,655	-26,869,775	-28,546,116
Personnel costs	R2				
Salaries and remuneration		-17,928,335	-18,375,567	-20,995,659	-21,258,181
Pension costs		-2,719,087	-2,819,778	-2,883,515	-3,025,349
Other payroll expenses		-1,019,245	-1,161,884	-1,682,274	-1,706,328
		-21,666,667	-22,357,229	-25,561,449	-25,989,857
Capitalised development costs		2,128,912	990,198	2,128,912	990,198
Depreciations and amortisation					
Depreciation/amortisation according to plan		-3,930,016	-4,583,139	-5,722,792	-5,738,261
Amortisation of goodwill		0	0	-131,132	-25,301
Write-down of fixed assets		-9,354	-8,245	-9,354	-8,245
		-3,939,370	-4,591,384	-5,863,278	-5,771,807
Other operating expenses	R3	-22,820,363	-23,185,265	-32,331,922	-28,141,310
OPERATING PROFIT		30,645,947	24,374,121	26,151,156	24,742,254
Financial income and costs					
Other interest and financial income		471,892	1,327,769	690,167	1,428,729
Interest costs to group companies		-34,470	-40,471	0	0
Other interest and financial costs	R4	-449,170	-988,551	-781,312	-1,220,906
		-11,748	298,747	-91,145	207,824
PROFIT/LOSS BEFORE TAX		30,634,199	24,672,868	26,060,011	24,950,078
Income tax for the year and previous years		-17,798	-18,512	-17,798	-18,512
Deferred income tax		0	0	-412,027	-309,837
ACCOUNTING PERIOD PROFIT/LOSS		30,616,401	24,654,356	25,630,186	24,621,729

BALANCE SHEET

	Parent company		Group		
Note	31/12/2019	31/12/2018	31/12/2019	31/12/2018	
ASSETS					
FIXED ASSETS					
Intangible assets					
B1	Capitalised development costs	1,404,591	1,054,714	1,998,914	1,531,668
	Intangible rights	0	0	56,044	126,941
	Goodwill	0	0	594,323	476,954
	Other long-term expenses	332,464	602,497	585,211	926,711
	Advance payments and pending acquisitions	1,660,473	553,134	1,660,473	553,134
		3,397,529	2,210,346	4,894,965	3,615,408
Tangible assets					
B2	Land and water areas	702,700	702,700	702,700	702,700
	Buildings and structures	17,742,257	18,381,907	17,742,257	18,825,866
	Machines and inventories	3,806,502	5,342,958	8,526,805	9,125,184
	Advance payments and pending acquisitions	0	50,502	50,161	761,824
		22,251,459	24,478,066	27,021,923	29,415,574
Investments					
B3	Shares in group companies	21,158,896	5,948,896	0	0
	Capital loans to group companies	0	6,700,000	0	0
	Other shares and holdings	20,405	20,406	20,405	20,406
		21,179,301	12,669,302	20,405	20,406
	TOTAL FIXED ASSETS	46,828,288	39,357,714	31,937,292	33,051,388
CURRENT ASSETS					
Long-term receivables					
	Loan receivables	63,350	83,839	63,350	83,839
		63,350	83,839	63,350	83,839
Short-term receivables					
	Accounts receivables	10,326	11,071	732,201	383,134
B5	Receivables from group companies	8,726,298	7,290,576	0	0
	Other short-term receivables	23,904,493	15,347,393	24,114,102	15,436,982
	Prepaid expenses and accrued income	1,949,127	1,842,170	2,523,110	2,064,603
		34,590,244	24,691,209	27,369,413	17,884,719
B4	Cash and cash equivalents	81,021,550	86,011,794	98,681,503	99,339,855
	TOTAL CURRENT ASSETS	115,675,144	110,586,842	126,114,266	117,308,413
	TOTAL ASSETS	162,503,432	149,944,556	158,051,558	150,359,801
EQUITY AND LIABILITIES					
EQUITY					
B8	Other restricted equity	0	0	30,594	31,423
	Retained profit	107,292,776	102,577,106	108,416,244	103,654,962
	This year's profit	30,616,401	24,654,356	25,630,186	24,621,729
		137,909,177	127,231,462	134,077,024	128,308,114
PROVISIONS					
B7	Other provisions	3,715,290	4,035,494	3,828,198	4,052,689
		3,715,290	4,035,494	3,828,198	4,052,689
Long-term liabilities					
	Deferred tax liabilities	0.00	0.00	1,577,270	1,165,243
		0.00	0.00	1,577,270	1,165,243
Short-term liabilities					
	Accounts payable	3,689,987	2,818,069	4,592,189	3,544,473
	Advances received	174,783	210,661	274,225	210,661
B6	Liabilities to group companies	7,059,677	4,640,528	0	0
	Other liabilities	5,276,941	6,662,817	8,448,321	8,315,435
	Accrued expenses and deferred income	4,677,577	4,345,526	5,254,332	4,763,187
		20,878,965	18,677,600	18,569,066	16,833,756
	TOTAL EQUITY AND LIABILITIES	162,503,432	149,944,556	158,051,558	150,359,801

