



PAF 2020

ANNUAL REPORT



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A MESSAGE FROM THE CEO

2020 can be summed up as an extreme year. In just 12 months, the world around us has fundamentally changed and in a way we could never have imagined a year ago. Large parts of our business were shut down from time to time or operated with very severe restrictions. For our employees, working is completely different than before and even our customers and business partners today have a different day-to-day existence.



At a quick glance, Paf's financial results still look to be fairly stable with a 1% decrease in revenue and significantly lower profits (-35%) but still really positive results.

On closer inspection, however, major changes can be seen. Covid-19 has had an extremely negative impact on Land & Ship and resulted in reduced revenues by as much as -59%. There are also major changes in the Internet segment, where both Paf's self-imposed work to reduce the revenue from the biggest players has had a major effect and the restrictions introduced in various markets as a result of Covid-19 during the year have had a large impact.

However, these effects are to some extent offset by the acquisition of the Swedish-licensed operator No Account Casino, which was completed during the first quarter of 2020. An acquisition that, despite Covid-19, has turned out very well and has largely compensated for the reduction in revenue in other markets.

However, the profitability of Paf's business as a whole has been under pressure during 2020 and Paf has had to take painful measures to adapt to the new reality in which we live. During autumn 2020, major cooperation negotiations were carried out, which resulted in 10% of the employees unfortunately having to leave the company.

Through the acquisition but also through organic growth, Paf has seen a very strong increase in the number of active customers by as much as 50% during the year. Despite this, we still see that the earnings from the customers who lost the most – the "red" revenues – have fallen by 93%. A direct effect of the conscious efforts and strategy is that Paf has to vigorously shift towards sustainable revenues.

Despite the harsh reality we've lived with during the year, we nevertheless decided to further enhance our promise and we now promise that no customer in 2021 will lose more than €20,000, a decrease from last year's €25,000. Well aware of the financial impact this has and that our competitors don't assume responsibility in the same way, we still feel that this is a necessary step and something that we as a company must be able to deliver on!

This is the third year that Paf is reporting revenues per customer segment in our annual report (see page 21). We are still waiting for another operator in our industry, state or private, to actually reveal their figures in this way. We believe that long-term, sustainable development is a must for our industry. There has to be transparency!

In 2020, as a supplier to Grand Casino Luzern, Paf has become a clear market leader in the regulated online market in Switzerland. A fantastic success and very strong proof of the extreme world class that our technology and organisation possess today. There's a close and long-term collaboration with Grand Casino Luzern today in many areas and departments at Paf and we look forward to continuing to build on our successful partnership.

Paf's purpose is to generate profits to distribute for socially beneficial purposes. It is therefore with pride that we can state that after 2020, we're able to distribute an amount of EUR 30 million to our beneficiaries.

Our world is undergoing major changes, but in 2020 Paf was quite successful in maintaining the same pace in our own development. There is no indication that the challenges and pace of change will abate. Constant change - whether we like it or not - is the new reality and something we as a company must continue to be open to. I would therefore like to especially thank all our employees who in such a fantastic way have adapted to working from home with all that entails. In addition, despite a year full of adversity, our employees have time and time again proven that they are able to overcome whatever challenges come our way - it gives us a shot in the arm for the future!

A handwritten signature in blue ink, appearing to read 'Chr Fahlstedt', with a long horizontal flourish extending to the right.

Christer Fahlstedt, CEO



Our origins

Founded in 1966 by the Red Cross, Save the Children, Folkhälsan

Paf was founded on 31 October 1966 on Åland by the Red Cross, Save the Children, Folkhälsan (a non-profit health organization) and the former Today's Children Foundation. Paf began operations under a gaming licence on 1 January 1967. 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 in total over EUR 387 million has been distributed to various beneficiaries since we were founded.

Paf exists to generate profits for the benefit of society.

folkhälsan



 folkhälsan



 **Rädda Barnen**
Åland

THE YEAR IN BRIEF

2020

16.7 MILLION

Earnings in 2020 were EUR 16.7 million of which 15 million will be distributed to socially beneficial projects.



€20,000

We chose to lower the mandatory loss limit again, which means that our customers cannot lose more than €20,000 in one year.



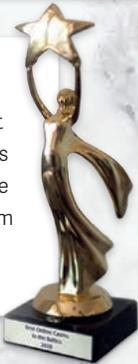
74%

Paf's climate impact decreased significantly (-74%) during the year as a result of Covid-19 and a reduced amount of air travel. We are climate compensating our entire climate impact in 2020 by supporting a wind energy project in the Philippines and a climate project in Iceland.



Paf was named Sweden's most sustainable gaming company at the Swedish Gambling Awards in June.

Paf was named the Baltics' best online casino in 2020. The prize was awarded at the Baltic and Scandinavian Gaming Awards which were arranged in connection with the annual Baltic conference, Mare Balticum Gaming Summit, in Tallinn.



open source initiative®

Paf invests in open source tech development, where developers from all over the world can contribute to and benefit from the technology.

Paf's Vice President and Chief Responsibility Officer Daniela Johansson was named the winner in the Leadership category at the Swedish Gambling Awards for her focus on making the gaming industry more sustainable.

Jackpot

A woman in Estonia won over EUR 3.6 million on Paf.com in January, which is the biggest gambling win ever in Estonia.



During the year, Paf launched several new scratch cards that went on sale through Åland agents.

In November 2020, the game Snowroller was launched, which was developed by Paf Games Studio in collaboration with Lasse Åberg. The game is based on the movie Snowroller – Sällskapsresan II.

Paf launched the game Book of Kambala together with the Latvian basketball legend Kaspars Kambala in August.



Cooperation negotiations began in the summer. Thirty-five employees left Paf after the negotiations.

LÄTTÅ

The first round of Paf Lättå was played in June. Paf Lättå is an Åland jackpot game with a rising jackpot and draw broadcast live every week.



PRANK CASINO

Paf bought the Swedish-licensed gaming company Mandalorian Technologies, which runs the gaming sites No Account Casino, No Account Bet and Prank Casino. With the acquisition, Paf became one of the ten largest gaming companies in Sweden.



Paf's office in Norrköping was ISO/IEC 27001:2013 certified in November 2020.

Paf renovated the office in Helsinki, and in Norrköping the staff moved into a new office.

Paf was named winner of the Corporate Responsibility Programme of the Year at the Global Gaming Awards in London in February.





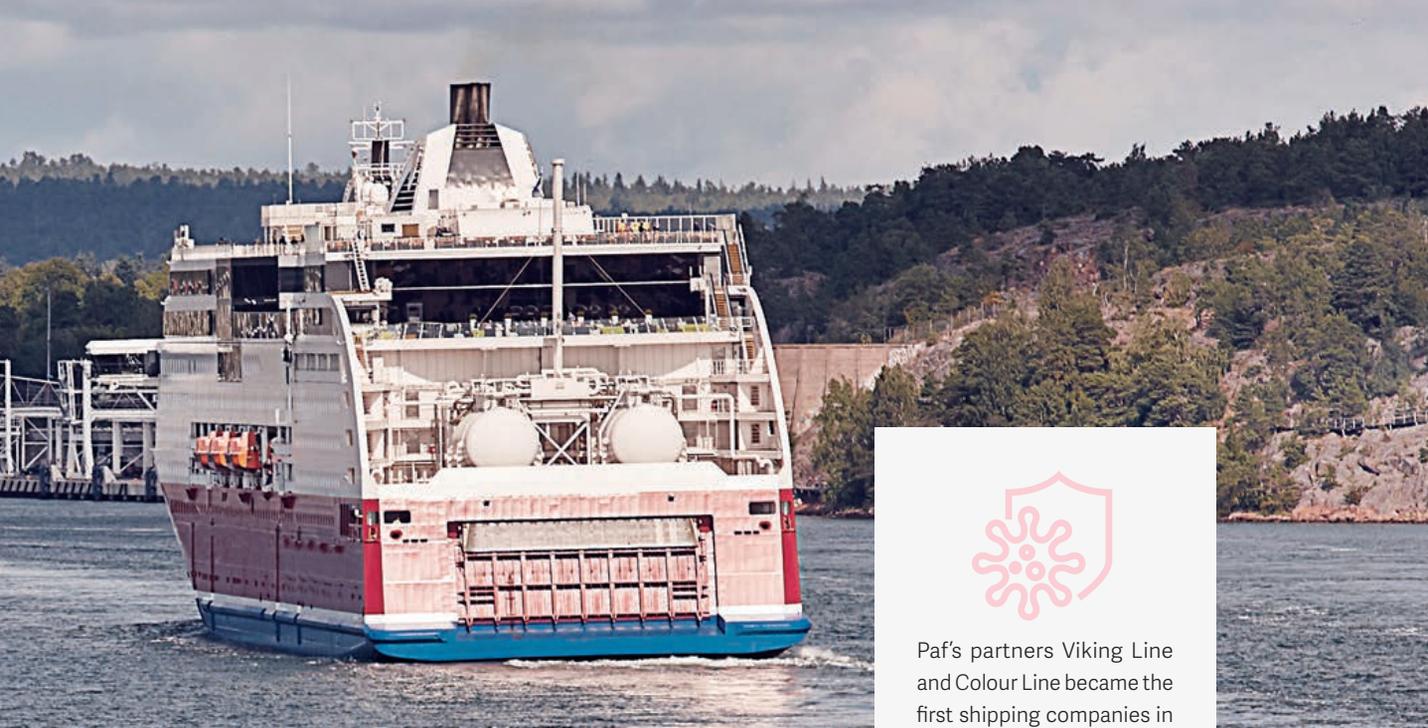
The whole sea is stormy

When the Covid-19 virus hit hard in the spring of 2020, our partner companies, the shipping companies, were hit especially hard. Within a month, people no longer wanted to take on-board trips, several lines were put on hold and then the summer's otherwise lively travel period never really started. A financial storm hit the industry and with it Paf's business as well.

"We had set our sights on a good year, but we had to rethink things very quickly, introduce corona restrictions and ensure that we were following the authorities' recommendations together with our shipping company partners," says Andreas Remmer, Chief Operating Officer for Land & Ship.

On-board gaming operations were largely shut down throughout 2020 and at the beginning of 2021 most of the onboard operations are still closed. Safe distances, expanded cleaning and the availability of disinfectants are just some of the measures introduced during the year.

"It has of course been a tough time, but we chose to roll up our sleeves and invest more in development and upgrades during the year. These efforts mean that we're prepared to step up and offer our partners modern solutions in the future," says Andreas.



Paf's partners Viking Line and Colour Line became the first shipping companies in the world to be verified for their handling of Covid-19. Good job!

