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# PAF 2021

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ANNUAL REPORT





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# A MESSAGE FROM THE CEO

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2021 was once again a strange year with the pandemic constantly present and influencing our everyday lives and our working life. However, we have adapted in a completely different way compared to last year, and so slowly a new way of working has emerged. Now that we hopefully see the end of the acute phase of the pandemic, there are many new ideas and lessons to be learned that we will take with us and that make us a better and more flexible company for both our customers and our employees.

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Despite the external turbulence that hit our operations very hard in Land & Ship, Paf can show a very strong result with a revenue increase of 20% and a result that has completely recovered from the initial shock of the pandemic (+105%) and it is the second-best result in Paf's history.

Land & Ship went through their second year with the pandemic, but managed to achieve a modest, but very important, increase in revenue of +13%. However, there is still a long way to go to reach the revenue levels of 2019. In regard to the online business, 2021 was more like an ordinary year and we have seen stable revenue growth in all markets, mainly driven by the fact that sports did not have the disruptions we saw in 2020.

During the second half of 2021, Paf acquired the Swedish licenced operator Speedy Spel. This acquisition further strengthens our position in Sweden and signals our determination to be one of the long-term and significant companies in the Swedish market.

Through this acquisition, but also through organic growth, Paf has seen a very strong increase of 14% in the number of active customers during the year. Compared to 2019, the number of active customers has grown from 223,446 to 384,683 – something we are very proud of.

This is the fourth year that Paf is reporting revenues per customer segment in our annual report (see page 25). We are still waiting for another organisation in our industry, government or private, to actually reveal their figures... Isn't it strange that the same transparency that virtually every organisation now gives to their climate impact - is completely absent when it comes to gambling addiction?

We are proud to be able to deliver the second-best result in Paf's history, while being able to show that our customer base is more sustainable than ever. It is the right type of money that has achieved our 2021 result. We are convinced that a gaming company that is active in regulated, European markets, in the long run, will only be able to have "green" customers. We need to continue to focus on and build our future based upon this revenue.

During 2021, as the supplier to Grand Casino Luzern, Paf confirmed its position as the clear market leader in the regulated online market in Switzerland with a market share of 33%. It's a very strong performance in an increasingly maturing market with ever increasing competition. This is confirmation that the long-term partnership we have with Grand Casino Luzern is very viable and successful.

Paf's purpose is to generate profits to distribute for socially beneficial purposes. It is therefore with pride that we can state that after 2021, we are able to distribute EUR 20.5 million to our beneficiaries.

Now when we can sum up the past two turbulent years, it is with a sense that we are actually a stronger company than before the pandemic began. During the period we acquired and integrated two companies, we have taken a position as the market leader in Switzerland together with our partner Grand Casino Luzern, we have changed the way we work and we are more efficient and faster than 2019. I am extremely proud of all the employees who have contributed to Paf not only surviving as a company but also developing during this extreme time.

The future will certainly hold more surprises and challenges that will require us to adapt. Every change is both a problem and an opportunity – it feels very good knowing that we have the ability to capture these opportunities!



Christer Fahlstedt, CEO



**Rädda Barnen**  
Åland



**Punainen Risti**  
Röda Korset

## Benefitting society as a purpose

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

Paf was founded on 31 October 1966 on Åland by the Red Cross, Save the Children, Folkhälsan (Public Health Service on Åland) and the former Today's Children Foundation. Paf began operations under a gaming licence on 1 January 1967. Paf (Ålands Penningautomatförening) is licensed and controlled by the Government of Åland.

From the outset, our profits have gone to socially beneficial projects and in total over EUR 383 million has been distributed to various beneficiaries in our long history.

Paf exists to generate profits for the benefit of society.





Red Cross Vaccination Help



Public Health swimming schools



Save the Children's "Paediatric Convention pilots"



# THE YEAR

## IN BRIEF

# 2021



### Play responsibly

We rebuilt our responsible gaming pages to make it easier and more convenient for customers on all our gaming sites to use the responsible gaming tools we offer.

## 34,3 MILLION

Profits in 2021 were EUR 34.3 million of which 20.5 million will be distributed for the benefit of society



### GREENHOUSE GAS PROTOCOL

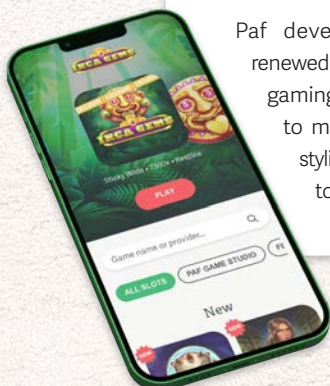
Paf improved climate reporting by expanding Scope 3 of the Greenhouse Gas Protocol [GHG], which measures the indirect emissions of operations.



Paf launched the scratchcard Ålandslåttan to mark the 100th anniversary of Åland.



Paf celebrated a successful partnership with the Swiss Grand Casino Luzern by presenting a bottle of the world's oldest champagne.



Paf developed and renewed the Swedish gaming site Paf.se to make it more stylish and easier to use.



Paf introduced distance remote working as a work method, combined with the possibility of working abroad.





Paf's board got two new members, Denise Johansson and Roger Nordlund, while Anna Dahlsten and Sara Kemetter resigned from the board.

Paf Game Studio developed several new games during the year, including Knights & Dragons, Tidal Drift and ThunderBAR 10000.



Paf began offering trotting bets on Åland via a new arrangement with ATG and the service provider Betmakers.



A Swedish man from Östergötland won over SEK 11 million playing on Paf.se.



Paf became the first gaming company in the world with ISO 27017 certified cloud-based technology.

## grit:lab

Paf started the ground-breaking tech education, grit:lab for 50 students in the head office in Åland.



Paf bought two Swedish-licensed gaming companies Speedy Ltd and Speedy Originals Ltd which operate the Speedy Spel, Speedy Bet and Speedy Casino gaming sites.





## A year of changes

It was another full year of travel restrictions affecting our partners, the shipping companies, and thus also Paf's physical gaming business. At the same time, there were glimmers of light during the year which indicate that the entire industry can recover.

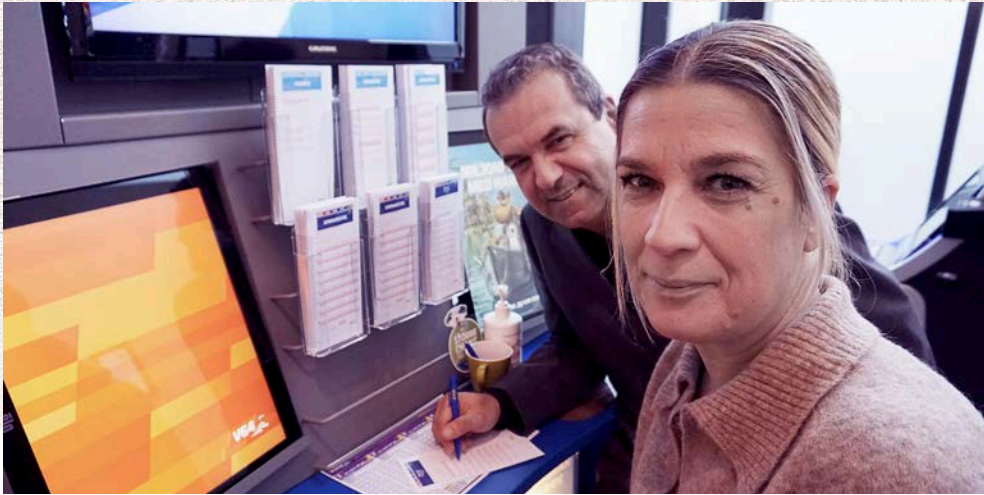
"We have seen clear trends during the year that show that many are keen to travel using the ships when they get a chance. It is with this knowledge that we can continue to invest in coming back stronger and better than before," said Lasse Danielsson, Chief Operating Officer for Land & Ship.

During the year, Lasse Danielsson replaced Andreas Remmer in the position of Chief Operating Officer for Land & Ship. He explains that the past year has offered tough setbacks, but investment in development and upgrades has led to several positive changes.

### Two new vessels with a new gaming concept

The new year will begin strongly for our partner companies. Viking Line will introduce the new vessel Viking Glory and TallinkSilja will unveil the new vessel MyStar. Expectations are high for the new ships, and Paf's games will be an important part of the range of entertainment on board. Together with the shipping companies, Paf has developed modern solutions.

"We will deliver brand new gaming concepts for the ships, part of which is to have fewer but newer and better games. Even the placement of the games combined with a new design is an important part of the overall impression," says Lasse Danielsson.



### Ålandslåtten and Åland 100 years

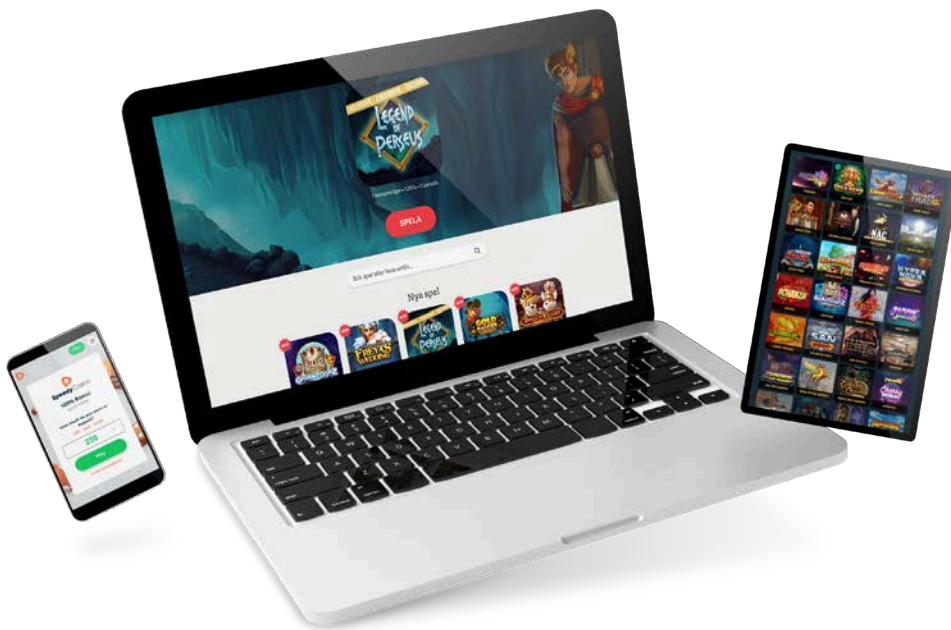
The 100-year anniversary celebrations of Åland began in June 2021 and Paf chose to mark the occasion with a specially designed scratchcard. The Ålandslåtten has the largest jackpot ever for a Paf scratchcard and for every scratchcard sold, one euro is donated to charity. 25,000 of the scratchcards have been made and are available for sale throughout the jubilee year.

### New trotting betting system on Åland

Paf has started to offer betting on trotting (harness racing) using a completely new approach. Paf signed a new agreement with Swedish ATG and the service provider Betmakers. Betmakers is one of the world's largest providers of betting on horses and the integration with Swedish ATG has been redesigned. As a result of this change, all the gaming vouchers and terminals have been replaced.

"There will be a lot of new things for customers, but there will also be a simplification as the number of vouchers will be reduced and larger prizes will be redeemable at Paf's offices in the future, which was not possible before," says Sari Venho, Key Account Manager.

In connection with the new trotting game, a new website Paf.ax was also launched, which provides specific information about all Paf's physical games on Åland.



## Fast, easy and stylish

Paf is carrying out extensive and visible updates to all of its online gaming sites. The development updates will make the sites faster, easier and more stylish. The basic idea is for great customer experience to be the focus.

“The gaming pages are being developed to make them more attractive, easy to use and understand. Our customers should feel that things work immediately and quickly, whenever they play with us,” says Niklas Berlin, Art Director.

Paf.se in Sweden was the first of the gaming sites to undergo the update in late 2021, and all the other Paf gaming sites will be updated in due course.