FINANCING ANALYSIS - PARENT COMPANY

Parent company	2019	2018
Cash flow from operating activities		
Operating profit	30,645,947	24,374,121
Adjustments for non-cash items	4,680,482	7,845,381
Changes in working capital	-7,897,670	-2,302,999
Financial income and costs	-11,748	298,747
Taxes	-17,798	-18,512
Net cash flow of business activities	27,399,214	30,196,738
Investments		
Net investments in intangible assets	-2,301,625	-1,016,430
Net investments in tangible assets	-598,321	-985,967
Reduction of investments in financial securities	0	21,726,121
Capital loans to subsidiaries	-8,000,000	0
Increase in other long-term investments	-510,000	-1,242,507
Total investment cash flow	-11,409,946	18,481,217
Cash flow before financing	15,989,268	48,677,955
Financing		
Increase/reduction in long-term receivables	20,489	4,825,562
Allocated profits	-21,000,000	-18,000,000
Total financing cash flow	-20,979,511	-13,174,438
Change in cash and cash equivalents	-4,990,244	35,503,517
Cash and cash equivalents 01/01	86,011,794	50,508,277
Cash and cash equivalents 31/12	81,021,550	86,011,794

FINANCING ANALYSIS - GROUP

Group	2019	2018
Cash flow from operating activities		
Operating profit	26,151,156	24,742,254
Correction for non-cash items	6,615,121	8,925,468
Changes in working capital	-7,749,384	1,398,455
Financial income and costs	-91,145	207,824
Taxes	-17,798	-18,512
Net cash flow of business activities	24,907,950	35,255,489
Investments		
Net investments in intangible assets	-2,687,496	-2,442,467
Net investments in tangible assets	-1,899,296	-2,939,229
Reduction of investments in financial securities	0	21,726,121
Total investment cash flow	-4,586,792	16,344,425
Cash flow before financing	20,321,158	51,599,914
Financing		
Increase/reduction in long-term receivables	20,489	5,025,562
Allocated profits	-21,000,000	-18,000,000
Other	0	-454
Total financing cash flow	-20,979,511	-12,974,892
Change in cash and cash equivalents	-658,353	38,625,022
Cash and cash equivalents 01/01	99,339,855	60,714,833
Cash and cash equivalents 31/12	98,681,503	99,339,855