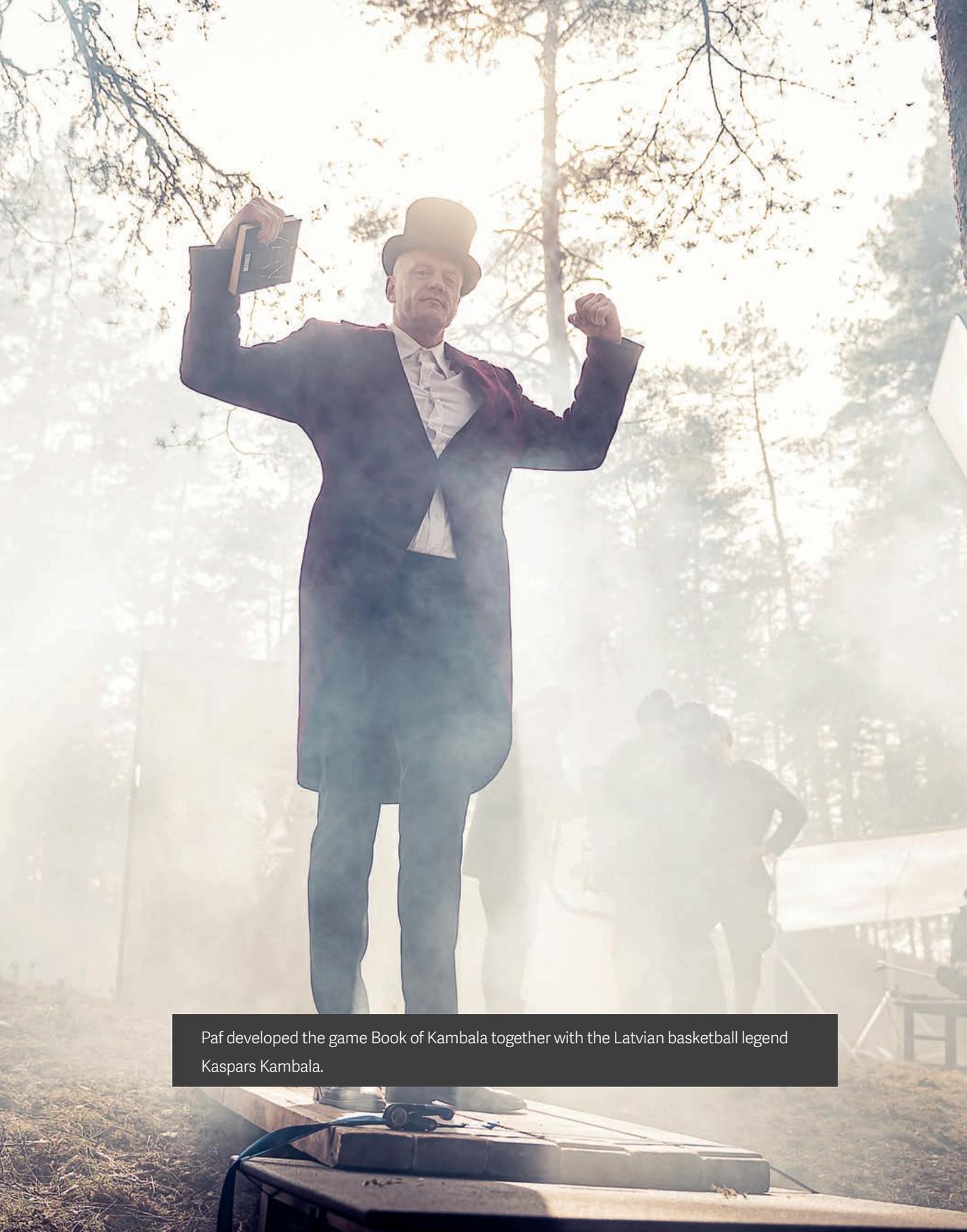
Cash is not king

The old expression cash is king has given way since new cashless payments have become more common. To respond to this trend, Paf has introduced cashless payment systems on-board several different ships during the year.

"The new payment terminals make it possible for our onboard customers to use bank cards and a range of mobile-adapted solutions instead of cash," says Anna-Lena Svenblad, Corporate Development Director.

At Paf's Norwegian shipping company partner, Colour Line, a completely cashless system was introduced for the entertainment games on board. The system was first installed onboard Colour Fantasy, which runs on the route between Oslo and Kiel.

"In the ship's gaming room called Adventure Planet, cash is no longer used at all. Only debit cards or prepaid wrist bracelets are accepted. The prepaid bracelets are a flexible way for the customer to relax and focus on the gaming experience without having to think about getting coin change and handling cash," says Anna-Lena.



Paf developed the game Book of Kambala together with the Latvian basketball legend Kaspars Kambala.

Open source and game design

Paf is one of the few companies that have started using open source technology. It is an important milestone in Paf's technology development. Open sourcing means that programs code is made available online so that everyone can contribute and benefit from it.

"When you open source your projects to everyone, you place your name on the technology radar. Developers around the world will know who we are, what we do and what level of expertise we can provide. At the same time, we also welcome these developers to contribute to our projects and create a synergy where everyone benefits," says Chief Technology Officer Francois Maugis.

Tech that benefits the community

Open source development gives back to the community because technological solutions and know-how are shared between developers.

"Open source tech is truly in line with Paf's values, to give something back to the community. When we develop good and secure software, we can make life easier for other companies, at the same time we ensure that the open source community can flourish and continue to develop," says Francois.

Paf already has an open technology radar that shows all the technology that Paf uses and which technology we evaluate, test and implement. You can find it at tech-radar.paf.dev.

Snowroller and the Baltic Sea Fund

Every year, Paf develops its own games at Paf Games Studio, games that no other gaming provider offers. One of the most recent games is Snowroller, a game developed in collaboration with Lasse Åberg and launched in November 2020. The game is based on the second film in the Sällskapsresan film series.

In the game you get to see the characters, hear music and sounds from the film and see many original images from the movie itself. Lasse Åberg himself has chosen to donate part of the profit from the game Snowroller to the Baltic Sea Fund. His own proximity to the Baltic Sea has generated a wish to help.

"The Baltic Sea is important for all of us and not least for our family with a summer house on Gotland. That's why I want to contribute to the work the Baltic Sea Fund does," says Lasse.

"It's fantastic that Lasse Åberg has an understanding that we need to invest in the Baltic Sea, and we are very happy he has chosen to make his donation," says the Baltic Fund's CEO Lotta Nummelin.



Sustainability is worth all the effort

All activities leave a mark on the local environment, people and society. Therefore it's important that we make our business sustainable in the long term. Our mission is to generate a profit for the benefit of society, and we want to generate that profit while at the same time having a positive effect on our surroundings. It's not an easy task to perform, but we are prepared to invest a lot of effort to become a sustainable gaming company.

Our focus is on our three most important areas of sustainability, where we are most able to impact our business. These three are responsible gaming, a sustainable workplace and environmental sustainability.

Responsible gaming

We operate money games that are fun and exciting for most people but at the same time risky for a few. We have a responsibility towards our customers and we really want to protect them, therefore responsible gaming is a cornerstone of our sustainability work.

A sustainable workplace

We can directly affect our employees and their well-being. We believe that a sustainable and positive workplace can be created by investing in our key behaviours: activity, development and respect

Environmental sustainability

Our business has an effect on the environment, and we can limit our environmental impact through active choices. Every year we try to develop and improve our environmental thinking and in recent years we've chosen to climate compensate for our business.



Our 2020 sustainability initiatives

We're focussing our sustainability initiatives within the framework of our three most important areas of sustainability. In the bigger picture, we are committed to following and actively contributing to the development and sustainability agenda for Åland, the goals of which are to be achieved by 2030. This is a firm sustainability agenda praised by the European Commission. Every year we have a number of specific targets to meet.

During 2020 we prioritised the following:

- a further reduction in our loss limit
- continued openness and transparency
- we improved the recruitment process for new employees
- we renewed our responsible gaming web content
- we installed more charging posts for electric cars
- we installed more energy-efficient LED lights and taps that reduce water consumption

Our selected sustainability goals

We have three priority areas of sustainability that are the most important for us to work on: responsible gaming, a sustainable workplace and environmental sustainability. Based on our three sustainability areas, we have identified how our sustainability work contributes to the UN's global sustainability goals. We have also identified how our sustainability work contributes to the local Åland development and the sustainability agenda's strategic goals.

"At Paf, obviously we want to be involved and contribute to the development goals, both locally and on a global level. By clearly identifying the goals we contribute to, we can better focus and clarify our sustainability work in the future," says Paf's Vice President and Chief Responsibility Officer Daniela Johansson.

The development goals in the Åland sustainability agenda and the UN's global goals constitute a very ambitious plan for developing our society. When we identified the goals that our sustainability work contributes to, it resulted in five different goals within the Åland sustainability agenda and seven different global UN goals.



The Åland sustainability agenda



Responsible
gaming

Goal 1

Prosperous people with increasing inner resources

Goal 2

Everyone feels trust and has real opportunities to participate in society



Environmental
sustainability

Goal 6

Significantly higher share of energy from renewable sources and increased energy efficacy

Goal 7

Sustainable and responsible consumption and production



A sustainable
workplace

Goal 2

Everyone feels trust and has real opportunities to participate in society

Goal 5

Attractiveness in living, visiting, and business

Read more at barkraft.ax

UN Global Development Goals



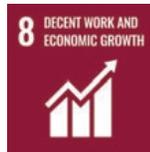
Responsible
gaming



Environmental
sustainability



A sustainable
workplace



Read more at sdgs.un.org/goals



A new level of responsible gaming

Little could we believe that 2020 would have the impact on the gaming industry that it did. But in the wake of the pandemic, the gaming industry's gaming responsibility was discussed more than ever in several of the markets where Paf operates. As the corona restrictions were introduced, tougher regulations were also introduced for the gaming industry, regulations that were mostly motivated by a fear of increased gambling during the pandemic. Some regulations were a bit hasty when things were changing at a quick pace, but on the whole the result was a series of changes that improved the gaming industry's sustainability and put a sharp focus on the debate about what gaming responsibility really means.

Paf advocates a tightly regulated gaming industry and we believe that the authorities have a real responsibility to establish and explain the rules that all gaming companies in a market should follow. We place very high demands on our own gaming responsibility measures, where we have primarily focused on a customer database without the red segment's big players and the unsustainable revenue that those players account for. We work every year to maintain a high level of gaming responsibility and it's great that our efforts are noticed, but it's important that the authorities demand more from all gaming companies. For the gaming industry will never be sustainable unless all gaming companies raise the level of responsible gaming.

We lowered the loss limit again

We have again chosen to lower our loss limit by EUR 5,000 to EUR 20,000, the reduction took effect on 1 January 2021. When we introduced the loss limit in 2018, it was EUR 30,000 per year, a maximum limit that we lowered the following year to EUR 25,000 and which we have now lowered further to EUR 20,000.

"We are proud to have been able to lower our loss limit by as much as a third in just two years. We see that our maximum limit effectively stops big players and prevents the personal tragedies that can occur when huge amounts are lost," says Paf's CEO Christer Fahlstedt.

"We've now lowered the loss limit further to show that it is possible to survive as a gaming company without revenue from those very big players. We are aiming to be the gaming company that sells exciting entertainment for adults without trying to squeeze the last bit of money out of them," says Christer. Two years ago, Paf became the first international gaming company in the world to introduce a maximum limit for what customers can lose in one year. The introduction of the loss limit is a measure that has attracted much attention in the gaming industry.