### ISO-certified cloud-based technology

Paf was the first gaming company in the world to have been awarded an ISO 27017 certification, which means that the company’s cloud-based technology (so-called cloud-tech) is ISO certified. The certification shows that Paf has reached the highest possible security quality when it comes to the company’s cloud-based technology.

“It was a natural step for us at Paf to expand our information security management system (ISMS) to ISO 27017. It is important for Paf’s position in the industry that we support strong information security. Paf is developed using constantly changing technology and our information security is always part of the technology development,” says Senior ISMS Specialist Jaiyashri Prakash.





Website interface showing a grid of game icons:

Starburst	Book of Dead	Doner's Gold	Iron Bank	Golden Fish Tank 2
Sakura Fortune	John Hunter and the Tomb of the Scarab...	Cash & Carry™	Jammin Jars	Starburst XXXtreme



## **Paf's gaming platform is successful in Switzerland**

For the last two years, Paf has been Swiss Grand Casino Luzern's strategic online partner. Paf supplies the entire gaming platform to the mycasino.ch gaming site, owned by the Swiss casino. The gaming site is the most successful site of the regulated Swiss market, with a market share of around 30%. The cooperation has proven to be a very successful export of Paf's gaming platform.

"We are very pleased with the first two years of our cooperation. This is a really successful export of our knowledge of gaming, where Paf delivers the technical platform, specially designed games from our Games Studio and operational know-how to the gaming site," says Paf's CEO Christer Fahlstedt.

### **Wider range of games and Italian**

The development of the gaming platform has kept a high pace during the past year. In January 2021, the gaming site was launched in Italian, it has previously been available in English, German and French. In addition to the fact that the gaming site now has another language, the number of games has also been significantly increased. In early 2021, the milestone of 500 games was reached, and at the end of the year mycasino.ch had an impressive 750 games to offer, significantly more than the closest competitors in the Swiss market.





## The world's oldest champagne as a gift

To highlight the successful cooperation, Grand Casino Luzern has been awarded a bottle of the world's oldest champagne. The champagne bottle originates from the so-called shipwreck champagne that was salvaged from a shipwreck in the Åland archipelago in the summer of 2010 and dates back to the first half of the 19th century.

"We feel very honoured to be able to exhibit this historical find here. Through our online technology partner Paf, we have a strong bond with Åland, which is emphasised by this valuable loan," said Wolfgang Bliem, CEO of Grand Casino Luzern.

The shipwreck champagne had already been awarded to the Grand Casino Lucerne last year, but due to the pandemic the champagne bottle was handed over this year, one year later.

"The government of Åland has decided to place a champagne bottle with Grand Casino Luzern in Switzerland for the next 25 years. Åland really appreciates our successful collaboration and they want to show this, by sharing this cultural treasure with the Swiss," said Jesper Eliasson, Paf's Business Development Director.

# grit:lab

## grit:lab – ground-breaking tech education

Paf was commissioned to start up and run a tech education for future software developers by the Government of Åland. The education and training is carried out without any teachers or classes, where the students' own ability to develop themselves is the focus. The campus is located at Paf's head office on Åland.

grit:lab is a new and alternative IT education that in autumn 2022 will start training 50 students to become the tech-developers of the future. The training is a form of coding school that uses a French educational platform, an alternative pedagogical method unlike traditional courses in IT. The training is entirely project-based, without teachers and lessons and follows a gamified two-year learning process.

"This is an interesting and exciting educational concept, where students learn how to teach themselves. It will be an excellent complement to the current education and I think that an education without regular classes can suit a lot of people," says Annika Hambrudd, Minister of Education in the government of Åland.

The need for tech-skilled people is great both on Åland and in the Nordic region.

"This is an important investment for our tech companies on Åland who have a great need for IT experts. I strongly believe in this modern concept of training within IT. Different people with different backgrounds are combined with the creativity found in the Paf organisation," says Fredrik Karlström, Minister for Industry and Trade in the government of Åland.





## 12 companies collaborate with grit:lab

There is great interest among Åland companies in the education offered by grit:lab. In addition to Paf, eleven other companies from the Åland tech-cluster have joined as grit:lab partners.

"I think many companies, just like us at Paf, have a strong belief in this different and innovative educational concept, because it attracts motivated people with a drive to become tech-savvy themselves. It is exactly those people that we are looking for and want to employ in the future," says Daniela Johansson, Deputy CEO Paf.

## An education for a career within tech

The education method originated in France and there are now similar educations in 40 different countries around the world. No previous basic knowledge of coding or IT is required to be accepted into grit:lab.

"The education looks for those who have talent and the right drive forward, regardless of their age, gender or where they come from. I have no doubt whatsoever that these students will find a tech job after graduation," says Francois Maugis, Co-director of grit:lab.

"We are pleased with our partnership with Paf, which makes them the first to take the 01Edu school model to Åland. By doing so, they offer free-to-access tech education for all the tech talents on Åland and in the Nordic region, which will shape the future," says Nicolas Sadirac, one of the founders of 01Edu.



## **Strengthened sustainability work**

Paf's mission is to generate a profit for social the benefit of society. We want to generate this profit in a long-term sustainable way while simultaneously having a positive impact on the world around us. If we succeed in doing so, we can benefit our society both with our business and our profits. There are no simple methods to create a sustainable business, what is required is constant work and development. Over the past year, we have succeeded in further strengthening our sustainability efforts, which is a pleasing achievement.

We have chosen to focus on three areas of sustainability, where we have the best opportunity to influence our business. These three areas are responsible gaming, a sustainable workplace and environmental sustainability.

### **Responsible gaming**

Gambling is a fun and exciting pastime for most people, but at the same time dangerous for some. We have a responsibility to our customers and we really want to protect them, which is why responsible gaming is a cornerstone of our sustainability work.

### **A sustainable workplace**

We influence our employees and their well-being, which is why we have chosen to work towards a more sustainable workplace. The staff are an important part of our business and if our staff feel good it benefits the entire business.

### **Environmental sustainability**

We try to limit and reduce our impact on the environment. The environment is important to all of us, and everything we can do for it benefits our entire society.



## Our 2021 sustainability initiatives

We focus our sustainability work on our three selected sustainability areas. We have already committed ourselves to embracing and actively contributing to the Åland Development and Sustainability Agenda, whose goals are to be achieved by 2030, an elaborate sustainability agenda that has been praised by the European Commission. Every year we have a number of specific targets to meet.

### **During 2021 we prioritised the following:**

- a new reduction of our yearly loss limit
- improved Paf Radar contacts
- continued openness and transparency
- digital age control at our physical games on Åland
- the introduction of hybrid and teleworking
- starting an internship program
- increasing our climate accounting
- proactively informing staff about the environmental impact of business trips





## Our sustainability work – the bigger picture

Our three priority areas of sustainability; responsible gaming, a sustainable workplace and environmental sustainability contribute to a larger totality both locally and globally. Based on the UN global sustainability goals and the local Åland development and sustainability agenda, we have identified how our sustainability work contributes to the larger context.

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 goals of the Åland sustainability agenda and the UN global goals, describe how our communities can develop to become more sustainable and those goals are well worth contributing to.

## The Åland sustainability agenda



Responsible  
gaming

### Goal1

Happy people whose inherent resources increase.

### Goal2

Everyone feels trust and has real possibilities to participate in society.



Environmental  
sustainability

### Goal6

Significantly reduced environmental impact.

### Goal7

Sustainable and mindful patterns of consumption and production.



A sustainable  
workplace

### Goal2

Everyone feels trust and has real possibilities to participate in society.

### Goal5

Attractive for residents, visitors and businesses.

Read more at [bärkraft.ax](http://bärkraft.ax)

## UN Global Development Goals



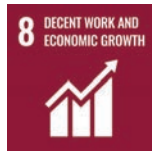
Responsible  
gaming



Environmental  
sustainability



A sustainable  
workplace



Read more at [sdgs.un.org/goals](http://sdgs.un.org/goals)



## **Responsible gaming must be felt, noticed and visible**

If you want to take real responsibility for something and really care about that responsibility, you have to be prepared for it to have a significant impact. Therefore, we have voluntarily introduced loss limits that affect our performance, gambling limits that help our customers, and limit our marketing to vulnerable customer segments. These are measures that are both tangible and noticeable.

“Paf’s loss limit includes all gaming categories because all forms of money gaming entail risks. Technological developments in the industry have changed the way games work and access to them, so you can’t in good conscience say that a certain category of games is less risky,” says Christer Fahlstedt.

Our actions and the responsibility we choose to take are felt by us. However, we also need to show everyone else how our responsible gaming activity actually works, affects us and our customers. Therefore, transparency is important, and for several years we have chosen to openly publish our customer segments and talk about our customers’ gaming. By openly showing our figures, we cannot hide behind words and promises, because it will be visible in the numbers. We are confident that our openness is appreciated and gives our actions more credibility. Perhaps more gaming companies will also embrace our openness in the future, so that we can strengthen confidence in the whole gaming industry. This is something we believe in and advocate; a more open gaming industry that makes the work on responsible gaming more visible.





## A loss limit of EUR 8,000

In 2021 we implemented our lowest loss limit to date. We chose to lower our annual loss limit to EUR 20,000, a further decrease of EUR 5,000, which came into force on 1 January 2021. It was a significant reduction that was both felt and noticed in Paf's figures during the past year. However, we do not believe that the loss limit will remain at that level in the future.

"Our view is that in a highly regulated European market, more than EUR 8,000 will not be lost by customers per year. This is roughly the level spent on an expensive hobby yearly, and that is what we see as a benchmark for the gaming market," says Christer Fahlstedt.

It is an extremely tough goal for the future and it will also take time for Paf to achieve it.

"Paf has been around for over 55 years, we want to stay for another 55 years, and this is the direction where the gaming industry is headed. We want to stay ahead of the curve and adjust. This means that we will be long-term sustainable," says Christer Fahlstedt.

Since Paf became the first international gaming company in the world in 2018 to introduce an annual loss limit, our work on improving gaming responsibility has involved two major reductions in our loss limit. We are now openly declaring our ambition and belief that the future will bring further substantial reductions in the yearly loss limit, and that the entire European gambling market will have to adapt accordingly.





## Transparency provides credibility

Three years ago we took a clear step forward, to become a more open and credible gaming company in the long run. We chose to openly report our customers' profits and losses, so that everyone can see how we earn our revenue. The figures that Paf publishes are unique in their kind in the gaming industry, because no other gaming company has had the courage to present such a detailed report.

"Our efforts to strengthen responsible gaming are reported in our figures, and it is important that we make this work more visible to everyone. It is important for our customers, our owners, the community we operate in, and not least for ourselves," says Paf's Deputy CEO & Chief Responsibility Officer Daniela Johansson.

This year, we choose to openly report Paf's customer segments again. Customer segments include figures for Paf Multibrand and the new Swedish licensed gaming sites that Paf acquired in 2020. However, figures for the Swedish-licensed companies Speedy Ltd and Speedy Originals Ltd, which Paf acquired in August 2021, are not included. The Speedy companies have only been owned by Paf for a few months of last year and therefore the figures for 2021 are not included.