INFORMATION ON ACCOUNTING PRINCIPLES

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

NOTES FOR THE INCOME STATEMENT

		Parent company		Group	
	Note	2019	2018	2019	2018
Revenues by geographic area					
	R1				
Åland – land-based gaming		2,391,328	2,561,163	2,391,328	2,561,163
Gaming on board ships		11,591,209	12,162,131	27,785,623	29,160,994
Finland		0	0	48,000	48,000
Internet		73,989,726	74,680,267	83,980,544	80,050,598
		87,972,263	89,403,561	114,205,496	111,820,755
Revenues by business area					
System development and associated services		0	0	48,000	48,000
Casino gaming and lotteries on land and on ships		13,982,537	14,723,294	30,176,952	31,722,157
Online gaming		73,989,726	74,680,267	83,980,544	80,050,598
		87,972,263	89,403,561	114,205,496	111,820,755
Internet revenues by customer segment (EUR)					
Gross gaming profits*					
> 30,000				3,120,471	9,648,523
15,001 - 30,000				20,509,999	18,087,884
8,001 - 15,000				22,613,351	22,007,735
0.01 - 8,000				78,115,076	71,410,935
Winning players				-22,962,153	-23,056,491
Total				101,396,744	98,098,586
Lottery tax, jackpot provisions and other items that do not impact customer balances				-16,891,157	-18,047,988
Total internet				84,505,587	80,050,598
*Gross gaming profits = gaming revenues - profits - bonuses					
Average number of employees	R2	305	291	372	351
Management salaries and remuneration					
Salaries for parent company CEO and deputy		-517,207	-518,140	-517,207	-518,140
Salaries for subsidiaries' CEOs and deputies		0	0	-112,184	-66,073
Board fees		-121,286	-120,867	-121,286	-120,867
Total		-638,493	-639,007	-750,677	-705,080
Fees to accounting firms					
	R3				
<u>KPMG</u>					
Audit fees		-32,900	-17,410	-65,040	-23,420
Fees for tax advice		-8,768	-2,884	-8,768	-2,884
Fees for other services		0	0	-5,168	0
Total		-41,669	-20,294	-78,977	-26,304
<u>EY</u>					
Audit fees		0	-35,152	0	-53,549
Fees for tax advice		-16,114	-58,838	-16,114	-60,998
Fees for other services		0	-45,086	-27,249	-58,638
Total		-16,114	-139,076	-43,363	-173,185
Other interest and financial costs					
	R4				
Depreciation of receivables		0	-94,000	0	-94,000
Other interest and financial costs		-449,170	-894,551	-781,312	-1,126,906
Total		-449,170	-988,551	-781,312	-1,220,906

BALANCE SHEET NOTES

		Parent company		Group	
INTANGIBLE FIXED ASSETS	Note	2019	2018	2019	2018
	B1				
Balanced development costs					
Opening acquisition values		7,223,479	6,465,612	7,863,090	6,602,965
Acquisitions		0	0	255,000	497,159
Transfers between items		1,174,022	757,867	1,174,022	757,867
Currency conversion differences		0	0	-5,178	5,100
Closing accumulated acquisition values		8,397,502	7,223,479	9,286,935	7,863,090
Opening depreciations according to plan		-6,168,765	-5,119,078	-6,331,423	-5,256,430
Depreciations for the period		-824,145	-1,049,687	-955,278	-1,074,988
Currency conversion differences		0	0	-1,321	-5
Closing accumulated depreciations		-6,992,910	-6,168,765	-7,288,021	-6,331,423
Total balanced development costs		1,404,591	1,054,714	1,998,914	1,531,668
Patents, licences and similar rights					
Opening acquisition values		0.00	0.00	326,772	126,772
Investments for the period		0.00	0.00	0	200,000
Sold/discarded		0.00	0.00	-47,500	0
Closing accumulated acquisition values		0.00	0.00	279,272	326,772
Opening depreciations according to plan		0.00	0.00	-199,831	-103,016
Depreciations for the period		0.00	0.00	-70,896	-96,815
Sold/discarded		0.00	0.00	47,500	0
Closing accumulated depreciations		0.00	0.00	-223,227	-199,831
Total patents and similar rights		0.00	0.00	56,044	126,941
Goodwill					
Opening acquisition values		893,179	893,179	14,319,005	13,816,746
Acquisitions		0	0	255,000	497,159
Currency conversion differences		0	0	-6,495	5,100
Closing accumulated acquisition values		893,179	893,179	14,567,510	14,319,005
Opening depreciations according to plan		-893,179	-893,179	-13,842,051	-13,816,746
Depreciations for the period		0	0	-131,132	-25,301
Currency conversion differences		0	0	-4	-4
Closing accumulated depreciations		-893,179	-893,179	-13,973,187	-13,842,051
Total goodwill		0.00	0.00	594,323	476,954
Advance payments and ongoing projects					
Opening acquisition values		553,134	296,313	553,134	296,313
Investments for the period		2,281,361	1,633,678	2,281,361	1,633,678
Sold/discarded/expensed		0	-618,990	0	-618,990
Transfers between items		-1,174,022	-757,867	-1,174,022	-757,867
Closing accumulated acquisition values		1,660,473	553,134	1,660,473	553,134
Total advance payments and ongoing projects		1,660,473	553,134	1,660,473	553,134
Other long-term expenses					
Opening acquisition values		22,066,446	22,088,630	22,318,896	22,114,252
Investments for the period		10,132	6,578	10,132	253,406
Sold/discarded		-383,343	-55,222	-383,343	-75,222
Transfers between items		10,132	26,459	30,132	26,460
Closing accumulated acquisition values		21,703,366	22,066,446	21,975,817	22,318,896
Opening depreciations according to plan		-21,463,948	-21,153,263	-21,392,185	-21,032,934
Depreciations for the period		-290,297	-334,613	-381,765	-403,178
Sold/discarded		383,343	23,927	383,343	43,927
Closing accumulated depreciations		-21,370,902	-21,463,948	-21,390,606	-21,392,185
Total other long-term expenses		332,464	602,497	585,211	926,711
TOTAL INTANGIBLE ASSETS		3,397,529	2,210,346	4,894,965	3,615,408