We were named Sweden's most sustainable gaming company

Paf was named Sweden's most responsible gaming company in 2020 when we won the Sustainability category at the Swedish Gambling Awards, which is held by the Swedish Gambling Association. More than 40 award entries were submitted and 11 finalists were selected in the three award categories. An independent jury consisting of seven people with extensive experience and knowledge in sustainability, gaming responsibility, marketing and leadership selected all the winners.

"We received very interesting entries this year and it was a long selection process. The winners started with a specific problem, listened to their customers and the market and found solutions," says Thomas Nilsson, chair of the Swedish Gambling Awards.

The jury's basis for making the award in the sustainability category:

"A sustainable gaming industry requires transparency, openness and honesty. Many companies say they're working to prevent gambling addiction, but few dare to show what this actually looks like in straightforward numbers, let alone turn down income that others accept. Paf is showing the way - and for that they absolutely deserve this year's award in the category".



We believe in openness

We began to openly report our customers' winnings and losses two years ago. The figures Paf show are unique in the gaming industry because no other gaming company has had the courage to present an equally detailed report. We show the customer segments to provide information on how we're actually working on our gaming responsibility and what effect it has.

"We believe in openness and that openness lends strong credibility to the discussion about responsible gaming. We are proud and happy that our development is going in the right direction," says Christer.

This year we will expand our openness and also report the customer segments for Paf combined with Paf Multibrand (No Account Casino) which Paf acquired in 2020. The figures for the Swedish-licensed operator have changed significantly since the operator became part of Paf.

Overview of Paf's customer segments 2017, 2018, 2019 & 2020

Customer segment (EUR)	Total gaming profits				Number of customers per segment				Average gross gaming profits per customer (EUR)			
	2020	2019	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
> 30,000	0	3,189,244	9,720,655	13,923,396	0.00%	0.04%	0.13%	0.21%	0	37,967	40,003	44,626
15,001 - 30,000	16,320,095	20,626,663	18,508,905	18,793,786	0.36%	0.46%	0.49%	0.61%	19,592	20,751	20,273	20,340
8,001 – 15,000	21,676,896	23,001,102	22,237,825	21,979,908	0.87%	1.00%	1.11%	1.35%	10,663	10,713	10,733	10,806
0 - 8,000	90,558,779	78,986,037	71,909,105	68,016,420	70.04%	67.68%	66.09%	73.80%	554	544	583	6,012
Winning players	-31,451,455	-22,966,373	-23,159,811	-23,061,013	28.73%	30.82%	32.18%	24.03%	-469	-347	-385	-637
Total	97,104,315	102,836,673	99,216,679	99,652,497	100.00%	100.00%	100.00%	100.00%	416	479	531	662

This table is directly comparable to previous years. In brief, the figures show that in 2020 we reduced revenues by 100% from the red segment with big players. We also managed to increase revenues from players in the green customer segment that gamble for smaller sums by 14.7%.

Overview of Paf and Paf Multibrand's customer segments

Customer segment (EUR)	Total gaming profits				Number of customers per segment				Average gross gaming profits per customer (EUR)			
	2020	2019	2018	2017	2020	2019	2018	2017	2020	2019	2018	2017
> 30,000	219,812	6,072,132	9,720,655	13,923,396	0.00%	0.05%	0.13%	0.21%	54,953	39,175	40,003	44,626
15,001 - 30,000	18,284,221	26,214,835	18,508,905	18,793,786	0.28%	0.43%	0.49%	0.61%	19,597	20,561	20,273	20,340
8,001 – 15,000	24,750,155	28,863,944	22,237,825	21,979,908	0.69%	0.91%	1.11%	1.35%	10,654	10,655	10,733	10,806
0 - 8,000	120,684,221	104,547,874	71,909,105	68,016,420	72.91%	70.83%	66.09%	73.80%	494	498	583	612
Winning players	-43,367,676	-31,772,901	-23,159,811	-23,061,013	26.12%	27.78%	32.18%	24.03%	-495	-386	-385	-637
Total	120,570,733	133,925,884	99,216,679	99,652,497	100.00%	100.00%	100.00%	100.00%	359	452	531	662

This year, we also choose to show the figures for Paf combined with Paf Multibrand, the table that we will present as a whole for Paf in the future. Paf Multibrand's figures are for the years 2019 and 2020 in the table.

"Paf Multibrand will not be an exception to the values we follow and the goals we have. From now on, they are part of Paf and will follow our guidelines regarding responsible gaming," says Christer.



We want to have an impact on the gaming industry's responsibility

For many years, we've tried to have an impact on the gaming industry's responsibility by actively providing information about how we're working on our responsible gaming within the industry. Two of our main initiatives that we would like to see more gaming companies adopt are increased transparency and the introduction of mandatory loss limits. During the autumn of 2020, we told the technology supplier Camelot Lottery Solutions, a subsidiary of Camelot UK, which handles the large national lottery in England, about how we at Paf are working on our gaming responsibility.

We won an international award for our responsible gaming efforts

Paf won first prize in the category "Corporate Responsibility Programme of the Year" at the Global Gaming Awards. The award ceremony was held in connection with the well-known international gaming fair ICE in London.

"It is very nice and also motivating that we're getting international recognition for the measures we've introduced to strengthen our responsible gaming. It has created a discernible echo throughout the gaming industry," says Paf's Vice President and Chief Responsibility Officer, Daniela Johansson.

The winners in all categories were selected by a jury of 50 people in the gaming industry. Paf received the award primarily for the annual mandatory loss limit that we've introduced. Paf is still the only international gaming company in the world with such a loss limit.



GLOBAL GAMING AWARDS

2020

CORPORATE RESPONSIBILITY
PROGRAMME
OF THE YEAR

Paf

LEAD PARTNER
BETCONSTRUCT

POWERED BY
GAMBLINGWISER



A special year for the environment

If you're not doing anything, you're not impacting the environment, but then you haven't done anything either. Basically, all activities impact the environment, but 2020 was a special year for Paf and many businesses. The easy explanation is of course the corona pandemic, which meant that we didn't make as many business trips, we were in our offices less often and we didn't arrange as many trips with our customers as before. It thus became a special year for the environment and our impact on the environment, so that when compared with previous years it really stands out.

Every year, we strive to actively limit our climate impact and improve our sustainability. We work to contribute to the Åland development and sustainability agenda and its objectives. Every year we measure our climate impact in several different categories together with an external partner, and we work to keep our offices Green Office certified. We choose to climate compensate our calculated impact on the environment as a whole, where this year we're supporting an interesting Icelandic climate project and a wind power project in the Philippines.

Annual climate audit

Paf's annual climate audit is conducted by an external partner according to the established international standard, the GHG protocol (the Greenhouse Gas Protocol). The audit helps us to understand, identify and also reduce our climate impact by measuring three different categories of climate impact.

Category 1 / Direct emissions

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

Category 2 / Indirect emissions from purchased energy

Emissions from heating, cooling and production of electricity purchased by Paf.

Category 3 / Indirect emissions from business activities

Indirect emissions caused by Paf's activities such as business and customer travel (e.g. air, boat, taxi and hotel stays).



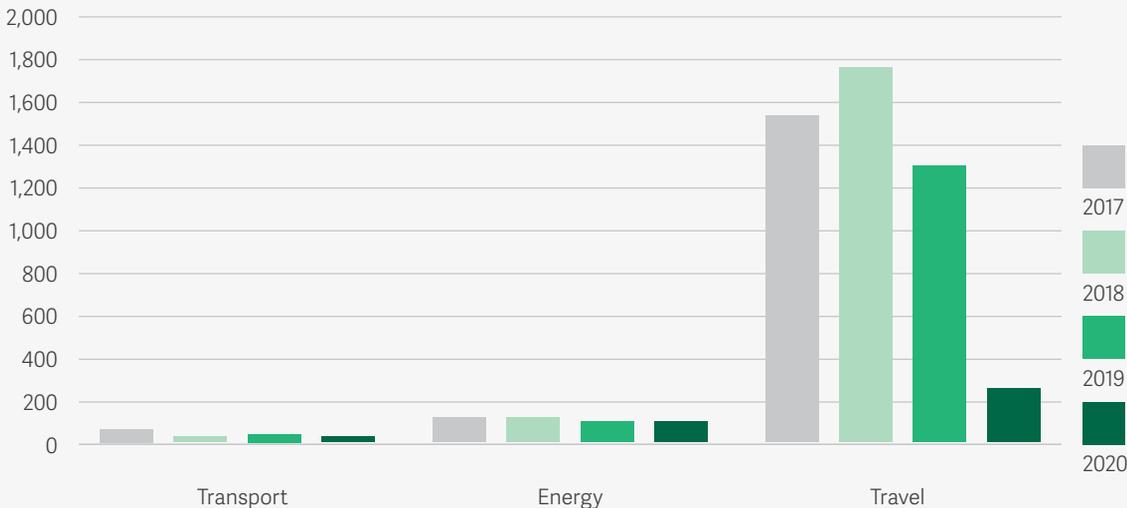
Paf's Vice President & CRO Daniela Johansson actively participates in the [bärkraft.ax](#) network which coordinates the work on the development and sustainability agenda for Åland.

Our climate impact decreased in 2020

Paf's operations in 2020 resulted in a total of 371 tonnes of CO₂e, which is a decrease of as much as 74% from 2019. The reason for the decrease is mainly a decrease in the number of flights, from 3,119 in 2019 to 629 in 2020. The main reason behind the reduced travel was the corona pandemic.

Most of our emissions come from business travel which accounted for 67% of total emissions, i.e. category 3. Energy consumption in our offices accounted for 26% and 7% consisted of transportation.

Emissions per category, 2017, 2018 and 2019 & 2020 (CO₂e)





Our head office was Green Office certified

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 purchasing. Paf's Helsinki office was Green Office certified again in autumn 2019 and our office in Mariehamn underwent a new audit in 2020, which was approved. The audit is conducted every three years and our goal is for both offices to retain their status as Green Office certified.

Charging posts, green electricity and water taps

During the autumn of 2020, we invested in increasing the number of charging posts for electric cars and hybrids at our head office in Mariehamn. We previously had 6 charging places for electric cars and we now have 20 places. Our employees are able to charge electric cars for free at the charging posts. In this way, we want to encourage our employees to switch to electric cars and help promote that development. Fossil-free passenger cars are also an intermediate goal in the Åland development and sustainability agenda that Paf follows.

For our new office in Norrköping, we reviewed the purchase of energy and electricity, so we're now purchasing more environmentally friendly alternatives, so-called green electricity. As part of the renovation of our office in Helsinki, we chose to install water taps that reduce water consumption.



Climate compensation

We are climate compensating our entire climate impact in 2020 by supporting the Barangay wind energy project in the Philippines. Fossil fuels account for more than 70% of the energy in the Philippines and Barangay is one of the first renewable energy projects in the country. The climate compensation project expands wind energy in the Philippines and it also contributes to socio-economic benefits for the region's residents.

Icelandic project captures carbon dioxide

We've also chosen to climate compensate an equal amount in a climate project that is underway in Iceland.