	Total gaming profits					Number of customers per segment					Average gross gaming profits per customer (EUR)				
Customer segment (EUR)	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
> 30,000	0	219,812 *	6,072,132	9,648,523	13,653,368	0.00%	0.00%	0.05%	0.13%	0.20%	0	54,953	39,175	39,870	44,765
15,001 - 30,000	14,026,102	18,284,221	26,214,835	18,087,884	18,436,519	0.25%	0.28%	0.43%	0.48%	0.60%	17,959	19,597	20,561	20,255	20,349
8,001 - 15,000	29,342,290	24,750,155	28,863,944	22,007,735	21,600,129	0.89%	0.69%	0.91%	1.09%	1.32%	10,627	10,654	10,655	10,751	10,805
0 - 8,000	134,369,798	120,684,221	104,547,874	71,410,935	67,150,397	70.52%	72.91%	70.83%	66.74%	73.65%	617	494	498	570	604
Winning players	-43,161,469	-43,367,676	-31,772,901	-23,056,491	-23,003,994	28.32%	26.12%	27.78%	31.57%	24.22%	-494	-495	-386	-389	-629
Total	134,576,721	120,570,733	133,925,884	98,098,586	97,836,418	100%	100%	100%	100%	100%	436	359	452	522	648

Gross gaming profits = gaming revenues - profits - bonuses

\*The balance is explained by the fact that the loss limit for Multibrand Ltd was activated in February 2020

Paf's loss limits 2018-2021:

2018	30,000
2019	25,000
2020 - 2021	20,000

## Overview of Paf's customer segments 2017, 2018, 2019, 2020 & 2021

The table above is comparable to the table we published last year, where Paf and Paf Multi-brand were included in the figures.

"The figures show above all that we have reduced revenue from the orange segment by 23.3% and at the same time, we have increased revenue from the green segment by 11.3%. It's a formidable effort towards more sustainable revenues and something we are very happy to have achieved during the year," says Christer Fahlstedt.

The figures for 2021 also show that we got rid of the revenues that arose due to the company acquisitions in the red segment with big players, when Paf took over the business.

## Remote addiction therapy

Paf has a gaming insurance policy that covers all our players in Sweden, Finland and Estonia. The insurance helps players who have developed a gambling addiction to access professional support. Due to the pandemic, new solutions with remote assistance have become necessary.

"Now therapists are able to offer treatment remotely, which is great. It's also good for people who would otherwise have a very long distance to the clinic," says Jenna Ekström, Paf's Responsible Gaming Manager.

The Gaming Care Insurance pays for treatment done by a licensed therapist and the insurance also allows a relative to participate in the treatment.



## Digital age check

In January 2021, we began installing a brand-new digital system for age control on all slot machines on Åland. The new system requires that anyone who wants to play on a slot machine must first scan an ID card to unlock the machine. The scanning of the ID card verifies that the player is 18 years or older.

“We wanted to introduce a system that checks that the age limit for the slot machines is met before a person can start playing on them. Using the system, we can minimise the number of minors playing at the machines, which helps our gaming agents keep track of the machines in their premises,” says Jenna Ekström, Paf’s Responsible Gaming Manager.

We also chose to reduce the number of slot machines by one-third and to reduce the number of locations with slot machines locations from 30 to 20. In addition, it is mandatory for gaming agents to participate in annual training courses on responsible gaming.

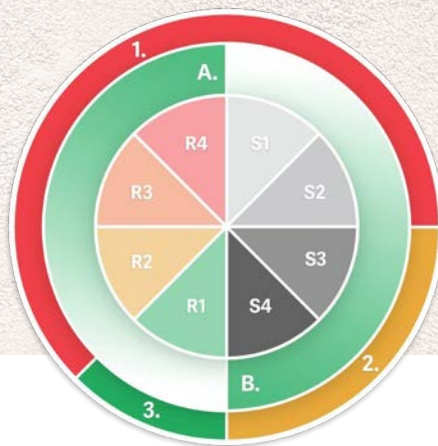
## Direct contact with treatment centres

When working on responsible gaming, it is important to gain insights and information from perspectives other than our own. Therefore, over the years, we have established good contact with treatment centres for gambling addiction in several markets.

“We get both an exchange of knowledge and direct feedback on what we do from the local organisations. Their experience and knowledge in the area give us valuable insights into our work with responsible gaming,” said Daniela Johansson, Deputy CEO & Chief Responsibility Officer for Paf.

Over the past year, Paf’s Responsible Gaming Department has held direct meetings with the Addiction Clinic, the Gaming Dependency National Association, Peluuri and the Spanish Federation of Rehabilitated Gamblers (FEJAR). The objective is to arrange annual meetings with well-established treatment centres in all the markets in which Paf operates.





## The Paf Radar being further developed

The Paf Radar is a system we introduced several years ago to detect potentially risky gaming behaviour and contact players for preventive purposes. The Paf Radar is under constant development to become even better at finding customers exhibiting risky gaming behavior.

"In the recent development of the radar, we have focused on customers who return to us after a self-exclusion period. They will not receive marketing from us and we also require them to set a personal loss limit themselves," says Jenna Ekström.

All Paf's customers are divided into four different risk segments (R1-R4) depending on their gaming behaviour and how much money they have lost in the last 90 days. The segmentation is updated daily, which means that players can move among risk segments every day depending on their gaming intensity. Specific parameters (S1-S4) are the second part of Paf's responsible gaming system that triggers preventive communication to players based on potentially problematic gaming behaviour.

The radar is connected to a communication plan where the risk segments are combined with appropriate and preventative communication. The higher a player is in Paf's risk segment, the more frequent and direct the communication will become towards the player.

"The aim is to protect players from excessive gaming and help them reduce their gaming through continuous, responsible communication that intensifies if the gaming behaviour continues," says Jenna Ekström.

The risk segments are synchronised with Paf's marketing blocks, which means that we do not send any marketing to players in segments 2-4. Players who have lost more than EUR 2,000 during the last 90 days do not receive any marketing or offers.

# Improved climate reporting

It may seem a little bit insignificant for a gaming company to focus its sustainability efforts on climate issues, but we are convinced that all kinds of companies and businesses need to work on their climate impact. The climate is extremely important to everyone and only if we all contribute to improvements we can make a significant difference for future generations. Paf's operations also affect the environment and in the past year we have invested extra effort in finding out more about our climate impact, by expanding and including more parts of our operations in our climate audit.

We are active members of the Åland network Bärkraft.ax which is working to achieve the goals of the Åland development and sustainability agenda. We are also committed to working towards the achievement of the UN's Sustainable Development Goals (SDGs), carefully selecting those that are relevant to our work. The ambitious development targets in each agenda give us a well-founded platform for our sustainability work locally and globally.

Each year we measure our climate impact with an external partner and we choose to compensate our calculated impact on the environment on the whole. This year we are supporting a well-established wind power project in India.

## 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.

### **Scope 1 / Direct emissions**

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

### **Scope 2 - Indirect emissions from purchased energy**

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

### **Scope 3 - Indirect emissions from company activities**

Indirect emissions caused by Paf's activities such as business and customer travel, purchased technology, electricity consumption for physical games and server services.

## Extended measurements in 2021

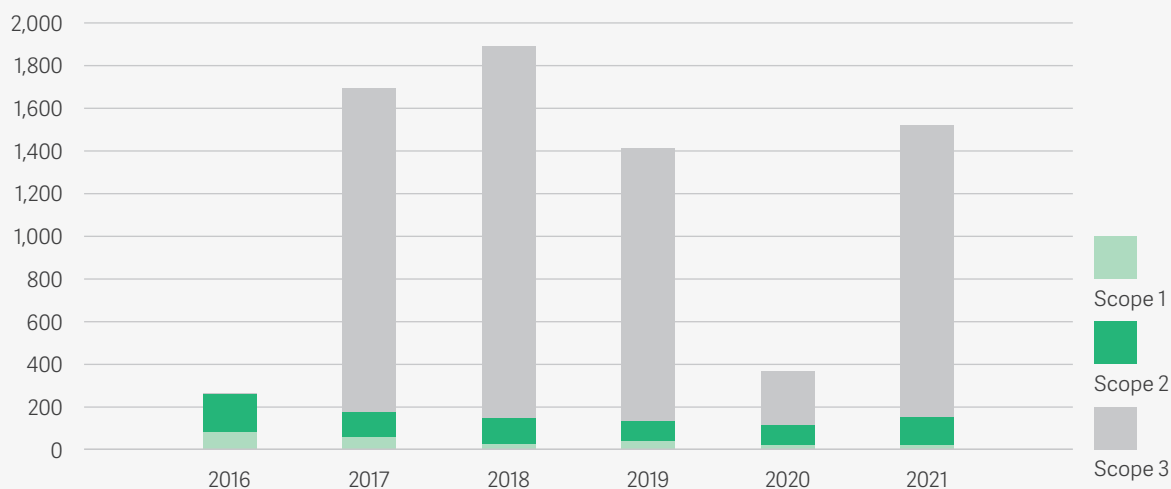
Paf's activities in 2021 resulted in a total of 1,529 tonnes CO<sub>2</sub>e, which is an increase of 313% from 2020. The main reason for the increase is the improved climate reporting with the expansion of Scope 3 to include mobile phones, computers, cloud services and electricity consumption from physical games.

"We are constantly striving to improve our environmental sustainability, and therefore it is also important that we can create a better understanding of the impact we have on the environment. This is one more step forward in our environmental work," said Daniela Johansson, Deputy CEO and Chief Responsibility Officer.

We can also see a major decrease in the number of business trips, down by 68%, where the reason behind the reduced travel primarily is the continued Corona pandemic during the year.

Most of our emissions, 90% as in previous years, are from Scope 3, but it is not the business trips that account for most of the emissions, but rather the added measurement of our products' usage that affects Scope 3 the most. Energy use at our offices, Scope 2, accounted for 9% and 1% was made up of transport in Scope 1.

Emissions per scope 2016 - 2021 (tonnes CO<sub>2</sub>e)





## Green Office certified offices

We have worked actively for several years with the Green Office program which is run by the World Wildlife Fund. The programme provides tools for planning and monitoring internal environmental initiatives in various areas; such as waste, recycling, energy efficiency and purchasing. Our offices in Mariehamn and Helsinki are part of the programme and are Green Office certified. Paf's Helsinki office was Green Office certified again in autumn 2019 and our office in Mariehamn underwent a new audit in 2020.

## Green Cloud Services

Paf's operations largely take place on the Internet and most of them have been transferred to cloud-based technology. However, the cloud-based technology also has an impact on the environment.

"We have been in contact with our partner Amazon to find out how their data centre is operated. The data centre is located in Ireland and uses 60% renewable electricity, they strive to use 100% green energy," says Marie Lindroos-Assali, Facilities Manager.

The impact of cloud services on the environment was 68 tonnes of CO<sub>2</sub>e according to the climate reporting, where the absolute majority, 98% of the emissions come from the Irish server park.





## Climate compensation

We have climate compensated our entire climate impact in 2021 by supporting the wind energy project in Gujarat, India. In Gujarat, there are 111 generators which feed energy into the Indian network via the local network, which improves the grid frequency and electricity availability for the local villagers and suburbs in Gujarat. The project is one of few climate-compensation projects that are triple certified and hold UN certification, Gold Standard and also VCS (Verified Carbon Standard) certification.

### Climate compensation

Paf 2021

**Compensation for:**

1,529 tonnes CO<sub>2</sub>e

**Project:**

Wind energy in Gujarat

**Certificate:**

UN certified Gold Standard  
and Verified Carbon Standard

**Climate partner:**

Tricorona



**United Nations**

**Gold Standard<sup>®</sup>**

*Climate Security & Sustainable Development*



**Verified Carbon Standard**



## Remote, office or hybrid

Paf employs approximately 330 people from a range of different countries and we want to work towards creating the best possible working environment for our employees. We strive to be a sustainable employer that works consciously with development, commitment and respect in the workplace. That is why our staff is one of the three selected sustainability areas we work with annually.

The last two pandemic years have shown that the global working culture is heading into a new era and we have therefore chosen to adopt a modern working solution for our staff. During the last year, we introduced an opportunity for our employees to choose whether they want to work in offices, remotely or according to a hybrid model.

“Remote work is part of the future and something we want to offer our staff in the future. The important thing is not where an employee sits, but rather that the job is done well, and so it is important to enjoy what you do and where you do it,” says Paf’s CEO Christer Fahlstedt.

The new possibility of working remotely or with a hybrid approach has proven to be very popular among staff. About two-thirds of Paf’s staff have chosen to work partially or entirely remotely.