BALANCE SHEET NOTES

		Parent company		Group	
TANGIBLE FIXED ASSETS	Note	2019	2018	2019	2018
	B2				
Buildings					
Opening acquisition values		22,512,059	22,512,059	23,144,906	23,110,688
Investments for the period		0	0	0	34,218
Sold/discarded		0	0	-632,847	0
Closing accumulated acquisition values		22,512,059	22,512,059	22,512,059	23,144,906
Opening depreciations according to plan		-4,130,152	-3,490,293	-4,319,039	-3,618,923
Depreciations for the period		-639,650	-639,859	-646,160	-700,117
Sold/discarded		0	0	195,397	0
Closing accumulated depreciations		-4,769,802	-4,130,152	-4,769,802	-4,319,040
Total buildings		17,742,257	18,381,907	17,742,257	18,825,866
Land and water areas					
Opening acquisition values		702,700	702,700	702,700	702,700
Closing accumulated acquisition values		702,700	702,700	702,700	702,700
Total land and water areas		702,700	702,700	702,700	702,700
Machines and inventories					
Opening acquisition values		31,830,147	32,757,643	38,623,056	38,196,667
Investments for the period		1,072,764	725,107	2,691,873	1,932,120
Sold/discarded		-5,589,705	-3,326,769	-6,183,796	-3,443,063
Transfers between items		154,790	1,674,166	1,025,539	1,938,705
Currency conversion differences		0	0	-605	-1,374
Closing accumulated acquisition values		27,467,996	31,830,147	36,156,067	38,623,056
Opening depreciations according to plan		-26,040,732	-25,512,082	-29,043,239	-27,626,678
Depreciations for the period		-2,175,924	-2,558,980	-3,646,787	-3,508,493
Sold/discarded		5,001,619	2,030,330	5,515,289	2,091,740
Currency conversion differences		0	0	108	191
Closing accumulated depreciations		-23,215,036	-26,040,732	-27,174,629	-29,043,239
Opening amortisation		-446,458	-446,458	-454,633	-454,633
Closing accumulated amortisation		-446,458	-446,458	-454,633	-454,633
Total machines and inventories		3,806,502	5,342,958	8,526,805	9,125,183
Advance payments and ongoing projects					
Opening acquisition values		50,502	175,614	761,824	375,134
Investments for the period		114,420	1,645,222	346,600	2,438,249
Sold/discarded		0	-69,709	-2,591	-86,394
Transfers between items		-164,922	-1,700,626	-1,055,671	-1,965,164
Closing accumulated acquisition values		0	50,502	50,161	761,824
Total advance payments and ongoing projects		0	50,502	50,161	761,824
TOTAL TANGIBLE ASSETS		22,251,459	24,478,066	27,021,923	29,415,574