The company Climeworks has developed a technology that sucks carbon dioxide out of the air and pushes it into the ground. The ground-breaking technology is called Direct Air Capture; it mixes the carbon dioxide with water in a geothermal plant as it is pumped deep into Iceland's bedrock, where it is transformed into stone within a few years. It's not an ordinary climate compensation project, but we want to support their efforts and we will receive confirmation from the company when the carbon dioxide has been permanently removed from the atmosphere.

Climate Compensation

Paf 2020

Compensation for:

371 tonnes CO₂e

Project:

Wind energy in Barangay &
Direct Air Capture in Island

Certificate:

Barangay – Gold Standard

Climate partner:

Tricorona

Gold Standard

Climate Security & Sustainable Development



Focus on the work environment

The staff is our third focus area for sustainability. We want to ensure all employees' well-being and that they have the right conditions to develop professionally. We are proud of how well our staff managed to get through 2020, a year when nothing was the same and the conditions for our work varied greatly.

In 2020, we improved the physical work environment by renovating our office in Helsinki and we moved to a new office in Norrköping. To ensure that we continue to find the right employees, we invested a lot during the year in actively improving our recruitment process. It is important that our recruitment has an objective approach, is high quality and results in a good candidate experience. We introduced a process to ensure that those on parental leave have the ability stay up-to-date on what is happening at the workplace during their leave and thereby create conditions for a smoother transition when they return to work. We've also chosen to earmark a specific salary pot to even out any gender differences in the annual salary process.

Work culture

The work culture at Paf shapes the entire business. We are a different gaming company and we go our own way in the industry – we believe in what we do. When we describe our culture, what we do and how we do it, then these three words 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**



Helsinki

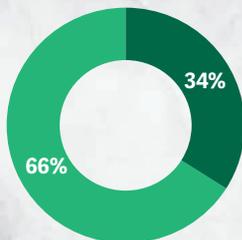


Norrköping

342 EMPLOYEES

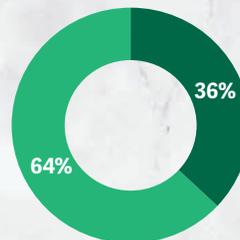
Location	Total
Mariehamn	180
Helsinki	63
Tallinn	34
Norrköping	19
Stockholm	17
Malta	13
Madrid	10
Oslo	3
Riga	3

Gender distribution, total



Gender	Total
Men	225
Women	117

Gender distribution, management



Gender	Total
Men	34
Women	19

29 NATIONALITIES



We have 29 different nationalities working at Paf (31/12/2020).

The People Power Index indicates our staff's satisfaction with Paf as an employer, compared to the average level (68.2) for companies in Finland in 2020. Last year (2019), the figure was 70.8 for Paf.

75.6 PEOPLE POWER INDEX



Ultimaker

The Coronavirus caused a large shortage of protective equipment at the hospital; we were able to help by manufacturing protective visors on our 3D printers.



Paf funds for the benefit of society

Paf (Ålands Penningautomatförening) is a gaming company founded in 1966 to raise money for the benefit of society. Those who laid the groundwork for Paf were the Red Cross, Save the Children, Folkhälsan and the former Today's Children Foundation. Fundraising for the benefit of society was to be done through the setting up and offering of entertaining games. That's the short story behind why Paf exists and the mission we work towards each year. Our mission should also reflect what we do, how we act and what we want to achieve as a gaming business so that it is more sustainable for our customers and the community we operate in.

“Paf’s profits are used for training, equipment and exercises; we are incredibly grateful and dependent on the Paf funds we receive”

Olof Collin, Red Cross Head of Crisis Management

It is largely our mission that makes us a different gaming company. We exist to generate a profit for socially beneficial projects, and we are to generate that profit in a responsible manner. Since our foundation in 1966, over EUR 377 million has been distributed to a wide range of beneficiaries.

This is how Paf's profits 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. The government then decides how the money is distributed among the various beneficiaries who apply for Paf funds. Then our contributions find their way into the community.



Paf donated stuffed animals to Save the Children

The allocation committee

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

Distribution of Paf's profits

Based on Paf's profits in 2019 and previous years' profits, EUR 15 million was distributed in 2020. In addition, EUR 25 million was distributed to alleviate the effects of Covid-19.

Social activities	3,500,000
Environmental activities	600,000
Youth work	612,000
Sport	1,780,000
Arts and culture activities	2,349,000
Leadership support	27,000
Other organizational support	3,000,000
Investment support	2,902,000
Event support	200,000
Integration	30,000
Loans	0
Total	15,000,000

This year our contribution will be EUR 15 million, which is based on Paf's profits in 2020.

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.



Save the Children's play therapy at the hospital

The hospital environment can be both frightening and difficult for children to handle. The Save the Children organisation works on making visits easier for children of all ages by offering play therapy at the hospital.

"There's a lot of grief and misery at a hospital. In all of that, I try to bring out the fun and everything that's good, things that can overcome the sadness," says Linda Ehn, Save the Children's play therapist.

Linda is employed by Save the Children but works at Åland's Health and Medical Care, which is the central hospital on Åland. As early as the 1970s, Save the Children began to offer play therapy to children as an activity during the day. The basic idea has always been to attempt to play away the illness. In a modern hospital environment, play therapy has developed to include much more than just play.

"Hospital stays have been greatly shortened, now the work mostly has to do with working with patients who are afraid of examinations and syringes. I am more of an educator in my work and teach the children what they are going to experience," says Linda.

A free zone for children

The play therapy is available at the Children and Youth Unit's section of the hospital and it consists of a play pavilion, an outdoor courtyard with play equipment and a small playroom inside the ward. Even if play therapy is closely intertwined with the hospital's activities, it is important that it differs from ordinary hospital care.

"It's important that we don't wear medical staff clothes, we must be a free zone for the children. Hospital clothes make the job more difficult because many children are afraid of people in medical staff clothes," says Linda.

At the moment, there is a queue for play therapy's more therapeutic treatments because the Covid-19 restrictions have meant that only the most acute patients have been able to get help.

"I have very long queues right now unfortunately. This is an important service that has expanded a lot in recent years, where primary care in particular has realised that play therapy can be a huge help, for example, for those who are afraid of getting vaccinated," says Linda.



UN Convention on the Rights of the Child

In the UN Convention on the Rights of the Child, contracting states recognise the right of the child to play and recreation, as well as the right of the child to enjoy the best attainable health, the right to health care and rehabilitation. It is precisely these points that play therapy combines and works to improve.

“I am very happy that Save the Children has this service. The ideal would be for there to be two of us working with this, because this function shouldn’t be interrupted for anything in the world,” says Linda.

Save the Children is one of the organisations that founded Paf in 1966 and which annually receives an important amount of support from the Paf funds to run the association’s work.



Punainen Risti
Röda Korset

Red Cross Voluntary Rescue Service

The volunteer rescue service is there to aid the authorities when the community needs extra help in the event of accidents or other emergencies. The Red Cross on Åland coordinates the activities, which consists of several organisations and about 90 volunteers. Olof Collin is the Red Cross Head of Crisis Management for the Voluntary Rescue Service in Åland.

“We are available 24 hours a day and 365 days a year. Our entire task is to support the authorities, they’re the ones who control it and we can only be called in by them,” says Olof.

10,000 volunteers in Finland

In all of Finland, the Voluntary Rescue Services consist of a network of 53 organisations, 10,000 volunteers and over 1,000 alarm groups. The various groups are specialists in their own fields, and they contribute their special skills on a voluntary basis. For example, Åland Rescue Dog Club, Åland Radio Amateurs and Åland Air Club are part of the Åland Voluntary Rescue Service.

“The authorities have a wide variety to choose from, so they can select specific groups according to what is needed. In Åland and Finland, the organisation of volunteers has really come a long way in crisis management,” says Olof.

Covid-19 and ships aground

The most common operations for the Voluntary Rescue Service are to look for lost people, redirect traffic and help with evacuations. 2020 was in many ways a very different year when the pandemic hit and two passenger ship accidents also happened.

“We helped Åland Central Hospital set up their tents for corona testing in the parking lot. And when they rang us regarding Viking Amorella and also Viking Grace, we quickly came out to help. In all cases it was a fantastic cooperation with the other authorities,” says Olof.

The Red Cross adds resources

Every year, the organisation carries out two major exercises and a number of training courses for members. Åland has one of only two approved places where dogs can practice searches in ruins. The entire operation is financed by Paf funds to the Red Cross, which frees up money for the Voluntary Rescue Service.

“Paf’s profits are used for training, equipment and exercises, we are incredibly grateful and depend on the Paf funds we receive,” says Olof.

There is no need to be a specialist in any field in order to join the Volunteer Rescue Services.

“We add all the different strengths we have and we learn from each other; our network makes us strong. None of our volunteers are paid but they are still motivated, and I think most of us are driven by the fact that this feels meaningful,” says Olof.

Beneficiaries of Paf funds 2020

Finance department / Event support

Ålenskurislandshästförening, Istölet
Tai chi föreningen Vita tranan, internationellt läger
Åland Triathlon Club, Bomarsund trail run
Åland Triathlon Club, Käringsundsloppet
Ålands Curlingklubb, Nordiska juniortävlingar, tjejer/killar
Ålands curlingklubb, Paf masters women curling tour
Ålands simförening, Bomarsund open water challenge
Ålands triathlonclub, Åland Swimrun

Finance department / Integration

ABF, skårgårdskultur för inflyttade
Emmaus, integration genom arbete

Finance department / Investment support

Finströms kommun, Fastighetsförbättring Godbyhallen
Germundö Alpin, belysning, ny nedfart, snöotilverkning, tidtagningssystem
Hammarlands idrottsklubb rf, Hammarvallen renovering 2 omklädningsrum
Hembygdens vänner, Frideborg
Jomala kommun Vikingavallen, grundförbättring av motionsspår 3 km
Mariehamns stad, Led-belysningsamaturer stadens motionsbanor
Mariehamns stad, Mariebad vattenrenningssystem
Mariehamns stad, Pommerdocka
Mariehamns stad, ute gym Idrottsparken
Norra Ålands högstadiestrikt, konstgräsplan
Saltviks kommun, Ny beläggning på tennisbanor i Kvambo
Saltviks kommun, ombyggnad och tillbyggnad Rangsbyskola
Södra Ålands högstadiestrikt, multiarena vid Kyrby högstadieskola
Ålands 4H-distrikt rf, gödselhantering ramp till kastflak
Ålands Sjärräddningsällskap, byte av bränsletankar

Finance department / Loans

Emmaus, inköp av fastighet för möbel- och byggetur
Hembygdens vänner, Frideborg
Saltviks kommun ombyggnad och tillbyggnad Rangsbyskola