We also started a new internship programme for students who will be offered the opportunity to work at Paf during the summer months. It’s a good way for young people to gain work experience and an excellent opportunity for Paf to find future talents.



### An extra office at home

All employees who can carry out their work remotely are given the opportunity to decide where and how they want to work. In most roles, people can choose to work full time in the office, in a hybrid model with remote work on selected days of the week, or to work 100% remotely. Employees will also get the opportunity to buy the necessary office furniture and computer equipment for an office at home.

"The personal balance between work, leisure and family is incredibly important. We believe that this will give our staff better opportunities to find the right balance in their workday," said Daniela Johansson, Deputy CEO & Chief Responsibility Officer.

### Work abroad for three months

One initiative adopted in connection with the introduction of the guidelines for remote and hybrid work was the possibility of working in another country. Those who work for Paf are now able to work abroad for up to three months each year.

"We have many employees in our staff from other countries who now have the opportunity to work some of the time from their home country. We probably also have some people who would consider working from another country. We are convinced that this will be an important factor for us as an employer in the future in the increasingly global labour market," says Daniela Johansson.



# 330 EMPLOYEES

## Location Total

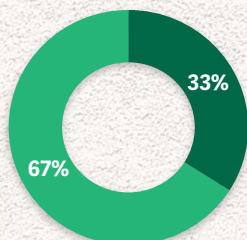
Mariehamn	162
Helsinki	61
Tallinn	34
Norrköping	16
Stockholm	13
Malta	12
Madrid	3
Oslo	3
Riga	3

+

## Location Total

100% Remote	23
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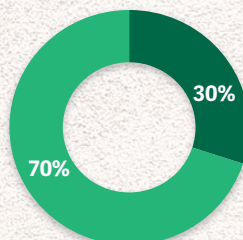
## Gender distribution, total



## Gender Total

Men	221
Women	109

## Gender distribution, management



## Gender Total

Men	36
Women	15

# 29 NATIONALITIES



We have 29 different nationalities working at Paf.

The People Power Index indicates our staff's satisfaction with Paf as an employer, compared to the average level (68.7) for companies in Finland in 2021. Last year (2020), the figure was 76.7 for Paf.

# 76.9 PEOPLE POWER INDEX





## Paf funds for society

Paf (Ålands Penningautomatförening) was 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. The mission has always been to raise money for the benefit of the society by organising and offering entertaining games. This is the foundation behind Paf's existence and it forms the basis for our company mission since 1966.

We exist to generate a profit for socially beneficial projects, and we are to generate that profit in a responsible manner. Our mission must also be reflected in what we do and how we act – we aim to create a gaming business that is more sustainable for our customers and the community we operate in. Our mission and the way we try to achieve it makes us a different kind of gaming company. Since our foundation in 1966, over EUR 383 million has been distributed to a range of beneficiaries.

*“We have a moral obligation to do everything we can to make sure we don't generate money from the wrong customer groups. It's as simple as that.”*

Paf's CEO Christer Fahlstedt interviewed by EGR Intel

### 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.

### 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 2020 and previous years' profits, EUR 15 million was distributed in 2021.

Social activities	3,500,000
Environmental activities	600,000
Youth work	592,000
Sport	1,835,000
Cultural activities	2,926,000
Leadership support	85,000
Other business support	3,000,000
Investment support	2,119,000
Event support	323,000
Integration	20,000
Loans	0
<b>Total</b>	<b>15,000,000</b>

This year our contribution will be EUR 20.5 million, which is based on Paf's profits in 2021.

# 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.



# Beneficiaries of Paf funds 2021

## Finance department / Event contributions

Kompani Nord Teaterförening, Ålandskungen  
Kökar Kultur, Kökarveckan  
Mariehamns stad, Tall Ships Race  
Segeljaktföreningen Alanta, sjösättning  
Visit Åland, TSR och Åland 100  
ÅID, orientering, påsk på Åland  
Ålands Golfklubb, Ladies European Tour

## Finance department / Integration

FRK, Mariehamnsavdelningen  
Ålands natur och miljö

## Finance department / Investment contributions

ABF, integration  
Kökar kommun, bobarhetsprojektet  
Mariehamns Lawn tennis klubb, minitennisbana  
Mariehamns stad, solceller till Baltichallen  
Segeljaktföreningen Alanta, stapelbädd, sjösättningsramp  
Ålands Fågelskyddsförening rf, fortsatt renovering på Lågskår  
Ålands motorklubb, ljudanläggning  
Ålands motorklubb, prova på MC, borstmaskin  
Ålands motorklubb, startplatta  
Ålands motorklubb, verkstad och sociala utrymmen karting  
ÅSRS, ny båt Eckerö, rep. av båthus Eckerö, brokista  
Hamsundet, utrustning Svange G och Ulabrand

## Finance department / Loans

Ålands motorklubb, startplatta  
Ålands motorklubb, verkstad och sociala utrymmen karting

## Finance department / Special projects

Mariehamns Stad, virke till Pommern  
Stiftelsen Ålands fredsinstitut specialprojekt Åland 100 år  
Ålands 4H-distrikt rf, företagsamma fyrklövern  
Ålands Marthadistrikt rf, Folkdräktsamling,  
den viktiga kosten, Åland 100 t-shirts  
ÅSRS, Sjösäkerhetsutbildning

## Finance department / Business contributions

Finlands Röda Kors, Ålands distrikt, frivilliga räddningstjänsten  
Föreningen Norden på Åland rf, inkl. Nordjobb  
Mathantverkarna rf.  
Mathantverkarna rf.  
Skördefestens vänner rf  
Stiftelsen Ålands fredsinstitut rs.  
Visit Åland rf, inkl specialprojekt  
Ålands 4H-distrikt rf.  
Ålands Brand- och Räddningsförbund rf, inkl.  
ungdomsverksamhet projektbidrag  
Ålands Bruks- och Sällskapshundsklubb  
Ålands feministparaply rf.  
Ålands flygklubb rf, bistå vid räddningsuppdrag  
Ålands Guider rf.  
Ålands Hästsportförening rf.  
Ålands Marthadistrikt rf.  
Ålands Räddningshundklubb rf.  
Ålands Sjöfartsmuseum & Pommern

## Sports / Sports investments

Ålenskur Islandshästförening  
Ålenskur Islandshästförening - passboxar  
BK Smash Åland  
De Utvecklingsstördas Völ  
Eckerö idrottsklubb - utegym vid Solvallen  
FC Åland  
Finströms kommun - utrustning till Ålands Idrottscenter

Gemundö Alpin  
Gymnastics Åland  
Hammarlands IK - renovering  
Hammarlands Kommun - Multiarena Prästgården  
Hammarlands Kommun - Multiarena Öra strand  
IF Finströmskamraterna - Fotboll  
IF Finströmskamraterna - friidrott  
IF Finströmskamraterna - innebandy  
IF Fram - Innebandy  
IF Fram Fotboll  
IFK Mariehamn - fotbollsmål  
IFK Mariehamn bordtennis

## Sports / Sports activities

IFK Mariehamn central - friidrott  
IFK Mariehamn Fotboll  
IFK Mariehamn ishockey  
Joker Dart  
Jomala IK - Fotboll  
Jomala IK - fotbollsmål  
Jomala IK - Friidrott  
Jomala IK - idrottskul  
Jomala IK - innebandy  
Jomala IK - volleyboll  
Karateklubben Ogawa  
Kyrkoby Golfklubb  
LadyTeam Mariehamn Ishockey  
LUJA - friidrott  
LUJA - orientering  
Mariehamns Bågskytteförening  
Mariehamns Lawn-Tennisklubb  
Mariehamns Seglarförening  
Mariehamns stad - beachvolley utrustning  
Mariehamns stad - innebandysang  
Mariehamns stad - simlinor  
Mariehamns stad - tidtagningssystem till friidrottsarenan  
Nordic Budo & Sports Academy  
Ridklubben Sleipner  
Ridklubben Sleipner - hästar & sadlar  
Sportdykarklubben Nautilus  
Sunds Idrottförening - Sportkläs tak  
Tai Chi-föreningen Vita Tranan  
Viking Ålands SC  
Vårdö IK - kastutrustning  
ÅID/IF Åland Orientering - orienteringskartor  
Åland Triathlon Club  
Ålands Bowlingsförbund  
Ålands Bruks och Sällskapshundklubb - agility  
Ålands Curlingsklubb  
Ålands Fotbollsförbund  
Ålands Golfklubb  
Ålands Idrottsdistrikt/IF Åland  
Ålands Idrottsdistrikt/IF Åland - friidrott  
Ålands Idrottsdistrikt/IF Åland - orientering  
Ålands Idrottsdistrikt/IF Åland - skidor  
Ålands Innebandyförbund  
Ålands Judoklubb  
Ålands Kraftsportklubb  
Ålands Motionsförbund  
Ålands Motorklubb  
Ålands Schackklubb  
Ålands Seglardistrikt  
Ålands Simförening  
Ålands Skid- och skidskyttecentrum - snökanoner  
Ålands Sportskytteförening  
Ålands Sportskytteförening - skjutvallar  
Ålands Volleybollförbund

Åländska Segelsällskapet  
Åländska Segelsällskapet - segelbåt, optimistjolle

## Sports / Sports activities / Elite support

IFK Mariehamn Ab  
Åland United

## Cultural department

Ålands Sjöfartsmuseum

## Culture delegation / Investments 2021

Eckerö u.f. Ekeborg & diverse  
Fornföreningen Fibula, Vikingaby  
Hammarlands u.f. Hammarbo  
Jumo Hembyggsförening, hänggrannor  
Lumparlands u.f. Furuborg  
Segelföreningen Storbåten, elmotorer  
Skeppsöreningen Albanus, säkerhetsutrustning  
Visor så in i Norden, renovering dansbana  
Ålands veterantraktorklubb, vagn för traktorpulling

## Culture delegation / Investments 2022

Föreningen Kobba Klintars Vänner

## Culture delegation / Cultural grants / Working groups

Arbetsgrupp för temporär skulpturform i Mariehamn  
c/o STHLM  
Den sista analoga generationen  
Duo Greta och Birger  
Havsmörker  
Ida-Simon  
Kjeldsen-Sarling  
Laine och Granklund  
Lenstopia 100  
Performance Film: Familjen  
Qures Jazzorkester  
S/S Skrive eller dö  
Simka ÖB  
Vinden bär hem

## Culture delegation / Cultural grants / Work scholarship

Hägerstrand Peter  
Johans Sebastian  
Jon Henriksen  
Robert Liewendahl  
Tiina Tahvanainen  
Zaida Ponthin

## Culture delegation / Cultural grants / Film

Andrea Björkholm  
Ivar Jansson  
Per-Ove Högnäs

## Culture delegation / Cultural grants / Art

Angelo Perez  
Ann-Britt Eriksson  
Anna Lind-Bengtsson  
Annika Linda  
Kjell Andersen  
Marja Matikainen  
Rita Jokiranta

## Cultural delegation / Cultural scholarships / Music

Anders Gabriel Sundström  
Caroline Furubacken  
Filip Karlström  
Fredrik Mattsson

Jenny Carlstedt  
Lars Sundblom  
Markus Helander  
Sara Alm  
Yngve Gustafsson

#### Culture delegation / Cultural grants / Theatre

Daniel Lindström  
Nicklas Lantz

#### Cultural delegation / Renovations and equipment

Föglö hembygdsförening, renovering av Enigheten  
Lumparlands u.f. golvet i Furuborg  
Mariehamns ungdomsorkester, inköp hyllor  
Segelföreningen Storbåten, reparation  
Skeppsöreningen Albanus, renovering  
Stiftelsen Sjökvarteret, Sjökvistets pollare  
Ålands konstförening, invallningståg m.m.  
Ålands Scoutdistrikt, utomhustoa