BALANCE SHEET NOTES

	Parent company		Group		
Note	2019	2018	2019	2018	
INVESTMENTS	B3				
Parent company's investments					
Shares in group companies					
Acquisition costs at the start of the period	32,021,937	30,779,431			
Increases	15,210,000	1,242,507			
Acquisition costs at the end of the period	47,231,937	32,021,937			
Previous amortisation	-26,073,041	-26,073,041			
Book value at the end of the period	21,158,896	5,948,896			
Investments in other shares and holdings					
Acquisition costs at the start of the period	3,229,946	3,229,946			
Acquisition costs at the end of the period	3,229,946	3,229,946			
Previous amortisation	-3,209,540	-3,209,540			
Amortisation for the year	-1	0			
Book value at the end of the period	20,405	20,406			
Capital loans to group companies					
Acquisition costs at the start of the period	6,700,000	6,700,000			
Increases	8,000,000	0			
Converted to shares in subsidiaries	-14,700,000	0			
Acquisition costs at the end of the period	0	6,700,000			
Total investments	21,179,301	12,669,302			
Parent company's subsidiaries	B3	2019	2018		
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	4,901,042	4,822,045			
Accounting period profit/loss	78,998	34,501			
Paf Consulting Abp, Åland					
Ownership	100 %	100 %			
Value on balance sheet	15,406,389	706,389			
Equity at the end of the accounting period*	5,449,039	2,925,719			
Accounting period profit/loss	-5,516,398	-582,572			
*For 2018, including received capital loan from parent company amounting to EUR 6,700,000					
Programutvecklarna i Norrköping AB, Sweden					
Ownership	100 %	100 %			
Value on balance sheet	1,752,507	1,242,507			
Equity at the end of the accounting period	197,307	168,494			
Accounting period profit/loss	32,733	-80,155			
Other group companies					
Group companies	Parent company	Stake 2019	Stake 2018		
Winone Oy, Åland	Paf New Business Ab	100 %	100 %		
Pafer A/S, Estonia	Paf Consulting Abp	100 %	100 %		
SIA Paf Latvija, Latvia	Paf Consulting Abp	100 %	100 %		
Paf Consulting Sverige AB, Sweden	Paf Consulting Abp	100 %	100 %		
Paf Sverige AB, Sweden	Paf Consulting Sverige AB	100 %	100 %		
CASH AND CASH EQUIVALENTS	B4	2019	2018	2019	2018
Customer funds	1,846,159	2,958,535	2,939,601	2,975,474	
Other cash and cash equivalents	79,175,392	83,053,259	95,741,901	96,364,381	
Total cash and cash equivalents	81,021,550	86,011,794	98,681,503	99,339,855	

BALANCE SHEET NOTES

		Parent company		Group	
	Note	2019	2018	2019	2018
RECEIVABLES IN THE SAME GROUP					
	B5				
Short-term receivables in group companies					
Accounts receivables		186,000	119,379		
Other receivables		8,540,298	7,171,196		
		<u>8,726,298</u>	<u>7,290,576</u>		
LIABILITIES IN THE SAME GROUP					
	B6				
Short-term liabilities to group companies					
Accounts payables		33,750	39,600		
Other liabilities		7,025,927	4,600,928		
		<u>7,059,677</u>	<u>4,640,528</u>		
PROVISIONS					
	B7				
Other provisions					
Jackpot provisions		3,715,290	3,760,494	3,828,198	3,777,689
Other provision		0	275,000	0	275,000
		<u>3,715,290</u>	<u>4,035,494</u>	<u>3,828,198</u>	<u>4,052,689</u>
EQUITY					
	B8				
Other restricted equity at start of year					
Currency conversion differences		0	0	-829	-1,883
Other restricted equity at end of year		0	0	30,594	31,423
Balanced profits at start of year					
Distribution of profits		-21,000,000	-18,000,000	-21,000,000	-18,000,000
Adjustment of previous year's profit*		1,061,314	7,690,647	1,159,940	7,866,292
Currency conversion differences		0	0	-20,387	759
Balanced profits at end of year		107,292,776	102,577,106	108,416,244	103,654,962
Accounting period profit/loss					
		30,616,401	24,654,356	25,630,186	24,621,729
EQUITY		137,909,177	127,231,462	134,077,024	128,308,113

*Refers to repayments received and 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	31/12/2019	31/12/2018
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	1,000,000
Other pledged securities and contingent liabilities		
Credit limits for which property income has been pledged as security		
Credit limits	10,000,000	10,000,000
Total property income pledged as security	10,000,000	10,000,000
Rental guarantees	221,476	221,476

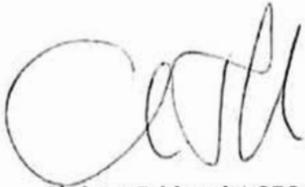
Other financial liabilities not included in the balance sheet

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, 20 / 3 2020



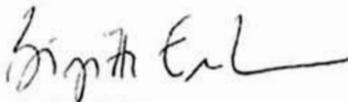
Christer Fahlstedt | CEO



Jan-Mikael von Schantz | Chairman



Anna Dahlsten



Birgitta Eriksson



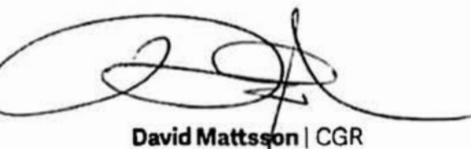
Sara Kemetter



Gunnar Westerlund

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

Jomala, 7 / 4 2020



David Mattsson | CGR



Fredrik Westerholm | CGR

List of accounting books, receipt types and storage methods

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