Finance department / Organizational support

Finlands Röda Kors, Ålands distrikt, frivilliga räddningstjänsten
Föreningen Norden på Åland rf. Specialprojekt
Föreningen Norden på Åland rf. varav nordjobb 26000
Föreningen Vårt hjärta rf. specialprojekt ett modigt hjärta räddar liv
Lemlands jaktvårdsförening
Skördefestens vänner rf
Skördefestens vänner rf specialprojekt, samhällsekonomisk analys
Stiftelsen Ålands fredsinstitut sr
Stiftelsen Ålands fredsinstitut sr specialprojekt
e-kurs territoriella autonomier
Visit Åland rf
Ålands 4H-distrikt rf.
Ålands Brand- och Räddningsförbund rf. inkl. ungdomsverksamhet projektbidrag
Ålands Bruks- och Sällskapslundsklubb
Ålands feministparaly
Ålands flygklubb rf. bistå vid räddningsuppdrag
Ålands Guider rf.
Ålands Hästsportförening rf.
Ålands Marthadistrikt rf.
Ålands Marthadistrikt rf. specialprojekt martha mot matsvinn

Ålands Sjärräddningsällskap rf.
Ålands Sjärräddningsällskap rf. Specialprojekt WBTS utbildning

Sports / Tools and facilities

Agilityax
Finströms kommun
Föglö kommun
Germundö Alpin
Lumparlands kommun
Mariehamns stad
MH gymnastikförening
MSF
Ridklubben Sleipner
Ål sportslyttförening
Åland Triathlon Club
Ålands idrottscenter
Ålands judoklubb
Åländska segelsällskapet

Culture delegation / Workscholarships

Fredrik Erlandsson
Henrika Lax
Marc Svahnström

Culture delegation / Finland 100 years

Ahveniset
Brändö grundskola
Emmaus Åland rf
Flera Röstet
Föglö Hembygdsförening rf
Geta kulturförening rf.
Godby högstadieskola
Jomala bibliotek o kultur
Kulturforeningen Katrina
Kulturkampen
Kyrby högstadieskola
Kökar grundskola
Kökar hembygdsförening
Lumparlands skola
Mariehamns Pensionärsförening rf
Milan daghem
Stiftelsen Ålands Jakt- och Fiskemuseum
Strandnäs skola
Sällskapet Bel Canto Alandia rf.
Vikingaåsens skola
Yttemäs skola
Ålands konstförening rf.
Ålands kulturstiftelse rf.
Ålands Lyceum
Ålands Natur och Mijjö
Åländska hbt-föreningen Regnbågsfyren
Önningeby hembygdsförening rf
Övemäs skola

Culture delegation / Investment support

Arbetarnas bildningsförbund
Eckerö hbf
Eckerö u.f.
Enklinge hembygdsförening
Finströms kommun

Föglö hbf
Geta u.f.
Hembygdens väl
Lumparlands u.f.
Mariehamns stad/ Medis
Vårdö bönehus
Ålands bildningsförbund
Ålands telehistoriska förening

Culture delegation / Culture prize

Sally Salminen-priset till Peter Hågerstrand

Cultural delegation / Cultural scholarships / Film

Rasmus Olin

Cultural delegation / Cultural scholarships / Art

Amanda Chanfreau
Ann-Louise Törnqvist
Annika Lahti
Caroline Pipping
Daniel Eriksson
Edward Johansson
Erica Pettersson
Karl Henrik Edlund
Kjell Ekström
Lena Wilson
Linda Smith
Marcus Boman
Marika Markström
Mikko Snellman
Nayab Ikram
Sajja Saarela
Tove Chanfreau
Tuulikki Huovinen

Cultural delegation / Cultural scholarships / Music

Anna Randelin
Anton Johansson
Emelie Eriksson
Jan-Erik Ramström
Johan Henriksson
Kaj Backas
Markus Helander
Victor Förström

Cultural delegation / Cultural scholarships / Theatre

Grete Sneltevd
Nicklas Lantz

Cultural delegation / Cultural scholarships / Literature

Cita Nylund
Gerd Karin Nordlund
Gunnilla Wahlsten
Håkan Kulves
Janne Kütimaa
Johanna Boholm
Karin Erlandsson
Kristin Ilves
Pernilla Lindroos

Cultural delegation / Project grants

Birdpeople
Boken som bro till Japan/E.Johansson & A.Murakami
Brändö kommun
Det händer på Sottunga
Finlands svenska hembygdsförbund (FSH)
Finström kommun/historiegruppen
Hembygdens Vänner i Sottunga rf.
Krigsveteranema på Åland rf.
Krisgruppen Marika Sundqvist
Kultur i Båken
Kumlinge byalag
Kökar Röster
Lika Productions
Läsande Förebilder
Max Teater rf.
Medeltidsföreningen å Austrvega
Skatbo arbetslag
Skärgårdssteatern 2017
Sällskapet
Sällskärs Fyr rf.
Teater Kuling rf.
Together 4 life
Zero
Åland Action Art
Ålands Gospel rf.
Ålands Kulturfrämjande rf.
Ålands Skeppsbeihavareförening rf.

Cultural delegation / Support for autonomy celebration 2017

Garantiföreningen för Matsmärs
Kastelholmsnejdens byalag
Kökars Marthaförening rf.
Ålands Fredsinstitut
Önningeby hembygdsförening rf

Culture delegation / Organizational support and special projects

Alandia square dancers rf.
Alandia Strings rf.
Antons Vänner rf.
Bomarsundssällskapet rf.
DUV på Åland rf.
Eckerö Ungdomsförening rf.
Filmklubben Chaplin rf.
Folkdansarna på Åland rf.
Folkmusiklaget Kvinnfolk rf.
Formföreningen Fibula rf.
Fotoklubben Obscura rf.
Föglö Hembygdsförening rf.
Förbundet Ålands Sjödagar rf.
Föreningen Ålands Emigrantinstitut rf.
Föreningen Ålands Orgelfestival rf.
Föreningen Ålands Orgelfestival rf.
Föräldraföreningen Bild- och Formskolan rf.
Garantiföreningen Matsmärs rf.
Geta Kulturförening rf.
Hemsjösgillet i Mariehamn rf.
Kappsäcksteatern rf.
Kobba Klintars Vänner rf.
Kompani Nord Teaterförening rf.

Kulturfestival på Åland rf.
Kulturföreningen Katrina rf.
Kumlinge Byalag rf.
Kökar Hembygdsförening rf.
Kökarkultur rf.
Lappo uf/Skärgårdsmuseet rf.
Lumparlab Teaterförening rf.
Mariehamns Strategiklubb rf.
Nybonds i Krogstad rf.
Skeppgården Pellas rf.
Skeppsföreningen Albanus rf.
Stiftelsen Sjökvartetet r.s.
Stiftelsen Ålands Jakt- och Fiskemuseum rs.
Stödföreningen för Ålands Jakt- och Fiskemuseum rf.
Sund Kultur rf.
Swingskeppet på Åland rf.
Sällskapet Bel Canto rf.
Teater Alandica rf.
Teaterföreningen i Mariehamn rf.
Visans vänner på Åland rf.
Visor så in i Norden
Åbo Svenska Teater rf.
Ålands Accordion Club rf.
Ålands amatörastronomer rf.
Ålands Brand- och Räddningsförbund rf.
Ålands Dragspelklubb rf.
Ålands Konstförening
Ålands Litteraturförening rf.
Ålands Mångkulturella förening rf.
Ålands Radioamatörer rf.
Ålands Skötbåtsförening rf.
Ålands Slöjd- och Konsthantverk rf.
Ålands Spelmansgille
Ålands sång- och musikförbund rf.
Önningeby Hembygdsförening rf.

Cultural delegation / Other

Keijo Hiltunen

Environmental activities

Energi- och miljötekniska föreningen i landskapet Åland rf.
Husö biologiska station/Åbo Akademi
Nätö biologiska station / Societas pro Flora et Fauna Fennica rf.
Rädda Lumparn rf.
Stiftelsen Ålandsfonden för Östersjöns framtid rs.
Världsnaturfonden, Finlandsstiftelse sr WWF specialprojekt
Ålands Biodlarförening rf.
Ålands djurskyddsförening rf.
Ålands fågelskyddsförening rf.
Ålands landskapregering miljöbyrå specialprojekt
Ålands Natur och Miljö rf.
Ålands Näringsliv rf. Specialprojekt

Social delegation / Organizational support and special projects

Andning & Allergi Åland rf.
De utvecklingsstördas väl på Åland rf
Demensföreningen på Åland rf.
Diabetesföreningen på Åland rf.
Emmas Åland rf
Finlands Röda Kors Mariehamns avdelning

Finlands Röda Kors Ålands distrikt
Fri från narkotika Åland rf.
Föreningen Vårt i livet rf.
Föreningen Vårt Hjärta rf.
Krigsveteranema på Åland rf.
Landskapsföreningen Folkhälsan på Åland rf
Mariehamns pensionärsförening rf.
Norra Ålands pensionärer rf.
Pussel familjen rf.
Rädda barnen på Åland rf.
Socialmissionen på Åland rf
Stal.LöYs handikappriklubb
Stiftelsen Hemmet rs
Vuxna på stan rf.
Ål motorföres helnykterhetsförening rf.
Ålands autismspektrumförening rf.
Ålands cancerförening rf.
Ålands fackliga semesterorganisation rf.
Ålands fountainhouse rf.
Ålands handikappförbund rf.
Ålands handikappförbund rf. – Fixtjänst
Ålands hemgårdsförbund rf.
Ålands hälso- och sjukvård - Tobaks kampen
Ålands hälsoalternativ rf.
Ålands hörsellförening rf.
Ålands intresseförening för psykisk hälsa
Ålands neurologiska förening rf.
Ålands reumaförening rf.
Ålands synskadade rf.
Åländska HBT-föreningen Regnbågsfyren rf.

Travel grants

Arbetsgruppen Titut
Elspeth Randelin
Johan Karrento
Karl Henrik Edlund
LaDena Laine
Linda Smith
Nayab Ikram
Ursula Sepponen
Zaida Ponthin
Åke Hillar

Youth activities

De utvecklingsstördas väl
Emmas Åland rf.
Natur och miljö
SKUNK rf.
Ung resurs rf.
Ungdomens Hus
Ungmartha
Ålands scoutdistrikt
Ålands Ungdomsörbund





 **Financial report**

Financial summary

REVENUE

The Group's revenue for 2020 decreased from EUR 114.2 to EUR 113.0 million.

Internet business

The Internet business's gaming revenue increased from EUR 84.5 to 100.4 million. The increased revenue is explained by a new record in the number of active customers.

In February 2020, Paf acquired the gaming company Mandalorian Technologies Ltd, now re-named Paf Multibrand Ltd, which contributed EUR 18.4 million to the revenue

During the year, Paf's self-imposed annual limit for how much Paf's online customers can lose in a twelve-month period had a dampening effect on revenue. The loss limit is a conscious choice to help become a more responsible and socially accepted gaming product. The loss limit for 2020 was EUR 25,000 compared with EUR 30,000 for 2019. Paf's average revenue per customer decreased by 17% in 2020 compared with the previous year.

The products that had the strongest development during the year are Bingo, Slots and Live Casino. Revenue from sports betting decreased as a result of a large number of sporting events being cancelled due to Covid-19.

The number of customers that contributed to the revenue during the year increased to 336,206 (223,446, 2019) which is a new record for Paf. Paf estimates that the number of active customers will continue to increase during 2021 through effective marketing and continued development of the technical platform.