#### Cultural delegation / Travel grants

Carlone Pipping  
Michael Hancock  
Sumpen Jehu

#### Culture delegation / Business contributions and special projects

Alandia square dancers cf  
Alandia Strings cf  
Antons Vänner cf  
Arbetarnas bildningsförbund på Åland  
Bomarsundssällskapet cf  
Dänö museiförening  
Eckerö Hembygdsförening cf  
Filmklubben Chaplin cf  
Folkmusiklaget Kvinnfolk cf  
Fornföreningen Fibula cf  
Fotoklubben Obscura cf  
Föglö hembygdsförening cf  
Föreningen Franciskus på Kökar cf  
Föreningen Ålands Emigrantinstitut cf  
Föräldraföreningen Bild- och Formskolan cf  
Geta Kulturförening cf  
Hantverksföreningen Östra smedjan cf  
Hemslöjsgillet i Mariehamn cf  
Kappsäcksteatern cf  
Kobba Klintars Vänner cf  
Kodarklubben cf  
Kompani Nord Teaterförening cf  
Krisgruppen cf.  
Kulturfestival på Åland cf  
Kulturföreningen Katrina cf  
Kökar hembygdsförening cf  
Kökar kultur cf  
Lappo uf/Skärgårdsmuseet cf  
Lumparlab Teaterförening cf  
Mariehamns Strategiklubb cf  
Miniatyrstadens Vänner cf  
Nybonds i Krogstad cf  
Shanty Society Pommern  
Skeppargården Pellas cf  
Skeppsöreningen Albanus cf  
Stiftelsen Sjökvarteret i Mariehamn  
Stiftelsen Ålands Jakt- och Fiskemuseum rs  
Stödföreningen för Ålands Jakt- och Fiskemuseum cf  
Sund Kultur cf  
Sångföreningen Triolen  
Sällskapet Bel Canto cf

Teater Alandica cf  
Teaterföreningen i Mariehamn cf  
Teaterföreningen i Mariehamn cf  
Teaterföreningen Kuling cf  
Visans Vänner på Åland cf  
Visor så in i Norden  
Åbo Svenska Teater cf  
Ålands Accordion Club cf  
Ålands amatörastronomer cf  
Ålands Brand- och Räddningsförbund cf  
Ålands Dragspelklubb cf  
Ålands konstförening cf  
Ålands kulturstiftelse  
Ålands Litteraturförening cf  
Ålands Mångkulturella förening cf  
Ålands Projektkör  
Ålands Radioamatörer cf  
Ålands Slöjd- och Konsthantverk cf  
Ålands Spelmansgille  
Ålands Sång- och Musikförbund cf  
Ålands Telehistoriska förening cf  
Ålands Veterantraktorklubb cf  
Önningeby Hembygdsförening cf

#### Culture delegation / Åland 100 years

Arbetsgrupp "Jomala firar Åland 100 år"  
Arbetsgruppen 100 Kvinnor  
Arbetsgruppen Nya vägen  
Archipelago Pares cf.  
Garantiföreningen för Matsmårs cf.  
Hembygdens Vål i Kumlinge  
Kastelholmsnejdens Byalag  
Kobba Klintars Vänner cf.  
Kompani Nord Teaterföreställning cf.  
Kumlinge kommun, äldreomsorgen  
Kökars Ungdomsförening  
Landskapsföreningen Folkhälsan på Åland  
Mariehamns stad  
Mariehamns ungdomsorkester  
Miniatyrstadens Vänner cf.  
Natur och Miljö cf.  
Nordens insitut på Åland  
Nowrooz 1401, iranska nyåret  
O'Really för Åland 100  
Regnbågsfyren cf.  
Rosengårds dagverksamhet  
Skeppargården Pellas cf.  
Skärgården firar Åland 100  
Stiftelsen för Sjökvarteret i Mariehamn  
Stiftelsen Ålands Jakt- och fiskemuseum  
Sunds bibliotek och kultur  
Sällskapet Bel Canto Alandia cf.  
Södra Finströms byalag  
The PeeGees med vänner  
Ubv. Stödförening för Husbandet på Åland  
Åland 100 jazzorkster  
Åland 4H distrikt  
Ålands Bammoskeförening cf.  
Ålands feministparaply cf.  
Ålands konstförening  
Ålands Marthadistrikt  
Ålands Marthadistrikt  
Ålands Natur och Miljö  
Ålands Natur och Miljö  
Ålands Nautical Club cf.  
Önningeby hembygdsförening  
Örjans Jerker

#### Environmental activities

Archipelago Pares cf.  
Bärkraftax  
Emmaus Åland cf. specialprojekt  
Föreningen Ålandsfåret cf.  
Husö biologiska station/Åbo Akademi  
Katt hjälpen cf.  
Natur och Miljö cf.  
Nätö biologiska station/Societas pro Flora et Fauna Fennica cf.  
Rädda Lumparn cf. specialprojekt  
Specialprojektet Städa Åland  
Stiftelsen Ålandsfonden för Östersjöns framtid rs.  
Åland Biodlarförening cf.  
Ålands djurskyddsförening cf.  
Ålands fågelskyddsförening cf.  
Ålands Natur och Miljö cf.

#### Social sector / Business support and special projects

Andning & Allergi Åland cf.  
De utvecklingsstördas väl på Åland cf.  
Demensföreningen på Åland cf.  
Diabetesföreningen på Åland cf.  
Emmaus Åland cf.  
Finlands Röda Kors, Mariehamns avd.  
Finlands Röda Kors, Ålands distrikt  
Föreningen Vård i livet cf.  
Föreningen Vårt Hjärta cf.  
Högskolan på Åland datainsamling äldres hälsa  
Krigsveteranerna på Åland cf.  
Landskapsföreningen Folkhälsan på Åland  
Mariehamns pensionärsförening cf.  
Matbanken på Åland cf.  
Norra Ålands pensionärer cf.  
Pussellfamiljen cf.  
Rädda barnen på Åland cf.  
Socialmissionen på Åland cf.  
Stiftelsen Hemmet rs.  
Vuxna på stan cf.  
Åland Feministparaply cf. - Fair sex-projektet  
Ålands autismspektrumförening cf.  
Ålands cancerförening cf.  
Ålands fackliga semesterorganisation cf.  
Ålands fountainhouse cf.  
Ålands handikappförbund cf.  
Ålands handikappförbund cf. - Fiktjänst  
Ålands handikappförbund samarbetsförbundet  
Ålands hemgårdsförbund cf.  
Ålands hälso- och sjukvård - Tobakskampen  
Ålands hälsoalternativ cf.  
Ålands hörsellförening cf.  
Ålands Intresseförening för psykisk hälsa  
Ålands neurologiska förening  
Ålands reumaförening cf.  
Ålands synskadade cf.  
Åländska HBT-föreningen Regnbågsfyren cf.

#### Youth activities

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









# Financial Report

# Financial Summary

## REVENUE

The Group's revenue for 2021 increased from EUR 113.0 million to EUR 135.0 million, which is a new revenue record.

### **Internet business**

Internet gaming revenue increased from EUR 100.7 million to 121.2 million. The increased revenue is explained by a new record in the number of active customers.

On 2 August 2021, Paf acquired the gaming companies Speedy Ltd and Speedy Originals Ltd., which contributed to the turnover with EUR 6.3 million.

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 be able to offer a more responsible and socially acceptable gaming product. The loss limit for 2021 was EUR 20,000 compared with EUR 25,000 for 2020.

The strongest performing products during the year were sports betting, which made a strong recovery as leagues and sporting events resumed, while Live Casino and Slots also performed strongly during the year.

The number of registered customer accounts contributing to revenue during the year increased to 384,683 (2020: 336, 206), which is a new record for Paf. Paf expects the number of active customers to continue growing in 2022, through effective marketing in the markets where it is allowed and continued development of the technology platform.

### **The Land and Ship business**

Gaming revenue for land and ship operations increased from EUR 12.3 million to EUR 13.8 million. The increased revenue is explained by an increase in the number of passengers onboard the vessels compared to 2020. In 2022, we believe and hope that the number of travellers on our partners' ships will grow further as the travel restrictions due to COVID-19 disappear.



The development 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 to further improve the gaming experience. It is gratifying that average revenue per passenger onboard the vessels was 24% higher in 2021 compared to the previous year.

### Other operating income

Other operating income increased from EUR 4.7 million to EUR 6.8 million. The increased revenues are not of a one-off nature and mainly relate to external sales of gaming platforms and associated services.

### Materials and services

Costs increased marginally from EUR 26.3 million to EUR 30.3 million.

Increased revenue from the Internet and ship business means that variable costs increased. The variable costs of compensation to gaming providers, payment brokering and commissions have increased by EUR 3.4 million. Other external costs of materials and services have increased by EUR 0.6 million.

### Staff costs

Costs decreased from EUR 26.8 million to EUR 23.4 million. The restructuring carried out during the third quarter of 2020 resulted in lower salary costs for 2021.

The number of employees decreased from 349 to 334.

### Activated development costs

Capitalisation of our own development costs is at an unchanged level of EUR 0.7 million. During the year, Paf's gaming platform has been moved to the cloud and is now entirely based on cloud-based technology.

### Depreciation and impairment

Depreciation and impairment costs dropped from EUR 10.9 million to EUR 10.1 million. Depreciation has dropped by EUR 0.6 million according to plan. Depreciation of goodwill has increased from EUR 4.0 million to EUR 5.4 million. This increase is explained by planned goodwill depreciation from the acquisition of Speedy Ltd and Speedy Originals Ltd.



## Other operating expenses

Other operating costs increased from EUR 37.0 million to EUR 43.1 million.

The increase is explained, among other things, by the fact that Paf increased its marketing costs by EUR 5.1 million during the year. Higher turnover for the Internet business has led to an increase in external IT costs.

## OPERATING PROFIT

The group's operating profit for the year increased from EUR 17.4 million to EUR 35.7 million.

## Financial income and costs

The net income for financial income and costs was negative amounting to EUR 0.3 million compared with a negative result of EUR 0.1 million the previous year.

## Accounting period profit/loss

The group's result for the accounting period increased from EUR 16.7 million to EUR 34.3 million.

## REPAID LOTTERY TAX

Apart from the profits Paf distributes, the government of Åland receives EUR 5.1 million in re-paid lottery tax from the Finnish government. For 2021, the Finnish lottery tax was temporarily reduced from 12% to 5.5% of the gaming revenue.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 2 August, Paf acquired the companies Speedy Ltd and Speedy Originals Ltd. The purpose of the acquisitions was to strengthen the market position in the Swedish market. From the date of acquisitions, the companies have only had Swedish customers and the operations are conducted under Swedish gaming licences. The Speedy companies' operations were migrated to Paf's gaming platform during December.

Paf's long-term partnership agreement with Grand Casino Luzern AG, in which Paf provides a complete certified gaming platform with Paf's casino games, integrations with third-party casino games and payment solutions has been well implemented. Grand Casino Luzern AG and [www.mycasino.ch](http://www.mycasino.ch) are now market leaders in the Swiss Internet Gaming Market.

Covid-19 caused major challenges for the entire Paf business and staff. Paf's staff have periodically worked from home depending on the applicable recommendations in each employment location. The impact on Paf's Land and Ship business remains considerable. During the year, a large part of the operations on board vessels were shut down or limited but showed signs of strong recovery in quarters 3 and 4. 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.

## **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR**

The war between Russia and Ukraine can have significant consequences for Paf, depending on how the situation develops. Gaming suppliers with development resources in Ukraine have been hit hard. The range of games may be affected but the risk that Paf's business-critical system would be affected is low. Paf is monitoring the situation closely and has acted by removing Russian sports from its sports betting offer, which in turn has some impact on revenues.

On 1 March 2022, the new vessel from Viking Line - Viking Glory - started its service on the Turku - Mariehamn - Stockholm route. Paf has invested in a new concept with a focus on an improved gaming experience. It is planned that Tallink will launch the vessel MyStar in the spring of 2022, the vessel will operate between Tallinn and Helsinki. Paf will also deliver the new concept to MyStar.

In August 2022, Paf, in collaboration with Åland High School, a unique two-year IT training program for 50 students will start with an innovative concept fully adapted to the needs of the future. Read more at [www.gritlab.ax](http://www.gritlab.ax). The training is to be carried out at Paf's premises on Åland and part of the training concept is that no teachers are involved, which means that costs can be kept down.

## FORECAST FOR PROBABLE FUTURE DEVELOPMENT

The markets in which Paf operates are expected to be characterised by continued growth and consolidation in 2022, albeit with considerable uncertainty linked to the development of Covid-19. Stricter regulatory requirements for how the business should be run can be expected and this is welcomed by Paf. An important area of focus is growth in international markets where Paf will increase its marketing efforts. This will negatively impact operating profits in the short term but is expected to greatly increase profitability over the long term.

## 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 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 maintain and recruit the necessary expertise.

## Financial risks

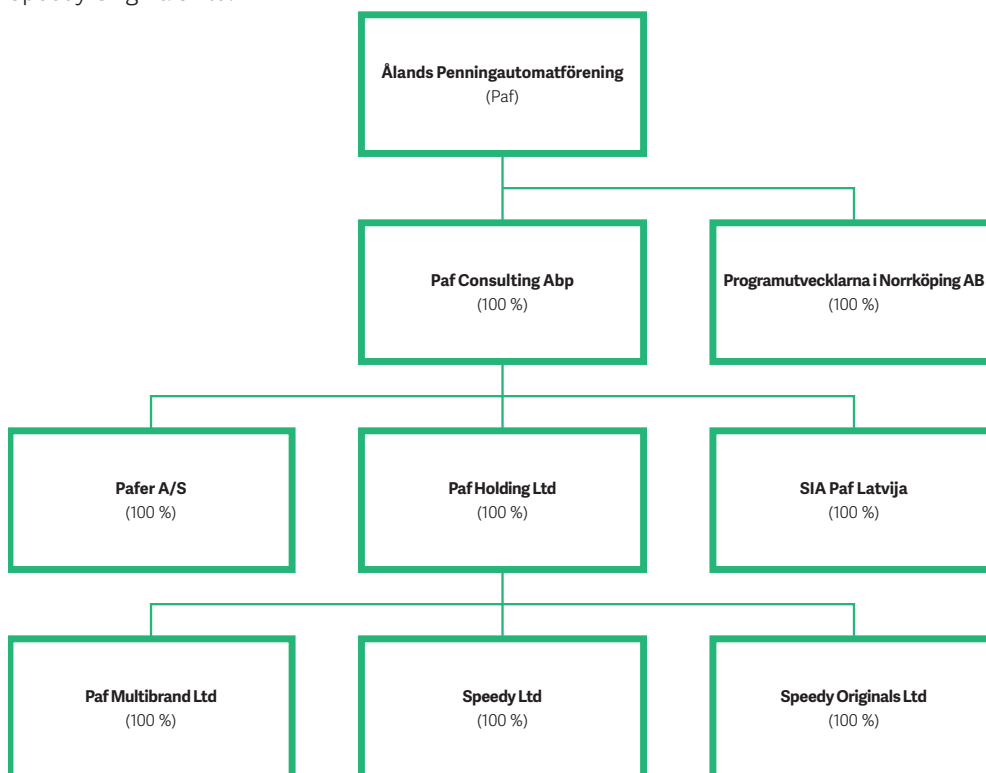
Paf's financial risks can be divided up into credit risk and currency risk. Credit risks can appear in the form of important suppliers or banks becoming insolvent. By working with several suppliers, Paf can minimise this risk. Paf can be affected negatively by major changes in currency values. Primarily, 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 licenses, and political decisions naturally affect our business. Laws and regulations in the licensed markets are continuously developed and are subject to interpretation by market players. Paf closely follows the development and case law in the area. Different interpretations of the legislation may be subject to the authorities' assessments. Potential legal proceedings against Paf could cause considerable costs and a loss of trust.

## GROUP OVERVIEW

At the end of 2021, the Paf Group consisted of the parent company Ålands Penningautomatförening and its subsidiaries Paf Consulting Abp and Programutvecklarna i Norrköping AB. Paf Consulting Abp in turn is the owner of the subsidiaries Pafer A/S, SIA Paf Latvija and Paf Holding Ltd. Under Paf Holding Ltd are the subsidiaries Paf Multibrand Ltd, Speedy Ltd and Speedy Originals Ltd.



### Active companies

Ålands Penningautomatförening offers physical gaming in 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 consisting of Pafer A/S, SIA Paf Latvija, Paf Consulting Sverige AB (dormant) and Paf Holding Ltd, which in turn owns Paf Multibrand Ltd, Speedy Ltd, Speedy Originals 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, which in recent years has been a dormant company, merged in December with Paf Consulting Abp.

## GAMING LICENCES

### **Paf conducts licensed operations under the following national gaming licences:**

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

National Regulatory Authority: Gambling Authority, 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, Speedy Originals Ltd and Speedy Ltd: gaming licence online.

National Regulatory Authority: Swedish Gambling Authority





The Board of Directors

## Organisation and management

### Board

At the beginning of 2021, the Board of Directors consisted of Chair Jan-Mikael von Schantz, Deputy Chair Anna Dahlsten, board members Sara Kemetter, Birgitta Eriksson and Gunnar Westerlund.

### Changes during the year

Anna Dahlsten, former vice chairman, left the board in June and Sara Kemetter left the board in September. In September, Denise Johansson and Roger Nordlund were appointed as new members of the Board and Gunnar Westerlund was appointed as new Deputy Chairman.

### CEO and Group management

At the beginning of 2021, Paf's Group management consisted of CEO Christer Fahlstedt, Deputy CEO 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 Landgren and SVP Public Affairs Sverker Skogberg.



### **Changes during the year**

In June, Andreas Remmer left the group management team and Lasse Danielsson was appointed as a new member of the group management team.

### **Auditors**

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

### **Board proposal for profit allocation for Ålands Penningautomatförening**

The Board of Directors proposes that EUR 20.5 million from the year's profits of EUR 32.8 million 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 - 31/12/2021

## KEY RATIOS

1 000 €

Group	2017	2018	2019	2020	2021
Revenue	116,513	111,821	114,205	113,008	135,001
Operating profit	27,607	24,742	26,151	17,420	35,691
Profit/loss before tax	29,600	24,950	26,060	17,357	35,397
Net profit	29,407	24,622	25,630	16,687	34,340
Operating margin	23.7 %	22.1 %	22.9 %	15.4 %	26.4 %
Profit as % of sales	25.2 %	22.0 %	22.4 %	14.8 %	25.4 %
Return on equity in % (ROE)	27.9 %	20.3 %	19.5 %	13.6 %	28.5 %
Return on invested capital in % (ROI)	28.0 %	20.4 %	19.7 %	14.5 %	28.8 %
Equity/assets ratio	87.4 %	88.2 %	87.4 %	83.3 %	84.8 %
Investments in tangible assets	3,936	4,405	3,038	2,130	869
Investments in intangible assets	887	2,087	2,291	3,908	11,579
Investments in tangible and intangible assets	4,824	6,492	5,330	6,038	12,448
Average number of employees	358	351	372	349	334

Parent company Ålands Penningautomatförening	2017	2018	2019	2020	2021
Revenue	93,793	89,404	87,972	71,277	81,293
Operating profit	28,081	24,374	30,646	19,710	32,722
Profit/loss before tax	26,305	24,673	30,634	19,820	32,837
Net profit	26,270	24,654	30,616	19,791	32,810
Operating margin	29.9 %	27.3 %	34.8 %	27.7 %	40.3 %
Profit as % of sales	28.0 %	27.6 %	34.8 %	27.8 %	40.4 %
Return on equity in % (ROE)	24.8 %	20.5 %	23.1 %	15.5 %	25.9 %
Return on invested capital in % (ROI)	25.7 %	20.3 %	22.8 %	15.4 %	25.5 %
Equity/assets ratio	86.2 %	87.7 %	87.2 %	87.8 %	89.5 %
Investments in tangible assets	1,676	2,370	1,187	1,648	812
Investments in intangible assets	792	1,640	2,291	3,898	737
Investments in tangible and intangible assets	2,469	4,011	3,479	5,546	1,549
Capital investments	3,756	1,243	8,510	0	0
Total investments	6,224	5,253	11,989	5,546	1,549
Gross investments as % of revenues	6.6 %	5.9 %	13.6 %	7.8 %	1.9 %
Average number of employees	305	291	305	257	245
Distribution of profits	18,000	21,000	40,000	15,000	*20,500
Lottery tax to the Finnish government	12,413	12,583	12,015	10,207	5,093

\*Board's proposed allocation



## Definitions of key figures

<b>Revenue</b>	Sales income – winnings payments – lottery taxes and similar taxes		
<b>Return on equity in % (ROE)</b>	$\frac{\text{profit before tax} - \text{taxes}}{\text{equity} + \text{minority interests}}$		×100
<b>Return on invested capital in % (ROIC)</b>	$\frac{\text{profit before tax} + \text{interest costs} + \text{other financial expenses}}{\text{balance sheet total} - \text{interest-free short-term liabilities}}$		×100
<b>Equity/assets ratio</b>	$\frac{\text{equity} + \text{minority interests} + \text{voluntary provisions}}{\text{balance sheet total} - \text{advances received}}$		×100
<b>Average number of employees</b>	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	2021	2020	2021	2020
<b>REVENUE</b>	R1	<b>81,293,237</b>	<b>71,276,995</b>	<b>135,000,703</b>	<b>113,008,080</b>
Other operating income		9,023,462	7,203,349	6,773,586	4,747,163
<b>Materials and services</b>					
Purchases during the accounting period		-18,483	-19,910	-5,023,190	-2,537,826
Total purchased services		-14,487,577	-12,032,216	-25,253,423	-23,806,733
		<b>-14,506,060</b>	<b>-12,052,126</b>	<b>-30,276,613</b>	<b>-26,344,559</b>
<b>Staff costs</b>	R2				
Salaries and remuneration		-15,432,161	-18,270,341	-18,892,778	-22,328,123
Pension costs		-2,169,503	-2,295,676	-2,374,458	-2,435,289
Other payroll expenses		-1,388,440	-1,299,968	-2,109,105	-2,044,505
		<b>-18,990,104</b>	<b>-21,865,985</b>	<b>-23,376,341</b>	<b>-26,807,917</b>
Activated development costs		721,705	693,829	721,705	693,829
<b>Depreciations and amortisation</b>					
Depreciation/amortisation according to plan		-3,001,094	-3,725,112	-4,656,751	-5,722,833
Amortisation of goodwill		0	0	-5,396,612	-4,051,276
Write-down of fixed assets		0	-1,124,685	0	-1,124,685
		<b>-3,001,094</b>	<b>-4,849,797</b>	<b>-10,053,363</b>	<b>-10,898,794</b>
Other operating expenses	R3	-21,819,026	-20,696,232	-43,098,313	-36,977,666
<b>OPERATING PROFIT</b>		<b>32,722,119</b>	<b>19,710,034</b>	<b>35,691,364</b>	<b>17,420,137</b>
<b>Financial income and costs</b>					
Interest income from group companies		238,243	211,965	0	0
Other interest and financial income		56,691	249,209	586,072	1,027,997
Interest costs to group companies		-23,043	-23,043	0	0
Other interest and financial costs		-156,932	-328,643	-880,514	-1,091,185
		<b>114,959</b>	<b>109,488</b>	<b>-294,442</b>	<b>-63,188</b>
<b>PROFIT/LOSS BEFORE TAX</b>		<b>32,837,078</b>	<b>19,819,521</b>	<b>35,396,922</b>	<b>17,356,949</b>
Tax for the year and previous years		-27,128	-28,457	-1 236 317	-92,931
Deferred taxes		0	0	179,816	-576,714
<b>ACCOUNTING PERIOD PROFIT/LOSS</b>		<b>32,809,951</b>	<b>19,791,065</b>	<b>34,340,422</b>	<b>16,687,304</b>