The Land and Ship business

Gaming revenues for the land and ship business fell from EUR 30.2 million to EUR 12.3 million. This is explained by the greatly reduced number of passengers on-board ships as a result of Covid-19.

The shipping environment is moving towards customers having less and less cash onboard and Paf is working hard to develop alternative payment methods and continues to invest in new technology.

It is gratifying that average revenue per passenger onboard the vessels was higher in 2020 when compared to the previous year.

The shutdown of the Paf Casino in Mariehamn at the end of December 2019 explains a reduction in revenue for the land-based business by EUR 1.2 million. Overall, the shutdown has a marginal earnings impact.

Other operating income

Other operating income increased from EUR 0.4 to EUR 4.7 million. The increased revenues are not of a one-time character and mainly relate to external sales of gambling platforms and primary services.

Materials and services

Costs decreased from EUR 26.9 to EUR 26.3 million.

Increased turnover for Internet operations entail higher variable costs in the form of remuneration to gaming providers and payment transmission services costs. Reduced turnover for the land and ship business results in lower operating costs, costs which will increase again when the turnover turns around.

Personnel costs

Costs grew marginally from EUR 25.6 million to EUR 26.8 million. During the third quarter of 2020, Paf carried out a restructuring, which resulted in a one-off cost of EUR 1.2 million in the form of severance pay. The number of employees working in IT increased which to some extent also drives salary costs.

The number of employees fell from 372 to 350.

Capitalised development costs

Capitalisation of Paf development costs decreased from EUR 2.1 to EUR 0.7 million. During the year, Paf focused on the development of parts of the gaming platform that will not directly generate new revenues but which are necessary to future-proof the technology. During the year, major steps have been taken towards a completely cloud-based gaming platform.

Depreciation and impairment

Depreciation and impairment costs were EUR 10.9 million (EUR 5.9 million in 2019). Depreciation according to plan is at an unchanged level. Depreciation of goodwill has increased by EUR 3.9 million and largely refers to planned depreciation for the acquisition of Mandalorian Technologies Ltd. A write-down of EUR 1.1 million of previously capitalised development time was made.

Other operating expenses

Other operating expenses increased from EUR 32.3 to EUR 37.0 million.

The increase is explained, among other things, by the fact that Paf increased its marketing costs by EUR 2.8 million during the year. Higher turnover for the Internet business and platform sales to Grand Casino Luzern has led to an increase in external IT costs.

OPERATING PROFIT

The Group's operating profit for the year fell from EUR 26.2 million to EUR 17.4 million.

Financial income and costs

The net result for financial income and costs was negative amounting to EUR 0.1 million compared with EUR 0.1 million the previous year.

Accounting period profit/loss

The profits for the accounting period fell from EUR 25.6 million to EUR 16.7 million.

REPAID LOTTERY TAX

Apart from the profits Paf distributes, the Government of Åland receives a surplus of EUR 10.2 million in repaid lottery tax from the Finnish government.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 1 February 2020, Paf completed an acquisition of Mandalorian Technologies Ltd., now renamed Paf Multibrand Ltd. The purpose of the acquisition was primarily to strengthen the market position in the Swedish market. At the end of 2020, Paf Multibrand Ltd had only Swedish customers and the operations are conducted under a Swedish gaming licence.

Paf's long-term partnership agreement with Grand Casino Luzern AG where Paf provides a complete certified gaming platform with Paf's casino games, integrations with third-party casino games and payment solutions have been well developed. Grand Casino Luzern AG and www.mycasino.ch are now market leaders in the Swiss market for Internet gaming.

Covid-19 caused major challenges for the entire Paf business and staff. Paf's staff have periodically worked from home depending on applicable recommendations for each type of employment location. For Paf's business on the Internet, it is mainly sports betting that is adversely affected since sports events were cancelled or postponed. The impact on Paf's land and ship business has been considerable. During the year, a large part of the business onboard the vessels were 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. 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.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

From 1 January 2021, Paf lowered the loss limit for how much a customer can lose per year in Paf's Internet business to EUR 20,000 for all markets except the Swedish market where the loss limit is SEK 200,000. For 2020, the loss limit was EUR 25,000 and SEK 250,000, respectively.

Paf Multibrand Ltd's operations were migrated to Paf's gaming platform in February 2021.

In February 2021, the Supreme Court announced its judgement in the so-called money laundering case which relates back to an event in 2012. Paf was ordered to pay a corporate fine of EUR 250,000 and EUR 165,000 to be forfeited to the government. Money laundering by negligence was considered to have been committed in Paf's business, but Paf as a legal entity was not, however, convicted of any crime.

FORECAST OF LIKELY FUTURE DEVELOPMENT

The markets in which Paf operates, are expected during 2021 to be characterised by continued growth and consolidation, however with great uncertainty linked to the development of Covid-19. Stricter regulatory requirements for how the business should be run can be expected and welcomed by Paf. 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 gambling, 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 maintains and recruit the necessary expertise.

Financial risks

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

Legal risks

A clear area of risk for Paf, and indeed for the industry as a whole, is that of legal risks. Gaming and lotteries are activities that require permits, and political decisions naturally affect our business. We closely monitor and watch any legislative changes and adapt our businesses accordingly. Possible legal proceedings against Paf can cause considerable costs and a loss of trust.

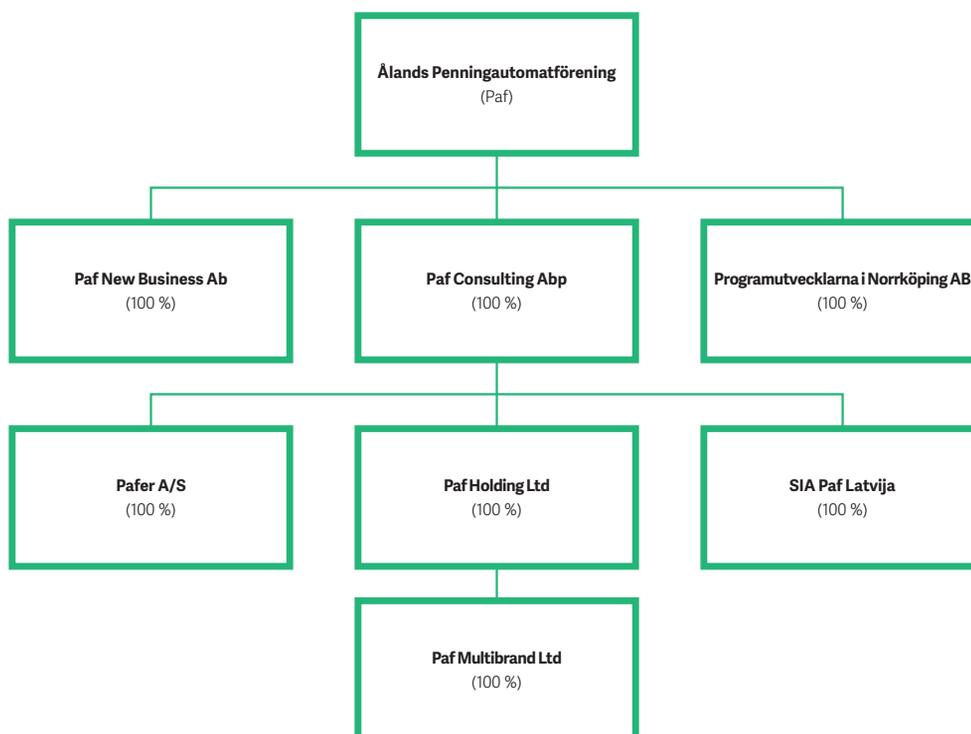
GROUP OVERVIEW

At the end of 2020, 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 subsidiaries Pafer A/S and SIA Paf Latvija. Paf Consulting Abp in turn is the owner of the subsidiaries 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 Abp forms a sub-group which consists of Pafer A/S, SIA Paf Latvija, Paf Consulting Sverige AB (dormant) and Paf Holding Ltd which in turn owns Paf Multibrand Ltd and Paf International Ltd (dormant). 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 2020.

Mergers made in 2020, 13 January, Paf Sverige AB merged with Paf Consulting Sverige AB and 31 March Winone Oy merged with Paf New Business Ab.

Gaming licences

Paf conducts licensed operations under the following national gaming licences:

Åland: Ålands Penningautomatförening: gaming licence online, in Åland and onboard ships.

National Regulatory Authority: Lottery Inspectorate, Åland

Estonia: Pafer A/S: gaming licence online and onboard 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, Paf Multibrand Ltd: gaming licence online.

National Regulatory Authority: Swedish Gambling Authority



The Board of Directors

Organisation and management

Board

At the beginning of 2020, the Board of Directors consisted of Chair Jan-Mikael von Schantz, Deputy Chair Anna Dahlsten, board members Sara Kemetter, Birgitta Eriksson and Gunnar Westerlund.

No changes have been made to the Board of Directors during the year.

CEO and Group management

At the beginning of 2020, Paf's Group management consisted of CEO Christer Fahlstedt, Vice President Daniela Johansson, COO Land & Ship Andreas Remmer, 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.

No changes have been made during the year.



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).

The Board's proposal for profit distribution

The Board of Directors proposes that EUR 15 million from the year's profits of EUR 19.8 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 - 31/12/2020

KEY RATIOS

1 000 €

Group	2016	2017	2018	2019	2020
Revenue	113,515	116,513	111,821	114,205	113,008
Operating profit	15,788	27,607	24,742	26,151	17,420
Profit/loss before tax	15,330	29,600	24,950	26,060	17,357
Net profit	15,171	29,407	24,622	25,630	16,687
Operating margin	13.9 %	23.7 %	22.1 %	22.9 %	15.4 %
Profit as % of sales	13.4 %	25.2 %	22.0 %	22.4 %	14.8 %
Return on equity in % (ROE)	15.4 %	27.9 %	20.3 %	19.5 %	13.6 %
Return on invested capital in % (ROI)	15.8 %	28.0 %	20.4 %	19.7 %	14.5 %
Equity/assets ratio	84.5 %	87.4 %	88.2 %	87.4 %	83.3 %
Investments in tangible assets	9,929	3,936	4,405	3,038	2,130
Investments in intangible assets	2,406	887	2,087	2,291	3,908
Investments in tangible and intangible assets	12,335	4,824	6,492	5,330	6,038
Average number of employees	376	358	351	372	349

Parent company Ålands Penningautomatförening	2016	2017	2018	2019	2020
Revenue	86,224	93,793	89,404	87,972	71,277
Operating profit	20,837	28,081	24,374	30,646	19,710
Profit/loss before tax	18,374	26,305	24,673	30,634	19,820
Net profit	18,341	26,270	24,654	30,616	19,791
Operating margin	24.2 %	29.9 %	27.3 %	34.8 %	27.7 %
Profit as % of sales	21.3 %	28.0 %	27.6 %	34.8 %	27.8 %
Return on equity in % (ROE)	18.5 %	24.8 %	20.5 %	23.1 %	15.5 %
Return on invested capital in % (ROI)	18.7 %	25.7 %	20.3 %	22.8 %	15.4 %
Equity/assets ratio	85.0 %	86.2 %	87.7 %	87.2 %	87.8 %
Investments in tangible assets	7,887	1,676	2,370	1,187	1,648
Investments in intangible assets	1,979	792	1,640	2,291	3,898
Investments in tangible and intangible assets	9,866	2,469	4,011	3,479	5,546
Capital investments	4,930	3,756	1,243	8,510	0
Total investments	14,796	6,224	5,253	11,989	5,546
Gross investments as % of revenues	17.2 %	6.6 %	5.9 %	13.6 %	7.8 %
Average number of employees	261	305	291	305	257
Distribution of profits	15,000	18,000	21,000	40,000	15,000*
Lottery tax to the Finnish government	11,433	12,413	12,583	12,015	10,207