## BALANCE SHEET

		Parent company		Group	
	Note	31/12/2021	31/12/2020	31/12/2021	31/12/2020
<b>ASSETS</b>					
<b>FIXED ASSETS</b>					
<b>Intangible assets</b>					
Balanced development costs	B1	1,335,327	2,031,591	1,634,249	2,493,433
Licences		0	0	4,000	8,000
Goodwill		0	0	52,574,864	37,987,297
Other long-term expenses		29,993	83,748	147,458	253,319
Advance payments and pending acquisitions		512,963	253,720	512,963	253,720
		<b>1,878,283</b>	<b>2,369,060</b>	<b>54,873,534</b>	<b>40,995,770</b>
<b>Tangible assets</b>					
B2					
Land and water areas		702,700	702,700	702,700	702,700
Buildings and structures		16,594,124	17,153,303	16,594,124	17,153,303
Machines and inventories		2,075,830	2,755,583	4,671,878	6,783,057
Advance payments and pending acquisitions		768,784	575,330	773,482	580,382
		<b>20,141,438</b>	<b>21,186,916</b>	<b>22,742,185</b>	<b>25,219,442</b>
<b>Investments</b>					
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
		<b>21,179,301</b>	<b>21,179,301</b>	<b>20,405</b>	<b>20,405</b>
<b>TOTAL FIXED ASSETS</b>		<b>43,199,022</b>	<b>44,735,277</b>	<b>77,636,124</b>	<b>66,235,617</b>
<b>CURRENT ASSETS</b>					
<b>Long-term receivables</b>					
Loan receivables		34,678	51,062	34,678	51,062
Long-term receivables in group companies	B5	13,000,000	13,450,000	0	0
		<b>13,034,678</b>	<b>13,501,062</b>	<b>34,678</b>	<b>51,062</b>
<b>Short-term receivables</b>					
Accounts receivable		25,597	4,044	944,956	1,021,835
Receivables from group companies	B5	63,187,487	43,545,276	0	0
Other short-term receivables		16,344,392	11,064,662	18,180,329	11,936,502
Accrued income		2,324,634	2,078,099	3,517,209	2,313,148
		<b>81,882,110</b>	<b>56,692,080</b>	<b>22,642,494</b>	<b>15,271,485</b>
<b>Cash and bank</b>	B4	<b>16,578,476</b>	<b>22,101,854</b>	<b>58,112,441</b>	<b>55,012,890</b>
<b>TOTAL CURRENT ASSETS</b>		<b>111,495,264</b>	<b>92,294,996</b>	<b>80,789,613</b>	<b>70,335,437</b>
<b>TOTAL ASSETS</b>		<b>154,694,286</b>	<b>137,030,273</b>	<b>158,425,736</b>	<b>136,571,054</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
B8					
Other restricted equity		0	0	14,717	14,718
Retained profit		102,572,377	97,781,313	95,661,313	93,982,691
This year's profit		32,809,951	19,791,065	34,340,422	16,687,304
		<b>135,382,328</b>	<b>117,572,377</b>	<b>130,016,452</b>	<b>110,684,712</b>
<b>PROVISIONS</b>					
B7					
Other provisions		2,871,808	2,776,330	4,116,715	3,000,227
		<b>2,871,808</b>	<b>2,776,330</b>	<b>4,116,715</b>	<b>3,000,227</b>
<b>Long-term foreign capital</b>					
Deferred tax liabilities		0	0	1,974,168	2,153,984
		<b>0</b>	<b>0</b>	<b>1,974,168</b>	<b>2,153,984</b>
<b>Short-term foreign capital</b>					
Accounts payable		3,351,707	3,158,273	5,898,876	4,053,770
Advances received		144,891	0	192,373	56,183
Short-term liabilities to group companies	B6	6,440,671	4,780,000	0	0
Other short-term liabilities		3,539,192	4,637,150	10,323,061	11,087,901
Accrued income		2,963,689	4,106,142	5,904,092	5,534,278
		<b>16,440,150</b>	<b>16,681,565</b>	<b>22,318,401</b>	<b>20,732,131</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>154,694,286</b>	<b>137,030,273</b>	<b>158,425,736</b>	<b>136,571,054</b>



## FINANCING ANALYSIS - PARENT COMPANY

Parent company	2021	2020
<b>Cash flow from operating activities</b>		
Operating profit	32,722,119	19,710,034
Correction for non-cash items	3,096,572	3,782,973
Changes in working capital	-25,431,445	-26,299,237
Financial income and costs	114,959	109,488
Taxes	-27,128	-28,457
<b>Net cash flow of business activities</b>	<b>10,475,078</b>	<b>-2,725,199</b>
<b>Investments</b>		
Net investments in intangible assets	-721,705	-388,824
Net investments in tangible assets	-743,135	-2,385,186
<b>Total investment cash flow</b>	<b>-1,464,840</b>	<b>-2,774,010</b>
<b>Cash flow before financing</b>	<b>9,010,238</b>	<b>-5,499,209</b>
<b>Financing</b>		
Increase/reduction in long-term receivables	466,384	-13,437,712
Allocated profits	-15,000,000	-40,000,000
Other	0	17,225
<b>Total financing cash flow</b>	<b>-14,533,616</b>	<b>-53,420,487</b>
<b>Change in cash and cash equivalents</b>	<b>-5,523,378</b>	<b>-58,919,696</b>
Cash and cash equivalents 01/01	22,101,854	81,021,550
<b>Cash and cash equivalents 31/12</b>	<b>16,578,476</b>	<b>22,101,854</b>

## FINANCING ANALYSIS - GROUP

Group	2021	2020
<b>Cash flow from operating activities</b>		
Operating profit	35,691,364	17,420,137
Correction for non-cash items	10,448,146	9,231,027
Changes in working capital	-5 784 739	14,260,993
Financial income and costs	-294,442	-63,188
Taxes	-1 236 317	-92,931
<b>Net cash flow of business activities</b>	<b>38,824,014</b>	<b>40,756,039</b>
<b>Investments</b>		
Net investments in intangible assets	-507,485	-1,690,798
Net investments in tangible assets	-20,739,767	-41,872,432
Reduction of investments in financial securities	-714,101	-2,217,227
<b>Total investment cash flow</b>	<b>-21,961,353</b>	<b>-45,780,457</b>
<b>Cash flow before financing</b>	<b>16,862,660</b>	<b>-5,024,418</b>
<b>Financing</b>		
Increase/reduction in long-term receivables	16,384	12,288
Allocated profits	-15,000,000	-40,000,000
Other	122,423	-370,845
<b>Total financing cash flow</b>	<b>-14,861,193</b>	<b>-40,358,557</b>
<b>Change in cash and cash equivalents</b>	<b>2,001,468</b>	<b>-45,382,976</b>
Cash and cash equivalents 01/01	55,012,890	98,681,503
Cash and cash equivalents in aquired subsidiaries at the point of acquisition	1,098,084	1,714,363
<b>Cash and cash equivalents 31/12</b>	<b>58,112,441</b>	<b>55,012,890</b>

## INFORMATION ABOUT ACCOUNTING PRINCIPLES

### Consolidation principles

The group accounts have been prepared according to the cost method. The difference between the acquisition costs for subsidiaries and the equivalent equity has been reported as group goodwill/group liabilities. Group goodwill has been depreciated over five years.

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

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

### Currency conversion differences

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

### Items in foreign currencies

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

### Activated development costs

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

### Depreciation principles

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

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

The depreciation periods applied are:

### Intangible assets

Gaming platforms and basic investments in major computer systems and licences	3-5 years
Gaming products and licences	3-5 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	
	Not	2021	2020	2021	2020
<b>Revenues by geographic area</b>	R1				
Åland – land-based gaming		1,508,531	1,472,138	1,508,531	1,472,138
Gaming on board ships		5,991,469	4,553,618	12,296,632	10,875,320
Finland		0	0	0	0
Sweden		0	0	0	0
Internet		73,793,237	65,251,239	121,195,541	100,660,622
		<b>81,293,237</b>	<b>71,276,995</b>	<b>135,000,703</b>	<b>113,008,080</b>
<b>Revenues by business area</b>					
System development and associated services		0	0	0	0
Casino gaming and lotteries on land and on ships		7,500,000	6,025,756	13,805,163	12,347,458
Online gaming		73,793,237	65,251,239	121,195,541	100,660,622
Other revenues		0	0	0	0
		<b>81,293,237</b>	<b>71,276,995</b>	<b>135,000,703</b>	<b>113,008,080</b>
<b>Internet revenues by customer segment (EUR)</b>					
Gross gaming profits*					
> 30,000				0	219,812
15,001 - 30,000				14,026,102	18,284,221
8,001 - 15,000				29,342,290	24,750,155
0.01 - 8,000				134,369,798	120,684,221
Winning players				-43,161,469	-43,367,676
<b>Total</b>				<b>134,576,721</b>	<b>120,570,733</b>
Sales from Speedy Ltd and Speedy Originals Ltd. (not included in customer segment above)				6,263,629	0
Lottery tax, jackpot provisions and other items that do not impact customer balances				-19,644,809	-19,910,111
<b>Total internet</b>				<b>121,195,541</b>	<b>100,660,622</b>
*Gross gaming profits = gaming revenues - profits - bonuses					
<b>Average number of employees</b>	R2	<b>245</b>	<b>257</b>	<b>334</b>	<b>349</b>
<b>Management salaries and remuneration</b>					
Salaries for parent company CEO and deputy		-577,172	-532,462	-577,172	-532,462
Salaries for subsidiaries' CEOs and deputies		0	0	-111,904	-112,800
Board fees		-105,725	-118,000	-105,725	-118,000
Other remunerations to the Board		0	0	0	0
<b>Total</b>		<b>-682,897</b>	<b>-650,462</b>	<b>-794,801</b>	<b>-763,262</b>
<b>Fees to accounting firms</b>	R3				
KPMG					
Audit fees		38,653	32,115	83,612	67,808
Fees for tax advice		0	223	0	223
Fees for other services		24,387	24,826	28,191	28,734
<b>Total</b>		<b>63,040</b>	<b>57,164</b>	<b>111,803</b>	<b>96,765</b>
<b>EY</b>					
Audit fees		0	0	0	0
Fees for tax advice		0	16,690	0	16,690
Fees for other services		0	0	0	20,425
<b>Total</b>		<b>0</b>	<b>16,690</b>	<b>0</b>	<b>37,115</b>