*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	2020	2019	2020	2019
REVENUE	R1	71,276,995	87,972,263	113,008,080	114,205,496
Other operating income		7,203,349	5,509,044	4,747,163	443,172
Materials and services					
Purchases during the accounting period		-19,910	-23,549	-2,537,826	-5,473,855
Total purchased services		<u>-12,032,216</u>	<u>-16,514,323</u>	<u>-23,806,733</u>	<u>-21,395,920</u>
		-12,052,126	-16,537,872	-26,344,559	-26,869,775
Staff costs	R2				
Salaries and remuneration		-18,270,341	-17,928,335	-22,328,123	-20,995,659
Pension costs		-2,295,676	-2,719,087	-2,435,289	-2,883,515
Other payroll expenses		<u>-1,299,968</u>	<u>-1,019,245</u>	<u>-2,044,505</u>	<u>-1,682,274</u>
		-21,865,985	-21,666,667	-26,807,917	-25,561,449
Activated development costs		693,829	2,128,912	693,829	2,128,912
Depreciations and amortisation					
Depreciation/amortisation according to plan		-3,725,112	-3,930,016	-5,722,833	-5,722,792
Amortisation of goodwill		0	0	-4,051,276	-131,132
Write-down of fixed assets		<u>-1,124,685</u>	<u>-9,354</u>	<u>-1,124,685</u>	<u>-9,354</u>
		-4,849,797	-3,939,370	-10,898,794	-5,863,278
Other operating expenses	R3	-20,696,232	-22,820,363	-36,977,666	-32,331,922
OPERATING PROFIT		19,710,034	30,645,947	17,420,137	26,151,156
Financial income and costs					
Interest income from group companies		211,965	0	0	0
Other interest and financial income		249,209	471,892	1,027,997	690,167
Interest costs to group companies		-23,043	-34,470	0	0
Other interest and financial costs		<u>-328,643</u>	<u>-449,170</u>	<u>-1,091,185</u>	<u>-781,312</u>
		109,488	-11,748	-63,188	-91,145
PROFIT/LOSS BEFORE TAX		19,819,521	30,634,199	17,356,949	26,060,011
Tax for the year and previous years		-28,457	-17,798	-92,931	-17,798
Deferred taxes		<u>0</u>	<u>0</u>	<u>-576,714</u>	<u>-412,027</u>
ACCOUNTING PERIOD PROFIT/LOSS		19,791,065	30,616,401	16,687,304	25,630,186

BALANCE SHEET

		Parent company		Group	
	Note	31/12/2020	31/12/2019	31/12/2020	31/12/2019
ASSETS					
FIXED ASSETS					
Intangible assets					
Balanced development costs	B1	2,031,591	1,404,591	2,493,433	1,998,914
Intangible rights		0	0	0	56,044
Licences		0	0	8,000	0
Goodwill		0	0	37,987,297	594,323
Other long-term expenses		83,748	332,464	253,319	585,211
Advance payments and pending acquisitions		253,720	1,660,473	253,720	1,660,473
		2,369,060	3,397,529	40,995,770	4,894,965
Tangible assets					
B2					
Land and water areas		702,700	702,700	702,700	702,700
Buildings and structures		17,153,303	17,742,257	17,153,303	17,742,257
Machines and inventories		2,755,583	3,806,502	6,783,057	8,526,805
Advance payments and pending acquisitions		575,330	0	580,382	50,161
		21,186,916	22,251,459	25,219,442	27,021,923
Investments					
B3					
Shares in group companies		21,158,896	21,158,896	0	0
Other shares and holdings		20,405	20,405	20,405	20,405
		21,179,301	21,179,301	20,405	20,405
TOTAL FIXED ASSETS		44,735,277	46,828,288	66,235,617	31,937,293
CURRENT ASSETS					
Long-term receivables					
Loan receivables		51,062	63,350	51,062	63,350
Long-term receivables in group companies		13,450,000	0	0	0
		13,501,062	63,350	51,062	63,350
Short-term receivables					
Accounts receivable		4,044	10,326	1,021,835	732,201
Receivables from group companies		43,545,276	8,726,298	0	0
Other short-term receivables	B5	11,064,662	23,904,493	11,936,502	24,114,102
Accrued income		2,078,099	1,949,127	2,313,148	2,523,110
		56,692,080	34,590,244	15,271,485	27,369,413
Cash and bank	B4	22,101,854	81,021,550	55,012,890	98,681,503
TOTAL CURRENT ASSETS		92,294,996	115,675,144	70,335,437	126,114,266
TOTAL ASSETS		137,030,273	162,503,432	136,571,054	158,051,558
EQUITY AND LIABILITIES					
EQUITY					
B8					
Other restricted equity		0	0	14,718	30,594
Retained profit		97,781,313	107,292,776	93,982,691	108,416,244
This year's profit		19,791,065	30,616,401	16,687,304	25,630,186
		117,572,377	137,909,177	110,684,712	134,077,024
PROVISIONS					
B7					
Other provisions		2,776,330	3,715,290	3,000,227	3,828,198
		2,776,330	3,715,290	3,000,227	3,828,198
Long-term foreign capital					
Deferred tax liabilities		0	0	2,153,984	1,577,270
		0	0	2,153,984	1,577,270
Short-term foreign capital					
Accounts payable		3,158,273	3,689,987	4,053,770	4,592,189
Advances received		0	174,783	56,183	274,225
Short-term liabilities to group companies	B6	4,780,000	7,059,677	0	0
Other short-term liabilities		4,637,150	5,276,941	11,087,901	8,448,321
Accrued income		4,106,142	4,677,577	5,534,278	5,254,332
		16,681,565	20,878,965	20,732,131	18,569,066
TOTAL EQUITY AND LIABILITIES		137,030,273	162,503,432	136,571,054	158,051,558

FINANCING ANALYSIS - PARENT COMPANY

Parent company	2020	2019
Cash flow from operating activities		
Operating profit	19,710,034	30,645,947
Correction for non-cash items	3,782,973	4,680,482
Changes in working capital	-26,299,237	-7,897,670
Financial income and costs	109,488	-11,748
Taxes	-28,457	-17,798
Net cash flow of business activities	-2,725,199	27,399,214
Investments		
Net investments in intangible assets	-388,824	-2,301,625
Net investments in tangible assets	-2,385,186	-598,321
Capital loans to subsidiaries	0	-8,000,000
Increase in other long-term investments	0	-510,000
Total investment cash flow	-2,774,010	-11,409,946
Cash flow before financing	-5,499,209	15,989,268
Financing		
Increase/reduction in long-term receivables	-13,437,712	20,489
Allocated profits	-40,000,000	-21,000,000
Other	17,225	0
Total financing cash flow	-53,420,487	-20,979,511
Change in cash and cash equivalents	-58,919,696	-4,990,244
Cash and cash equivalents 01/01	81,021,550	86,011,794
Cash and cash equivalents 31/12	22,101,854	81,021,550

FINANCING ANALYSIS - GROUP

Group	2020	2019
Cash flow from operating activities		
Operating profit	17,420,137	26,151,156
Correction for non-cash items	9,231,027	6,615,121
Changes in working capital	14,260,993	-7,749,384
Financial income and costs	-63,188	-91,145
Taxes	-92,931	-17,798
Net cash flow of business activities	40,756,039	24,907,950
Investments		
Net investments in intangible assets	-1,690,798	
Net investments in tangible assets	-41,872,432	-2,687,496
Reduction of investments in financial securities	-2,217,227	-1,899,296
Total investment cash flow	-45,780,457	-4,586,792
Cash flow before financing	-5,024,418	20,321,158
Financing		
Increase/reduction in long-term receivables	12,288	20,489
Allocated profits	-40,000,000	-21,000,000
Other	-370,845	0
Total financing cash flow	-40,358,557	-20,979,511
Change in cash and cash equivalents	-45,382,976	-658,353
Cash and cash equivalents 01/01	98,681,503	99,339,855
Cash and cash equivalents in aquired subsidiaries at the point of acquisition	1,714,363	
Cash and cash equivalents 31/12	55,012,890	98,681,503

INFORMATION ABOUT ACCOUNTING PRINCIPLES

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	3-5 years
Investments in leased premises	5-6 years
Goodwill	5-10 years

Tangible assets

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

NOTES FOR THE INCOME STATEMENT

		Parent company		Group	
	Note	2020	2019	2020	2019
Revenues by geographic area					
	R1				
Åland – land-based gaming		1,472,138	2,391,328	1,472,138	2,391,328
Gaming on board ships		4,553,618	11,591,209	10,875,320	27,785,623
Finland		0	0	0	48,000
Internet		65,251,239	73,989,726	100,660,622	83,980,544
		71,276,995	87,972,263	113,008,080	114,205,496
Revenues by business area					
System development and associated services		0	0	0	48,000
Casino gaming and lotteries on land and on ships		6,025,756	13,982,537	12,347,458	30,176,952
Online gaming		65,251,239	73,989,726	100,660,622	83,980,544
		71,276,995	87,972,263	113,008,080	114,205,496
Internet revenues by customer segment (EUR)					
Gross gaming profits*					
> 30,000				219,812	3,120,471
15,001 - 30,000				18,284,221	20,509,999
8,001 - 15,000				24,750,155	22,613,351
0.01 - 8,000				120,684,221	78,115,076
Winning players				-43,367,676	-22,962,153
Total				120,570,733	101,396,744
Lottery tax, jackpot provisions and other items that do not impact customer balances				-19,910,111	-16,891,157
Total internet				100,660,622	84,505,587
*Gross gaming profits = gaming revenues - profits - bonuses					
Average number of employees					
	R2	257	305	349	372
Management salaries and remuneration					
Salaries for parent company CEO and deputy		-532,462	-517,207	-532,462	-517,207
Salaries for subsidiaries' CEOs and deputies		0	0	-112,800	-112,184
Board fees		-118,000	-121,286	-118,000	-121,286
Other remunerations to the Board		0	0	0	0
Total		-650,462	-638,493	-763,262	-750,677
Fees to accounting firms					
	R3				
KPMG					
Audit fees		32,115	32,900	67,808	65,040
Fees for tax advice		223	8,768	223	8,768
Fees for other services		24,826	0	28,734	5,168
Total		57,164	41,669	96,765	78,977
EY					
Audit fees		0	0	0	0
Fees for tax advice		16,690	16,114	16,690	16,114
Fees for other services		0	0	20,425	27,249
Total		16,690	16,114	37,115	43,363

BALANCE SHEET NOTES

INTANGIBLE FIXED ASSETS	Note	Parent company		Group	
		2020	2019	2020	2019
	B1				
Balanced development costs					
Opening acquisition values		8,397,502	7,223,479	9,286,935	7,863,090
Investments for the period		1,751,593	0	1,751,593	0
Acquisitions		0	0	0	255,000
Transfers between items		0	1,174,022	0	1,174,022
Currency conversion differences		0	0	30,917	-5,178
Closing accumulated acquisition values		10,149,094	8,397,502	11,069,445	9,286,935
Opening depreciations according to plan		-6,992,910	-6,168,765	-7,288,021	-6,331,423
Depreciations for the period		-1,124,593	-824,145	-1,274,764	-955,278
Currency conversion differences		0	0	-13,226	-1,321
Closing accumulated depreciations		-8,117,503	-6,992,910	-8,576,012	-7,288,021
Total balanced development costs		2,031,591	1,404,591	2,493,433	1,998,914
Patents, licences and similar rights					
Opening acquisition values		0	0	279,272	326,772
Sold/discarded		0	0	0	-47,500
Closing accumulated acquisition values		0	0	279,272	279,272
Opening depreciations according to plan		0	0	-223,227	-199,831
Depreciations for the period		0	0	-56,044	-70,896
Sold/discarded		0	0	0	47,500
Closing accumulated depreciations		0	0	-279,272	-223,227
Total patents and similar rights		0	0	0	56,044
Licences					
Opening acquisition values		0	0	0	0
Acquisitions		0	0	20,000	0
Closing accumulated acquisition values		0	0	20,000	0
Opening depreciations according to plan		0	0	0	0
Depreciations for the period		0	0	-3,667	0
Acquisitions		0	0	-8,333	0
Closing accumulated depreciations		0	0	-12,000	0
Total licences		0	0	8,000	0
Goodwill					
Opening acquisition values		893,179	893,179	14,567,510	14,319,005
Acquisitions		0	0	41,426,561	255,000
Currency conversion differences		0	0	17,690	-6,495
Closing accumulated acquisition values		893,179	893,179	56,011,761	14,567,510
Opening depreciations according to plan		-893,179	-893,179	-13,973,187	-13,842,051
Depreciations for the period		0	0	-4,051,276	-131,132
Currency conversion differences		0	0	0	-4
Closing accumulated depreciations		-893,179	-893,179	-18,024,464	-13,973,187
Total goodwill		0	0	37,987,297	594,323
Advance payments and ongoing projects					
Opening acquisition values		1,660,473	553,134	1,660,473	553,134
Investments for the period		2,102,544	2,281,361	2,102,544	2,281,361
Sold/discarded/expensed		-3,509,296	0	-3,509,296	0
Transfers between items		0	-1,174,022	0	-1,174,022
Closing accumulated acquisition values		253,720	1,660,473	253,720	1,660,473
Total advance payments and ongoing projects		253,720	1,660,473	253,720	1,660,473
Other long-term expenses					
Opening acquisition values		21,703,366	22,066,446	21,975,817	22,318,896
Investments for the period		43,983	10,132	53,983	10,132
Sold/discarded		0	-383,343	0	-383,343
Transfers between items		0	10,132	0	30,132
Closing accumulated acquisition values		21,747,350	21,703,366	22,029,800	21,975,817
Opening depreciations according to plan		-21,370,902	-21,463,948	-21,390,606	-21,392,185
Depreciations for the period		-292,700	-290,297	-385,875	-381,765
Sold/discarded		0	383,343	0	383,343
Transfers between items		0	0	0	0
Closing accumulated depreciations		-21,663,602	-21,370,902	-21,776,481	-21,390,606
Total other long-term expenses		83,748	332,464	253,319	585,211
TOTAL INTANGIBLE ASSETS		2,369,060	3,397,529	40,995,770	4,894,965

BALANCE SHEET NOTES

		Parent company		Group	
TANGIBLE FIXED ASSETS	Note	2020	2019	2020	2019
	B2				
Buildings					
Opening acquisition values		22,512,059	22,512,059	22,512,059	23,144,906
Investments for the period		0	0	0	0
Sold/discarded		0	0	0	-632,847
Closing accumulated acquisition values		22,512,059	22,512,059	22,512,059	22,512,059
Opening depreciations according to plan		-4,769,802	-4,130,152	-4,769,802	-4,319,039
Depreciations for the period		-588,954	-639,650	-588,954	-646,160
Sold/discarded		0	0	0	195,397
Closing accumulated depreciations		-5,358,756	-4,769,802	-5,358,756	-4,769,802
Total buildings		17,153,303	17,742,257	17,153,303	17,742,257
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		27,467,996	31,830,147	36,156,067	38,623,056
Investments for the period		784,120	1,072,764	1,071,365	2,691,873
Acquisitions		0	0	1,373,612	0
Sold/discarded		-3,516,164	-5,589,705	-3,744,231	-6,183,796
Transfers between items		200,604	154,790	439,821	1,025,539
Currency conversion differences		0	0	1,328	-605
Closing accumulated acquisition values		24,936,556	27,467,996	35,297,961	36,156,067
Opening depreciations according to plan		-23,215,036	-26,040,732	-27,174,629	-29,043,239
Depreciations for the period		-1,736,090	-2,175,924	-3,430,754	-3,646,787
Acquisitions		0	0	-705,400	0
Sold/discarded		3,216,611	5,001,619	3,251,262	5,515,289
Currency conversion differences		0	0	-750	108
Closing accumulated depreciations		-21,734,515	-23,215,036	-28,060,271	-27,174,629
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		2,755,583	3,806,502	6,783,057	8,526,805
Advance payments and ongoing projects					
Opening acquisition values		0	50,502	50,161	761,824
Investments for the period		864,113	114,420	1,058,221	346,600
Sold/discarded		-88,179	0	-88,179	-2,591
Transfers between items		-200,604	-164,922	-439,821	-1,055,671
Closing accumulated acquisition values		575,330	0	580,382	50,161
Total advance payments and ongoing projects		575,330	0	580,382	50,161
TOTAL TANGIBLE ASSETS		21,186,916	22,251,459	25,219,442	27,021,923

BALANCE SHEET NOTES

	Parent company		Group	
Note	2020	2019	2020	2019
INVESTMENTS	B3			
Parent company's investments				
Shares in group companies				
Acquisition costs at the start of the period	47,231,937	32,021,937		
Increases	0	15,210,000		
Acquisition costs at the end of the period	<u>47,231,937</u>	<u>47,231,937</u>		
Previous amortisation	-26,073,041	-26,073,041		
Book value at the end of the period	<u>21,158,896</u>	<u>21,158,896</u>		
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	<u>3,229,946</u>	<u>3,229,946</u>		
Previous amortisation	-3,209,541	-3,209,540		
Amortisation for the year	0	-1		
Book value at the end of the period	<u>20,405</u>	<u>20,405</u>		
Capital loans to group companies				
Acquisition costs at the start of the period	0	6,700,000		
Increases	0	8,000,000		
Converted to shares in subsidiaries	0	-14,700,000		
Acquisition costs at the end of the period	<u>0</u>	<u>0</u>		
Total investments	<u>21,179,301</u>	<u>21,179,301</u>		
Parent company's subsidiaries	B3	2020	2019	
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	4,916,129	4,901,042		
Accounting period profit/loss	<u>15,087</u>	<u>78,998</u>		
Paf Consulting Abp, Åland				
Ownership	100 %	100 %		
Value on balance sheet	15,406,389	15,406,389		
Equity at the end of the accounting period	2,591,020	5,449,039		
Accounting period profit/loss	-2,858,019	-5,516,398		
Programutvecklarna i Norrköping AB, Sverige				
Ownership	100 %	100 %		
Value on balance sheet	1,752,507	1,752,507		
Equity at the end of the accounting period	342,708	197,307		
Accounting period profit/loss	<u>131,391</u>	<u>32,733</u>		
Övriga koncernbolag				
Group companies	Parent company	Stake 2020	Stake 2019	
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 Holding Ltd, Malta	Paf Consulting Abp	100 %	-	
Paf Multibrand Ltd, Malta	Paf Holding Ltd	100 %	-	
Paf International Ltd, Malta	Paf Holding Ltd	100 %	-	
Wione Oy, Åland Finland and Paf Sverige AB, Sweden has been merged with its respective parent company.				
CASH AND BANK	B4	2020	2019	2020 2019
Customer assets		1,835,101	1,846,159	3,413,995 2,939,601
Other cash and bank		<u>20,266,753</u>	<u>79,175,392</u>	<u>51,598,895</u> <u>95,741,901</u>
Total cash and bank		<u>22,101,854</u>	<u>81,021,550</u>	<u>55,012,890</u> <u>98,681,503</u>

BALANCE SHEET NOTES

		Parent company		Group	
	Note	2020	2019	2020	2019
RECEIVABLES IN THE SAME GROUP					
	B5				
Long-term receivables in group companies					
Loan receivable		13,450,000	0		
		13,450,000	0		
Short-term receivables in group companies					
Customer receivables		2,989,429	186,000		
Other receivables		40,555,847	8,540,298		
		43,545,276	8,726,298		
LIABILITIES IN THE SAME GROUP					
	B6				
Short-term liabilities to group companies					
Accounts payable		139,677	33,750		
Other liabilities		4,640,323	7,025,927		
		4,780,000	7,059,677		
PROVISIONS					
	B7				
Other provisions					
Jackpot provisions		2,776,330	3,715,290	3,000,227	3,828,198
		2,776,330	3,715,290	3,000,227	3,828,198
EQUITY					
	B8				
Other restricted equity at start of year					
Currency conversion differences		0	0	-15,877	-829
Other restricted equity at end of year		0	0	14,718	30,594
Balanced profits at start of year					
Distribution of profits		-40,000,000	-21,000,000	-40,000,000	-21,000,000
Adjustment of previous year's profit		-127,865	1,061,314	-145,967	1,159,940
Currency conversion differences		0	0	82,228	-20,387
Balanced profits at end of year		97,781,313	107,292,776	93,982,691	108,416,244
Accounting period profit/loss					
		19,791,065	30,616,401	16,687,304	25,630,186
EQUITY		117,572,377	137,909,177	110,684,713	134,077,024

BALANCE SHEET NOTES

	Parent company	Group
OTHER INFORMATION		
In February 2021, the Supreme Court issued its decision in the so-called Money-laundering-case that dates back to an event in 2012. Paf was sentenced to pay a corporate fine of 250,000 euros and 165,000 euros that shall be forfeited to the state. It was concluded that money laundering by negligence had been committed within Paf's organisation but that Paf as a legal entity was not deemed as the perpetrator of any crime. The fines have been expensed already in previous years and have not affected the relevant year's or last year's result.		
PLEGDED SECURITIES AND CONTINGENT LIABILITIES		
	31/12/2020	31/12/2019
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	0	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

The Swedish version of the Paf Annual Report 2020 is the original version that has been signed.

Christer Fahlstedt | CEO

Jan-Mikael von Schantz | Chairman

Sara Kemetter

Gunnar Westerlund

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

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