## BALANCE SHEET NOTES

		Parent company		Group	
INTANGIBLE ASSETS	Note	2021	2020	2021	2020
	B1				
<b>Balanced development costs</b>					
Opening acquisition values		10,149,094	8,397,502	11,069,445	9,286,935
Investments for the period		0	1,751,593	0	1,751,593
Transfers between items		462,462	0	462,461	0
Currency conversion differences		0	0	-16,500	30,917
Closing accumulated acquisition values		10,611,556	10,149,094	11,515,406	11,069,445
Opening depreciations according to plan		-8,117,503	-6,992,910	-8,576,012	-7,288,021
Depreciations for the period		-1,158,726	-1,124,593	-1,313,490	-1,274,764
Currency conversion differences		0	0	8,344	-13,226
Closing accumulated depreciations		-9,276,229	-8,117,503	-9,881,158	-8,576,012
<b>Total balanced development costs</b>		<b>1,335,327</b>	<b>2,031,591</b>	<b>1,634,249</b>	<b>2,493,433</b>
<b>Patents, licences and similar rights</b>					
Opening acquisition values		0	0	279,272	279,272
Closing accumulated acquisition values		0	0	279,272	279,272
Opening depreciations according to plan		0	0	-279,272	-223,227
Depreciations for the period		0	0	0	-56,044
Closing accumulated depreciations		0	0	-279,272	-279,272
<b>Patents and similar rights in total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Licences</b>					
Opening acquisition values		0	0	20,000	0
Acquisitions		0	0	0	20,000
Closing accumulated acquisition values		0	0	20,000	20,000
Opening depreciations according to plan		0	0	-12,000	0
Depreciations for the period		0	0	-4,000	-3,667
Acquisitions		0	0	0	-8,333
Closing accumulated depreciations		0	0	-16,000	-12,000
<b>Total licences</b>		<b>0</b>	<b>0</b>	<b>4,000</b>	<b>8,000</b>
<b>Goodwill</b>					
Opening acquisition values		893,179	893,179	56,011,761	14,567,510
Acquisitions		0	0	19,992,334	41,426,561
Currency conversion differences		0	0	-16,500	17,690
Closing accumulated acquisition values		893,179	893,179	75,987,595	56,011,761
Opening depreciations according to plan		-893,179	-893,179	-18,024,464	-13,973,187
Depreciations for the period		0	0	-5,396,612	-4,051,276
Currency conversion differences		0	0	8,345	0
Closing accumulated depreciations		-893,179	-893,179	-23,412,731	-18,024,464
<b>Total goodwill</b>		<b>0</b>	<b>0</b>	<b>52,574,864</b>	<b>37,987,297</b>
<b>Advance payments and ongoing projects</b>					
Opening acquisition values		253,720	1,660,473	253,720	1,660,473
Investments for the period		736,975	2,102,544	736,975	2,102,544
Sold/discarded/expensed		-15,271	-3,509,296	-15,271	-3,509,296
Transfers between items		-462,462	0	-462,462	0
Closing accumulated acquisition values		512,963	253,720	512,963	253,720
<b>Total advance payments and ongoing projects</b>		<b>512,963</b>	<b>253,720</b>	<b>512,963</b>	<b>253,720</b>
<b>Other long-term expenses</b>					
Opening acquisition values		21,747,350	21,703,366	22,029,800	21,975,817
Investments for the period		0	43,983	42,040	53,983
Sold/discarded		0	0	-20,000	0
Closing accumulated acquisition values		21,747,350	21,747,350	22,051,840	22,029,800
Opening depreciations according to plan		-21,663,602	-21,370,902	-21,776,481	-21,390,606
Depreciations for the period		-53,754	-292,700	-147,902	-385,875
Sold/discarded		0	0	20,000	0
Closing accumulated depreciations		-21,717,356	-21,663,602	-21,904,383	-21,776,481
<b>Total other long-term expenses</b>		<b>29,993</b>	<b>83,748</b>	<b>147,458</b>	<b>253,319</b>
<b>TOTAL INTANGIBLE ASSETS</b>		<b>1,878,283</b>	<b>2,369,060</b>	<b>54,873,534</b>	<b>40,995,770</b>

## BALANCE SHEET NOTES

	Parent company		Group		
TANGIBLE FIXED ASSETS	Note	2021	2020	2021	2020
	B2				
<b>Buildings</b>					
Opening acquisition values		22,512,059	22,512,059	22,512,059	22,512,059
Investments for the period		13,506	0	13,506	0
Closing accumulated acquisition values		22,525,565	22,512,059	22,525,565	22,512,059
Opening depreciations according to plan		-5,358,756	-4,769,802	-5,358,756	-4,769,802
Depreciations for the period		-572,685	-588,954	-572,685	-588,954
Closing accumulated depreciations		-5,931,441	-5,358,756	-5,931,441	-5,358,756
<b>Total buildings</b>		<b>16,594,124</b>	<b>17,153,303</b>	<b>16,594,124</b>	<b>17,153,303</b>
<b>Land and water areas</b>					
Opening acquisition values		702,700	702,700	702,700	702,700
Closing accumulated acquisition values		702,700	702,700	702,700	702,700
<b>Total land and water areas</b>		<b>702,700</b>	<b>702,700</b>	<b>702,700</b>	<b>702,700</b>
<b>Machines and inventories</b>					
Opening acquisition values		24,936,556	27,467,996	35,297,961	36,156,067
Investments for the period		133,255	784,120	190,723	1,071,365
Acquisitions		0	0	0	1,373,612
Sold/discarded		-609,221	-3,516,164	-743,384	-3,744,231
Transfers between items		471,328	200,604	471,328	439,821
Currency conversion differences		0	0	-683	1,328
Closing accumulated acquisition values		24,931,918	24,936,556	35,215,945	35,297,961
Opening depreciations according to plan		-21,734,515	-23,215,036	-28,060,271	-27,174,629
Depreciations for the period		-1,215,929	-1,736,090	-2,618,674	-3,430,754
Acquisitions		0	0	0	-705,400
Sold/discarded		540,813	3,216,611	589,100	3,251,262
Currency conversion differences		0	0	412	-750
Closing accumulated depreciations		-22,409,631	-21,734,515	-30,089,433	-28,060,271
Opening amortisation		-446,458	-446,458	-454,633	-454,633
Closing accumulated amortisation		-446,458	-446,458	-454,633	-454,633
<b>Total machines and inventories</b>		<b>2,075,830</b>	<b>2,755,583</b>	<b>4,671,878</b>	<b>6,783,057</b>
<b>Advance payments and ongoing projects</b>					
Opening acquisition values		575,330	0	580,382	50,161
Investments for the period		665,002	864,113	664,648	1,058,221
Sold/discarded		-27,898	-88,179	-27,898	-88,179
Transfers between items		-443,650	-200,604	-443,650	-439,821
Closing accumulated acquisition values		768,784	575,330	773,482	580,382
<b>Total advance payments and ongoing projects</b>		<b>768,784</b>	<b>575,330</b>	<b>773,482</b>	<b>580,382</b>
<b>TOTAL TANGIBLE ASSETS</b>		<b>20,141,438</b>	<b>21,186,916</b>	<b>22,742,185</b>	<b>25,219,442</b>



## BALANCE SHEET NOTES

	Parent company		Group	
	Note	2021	2020	
<b>INVESTMENTS</b>	B3			
<b>Parent company's investments</b>				
<b>Shares in group companies</b>				
Acquisition costs at the start of the period		47,231,937	47,231,937	
Increases		0	0	
Acquisition costs at the end of the period		47,231,937	47,231,937	
Previous amortisation		-26,073,041	-26,073,041	
<b>Book value at the end of the period</b>		<b>21,158,896</b>	<b>21,158,896</b>	
<b>Investments in other shares and holdings</b>				
Acquisition costs at the start of the period		3,229,946	3,229,946	
Acquisition costs at the end of the period		3,229,946	3,229,946	
Previous amortisation		-3,209,541	-3,209,541	
Amortisation for the year		0	0	
<b>Book value at the end of the period</b>		<b>20,405</b>	<b>20,405</b>	
<b>Investments total</b>		<b>21,179,301</b>	<b>21,179,301</b>	
<b>Parent company's subsidiaries</b>	B3	<b>2021</b>	<b>2020</b>	
<b><u>Paf Consulting Abp, Åland</u></b>				
Ownership		100 %	100 %	
Value on balance sheet		19,406,389	15,406,389	
Equity at the end of the accounting period		14,951,864	3,181,462	
Accounting period profit/loss		6,833,125	-2,267,576	
*Merger with sister company Paf New Business Ab, the change corresponds to the value of shares in Paf New Business Ab at the time of the merger.				
<b><u>Programutvecklarna i Norrköping AB, Sverige</u></b>				
Ownership		100 %	100 %	
Value on balance sheet		1,752,507	1,752,507	
Equity at the end of the accounting period		349,961	342,708	
Accounting period profit/loss		14,623	131,391	
<b>Other subsidiaries</b>				
<b>Group companies</b>	<b>Parent company</b>	<b>Stake 2021</b>	<b>Stake 2020</b>	
Paf A/S, Estland	Paf Consulting Abp	100 %	100 %	
SlA Paf Latvija, Lettland	Paf Consulting Abp	100 %	100 %	
Paf Consulting Sverige AB, Sverige	Paf Consulting Abp	100 %	100 %	
Paf Holding Ltd, Malta	Paf Consulting Abp	100 %	100 %	
Paf Multibrand Ltd, Malta	Paf Holding Ltd	100 %	100 %	
Paf International Ltd, Malta	Paf Holding Ltd	100 %	100 %	
Speedy Ltd, Malta	Paf Holding Ltd	100 %	0 %	
Speedy Originals Ltd, Malta	Paf Holding Ltd	100 %	0 %	
Paf New Business Ab, Åland, was merged with Paf Consulting Abp during the year.				
<b>CASH AND BANK</b>	B4	<b>2021</b>	<b>2020</b>	<b>2021</b> <b>2020</b>
Customer assets		1,379,992	1,835,101	2,958,886 3,413,995
Other cash and bank		15,198,484	20,266,753	55,153,555 51,598,895
<b>Total cash and bank</b>		<b>16,578,476</b>	<b>22,101,854</b>	<b>58,112,441 55,012,890</b>

## BALANCE SHEET NOTES

		Parent company		Group	
	Note	2021	2020	2021	2020
<b>RECEIVABLES IN THE SAME GROUP</b>	B5				
<b>Long-term receivables in group companies</b>					
Loan receivable		13,000,000	13,450,000		
		<b>13,000,000</b>	<b>13,450,000</b>		
<b>Short-term receivables in group companies</b>					
Customer receivables		3,404,561	2,989,429		
Other receivables		59,782,926	40,555,847		
		<b>63,187,487</b>	<b>43,545,276</b>		
<b>LIABILITIES IN THE SAME GROUP</b>	B6				
<b>Short-term liabilities to group companies</b>					
Accounts payable		0	139,677		
Other liabilities		6,440,671	4,640,323		
		<b>6,440,671</b>	<b>4,780,000</b>		
<b>PROVISIONS</b>	B7				
<b>Other provisions</b>					
Jackpot provisions		2,871,808	2,776,330	4,116,715	3,000,227
		<b>2,871,808</b>	<b>2,776,330</b>	<b>4,116,715</b>	<b>3,000,227</b>
<b>EQUITY</b>	B8				
<b>Other restricted equity at start of year</b>		<b>0</b>	<b>0</b>	<b>14,718</b>	<b>30,594</b>
Currency conversion differences		0	0	-1	-15,877
<b>Other restricted equity at end of year</b>		<b>0</b>	<b>0</b>	<b>14,717</b>	<b>14,718</b>
<b>Balanced profits at start of year</b>		<b>117,572,377</b>	<b>137,909,177</b>	<b>110,669,995</b>	<b>134,046,430</b>
Distribution of profits		-15,000,000	-40,000,000	-15,000,000	-40,000,000
Adjustment of previous year's profit		0	-127,865	0	-145,967
Currency conversion differences		0	0	-8,683	-82,228
<b>Balanced profits at end of year</b>		<b>102,572,377</b>	<b>97,781,313</b>	<b>95,661,313</b>	<b>93,982,691</b>
<b>Accounting period profit/loss</b>		<b>32,809,951</b>	<b>19,791,065</b>	<b>34 340 422</b>	<b>16,687,304</b>
<b>EQUITY</b>		<b>135,382,328</b>	<b>117,572,377</b>	<b>130 016 452</b>	<b>110,684,713</b>

## BALANCE SHEET NOTES

	Parent company	Group
<b>OTHER INFORMATION</b>		
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.		
<b>PLEGDED SECURITIES AND CONTINGENT LIABILITIES</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
<b>Pledged securities in favour of group companies</b>		
Bank guarantees for which property income has been pledged as security.		
Bank guarantees, principal debtor Paf Consulting Abp	1,000,000	1,000,000
<b>Other pledged securities and contingent liabilities</b>		
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	155,586	221,476
<b>Other financial liabilities not included in the balance sheet</b>		
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

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The Swedish version of the Paf Annual Report 2021 is the original version that has been signed.

**Christer Fahlstedt** | CEO

**Jan-Mikael von Schantz** | Chairman

**Roger Nordlund**

**Birgitta Eriksson**

**Denise Johansson**

**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



