

Svenska Spel's organisation consists of three business areas: Gaming & Lotteries, Vegas and Casino Cosmopol

Net gaming revenue by business area in 2010

Svenska Spel, total	9,624	9,905	-281	-2.8
Other		16	-16	_
Casino Cosmopol	1,190	1,198	-8	-0.7
Vegas	2,039	2,081	-42	-2.0
Gaming & Lotteries	6,395	6,609	-214	-3.2
Net gaming revenue, SEK million	2010	2009	SEK million	Change,

Gaming & Lotteries business area

The Gaming & Lotteries business area accounts for a substantial share of Svenska Spel's net gaming revenue. In 2010, this amounted to SEK 6,395 million (6,609), representing some 67 % of Svenska Spel's total net gaming revenue. Net sales from gaming and other operations amounted to SEK 5,370 million (5,547). In 2010, operating profit was SEK 3,554 million (3,710).

The business area is responsible for marketing and developing gaming and lotteries at stores, arenas and at svenskaspel.se. Games sold via mobile phone, subscriptions, associations and corporate sales also represent a significant factor in this business. In addition, the business area includes Svenska Spel's brand and sponsoring, which is described in the section entitled "Brand Management" on page 25, and the Spelkort customer card, see page 37. Business development, training and administration of Svenska Spel's retailers are other features of this business area

Successful activities contributed to earnings

In autumn 2010, a higher payback on the Stryktipset and Europatipset football coupons from 46 % to 65 % was introduced and was highly appreciated by players.

The superior offering, combined with better risk management, provided a substantial contribution to the Oddset's net gaming revenues increasing in 2010. During the summer, a successful campaign was conducted for Oddset in connection with the football World Cup. During the most intensive period of the 2010 ice hockey season, Svenska Spel offered Oddset Powerplay and tracked the Elite Series with up to three gaming occasions per week. The number of gaming objects in the Oddset Lången offering was extended from 180 to 198 matches.

For 2010, Lotto's "Dream Winnings" concept was also a major factor in the increase in the number game category. Advertising for Lotto has been awarded prizes on a number of occasions since the game was launched 30 years ago and during 2010 another diploma from the advertising industry's "Guldägget" competition was added to the list of awards.

A contract was signed for the Keno draws with TV3, which took over from TV4.

The concept of a Triss lottery ticket as a present has had a favourable impact over the years and the traditional "Give Triss as a Christmas Present" campaign resulted in the highest weekly revenue for Triss tickets since 1997.



Gaming & Lotteries business area

Significant events in 2010

- An age limit of 18 for the purchase and payout of winnings from lottery tickets was introduced
- The results from test purchases indicated that more than 86 % (80) of retailers comply with Svenska Spel's rules regarding identification checks.
- Gaming at sports arenas was developed. thereby strengthening Svenska Spel's links to Swedish sport.
- · Introduction of a higher payback for the Stryktipset and Europatipset football pools.

- · The Oddset offering was broadened.
- Promotion of the "Dream Winnings" concept (Lotto and Joker).
- · Launch of mobile phone services.
- William Thorson was featured as Svenska Spel's "poker face" to the market.
- The Keno draws switched TV channel from TV4
- Sponsorship of the "Vår Ruset" jogging event.

Priorities for 2011

- Develop additional services for mobile
- Improve procedures for the pay-out of winnings in stores to increase customer security.
- Improve our communication of the gaming pleasure that is built into Svenska Spel's products.
- · Stimulate greater use of the Spelkort customer card.
- · Focus more on sports arena sales, associations and other cooperative ventures with

Gaming via stores

As of 31 December 2010, Svenska Spel had a nationwide distribution of games via 6,604 retailers (6,758) - retail stores, food stores, department stores, betting agents, tobacco shops, petrol stations and so forth. These accounted for SEK 5,152 million in net gaming revenue (5,313), a decline of 3.0 %. 2,674 retailers (2,751) carry the full range of Svenska Spel's sports betting forms, number games and lotteries, of which 848 retailers (852) are located in rural areas or are the sole gaming retailer in small towns, and for whom Svenska Spel has a lower profitability requirement. 3,834 retailers sell only lottery tickets (3,860). In addition, Svenska Spel has 96 "checkout" retailers (147) at the ICA chain and Reitan (Pressbyrå and 7-Eleven), where Lotto and Joker tickets are sold at the checkout.

Responsible gaming in stores

The stores have an age limit of 18 for the purchase of lottery tickets and payment of winnings for all Svenska Spel's gaming forms. The Swedish Gaming Board's survey of responsible gaming information at 215 retailers during the second quarter of 2010 confirmed that 100 % provided information via displays on the minimum age limit of 18 and that 97 % had responsibility brochures clearly visible for the customers.

Over a number of years, Svenska Spel has checked retailer handling of the age limit by means of test purchases. The results have steadily improved and nowadays the retailers' handling of identification checks is highly satisfactory across the board. A test purchase means that a person of legal age – who looks younger, and whose identification the retailer should check according to the rules – visits the retailer, buys a ticket and notes whether or not the retailer asks for identification.

The proportion of approved checks has increased each year and is now more than 86 % (80), which clearly shows that the retailers are managing their responsible gaming in a satisfactory manner.

A two-week ban is imposed on retailers who fail two consecutive tests, which affected 10 retailers (27) who failed to carry out the age-limit checks. An additional 12 retailers (5) lost their retailerships with Svenska Spel due to serious breach of contract, of which the reason in nine cases (2) was having illegal gaming machines on the premises.

Extensive training programmes

Svenska Spel works closely with retailers to enhance customer service in stores in the best way possible with modern information technology, for example. The digital information signs launched in 2008 are now installed at some 1,250 retailers (950). The in-store offer and technology are improved continuously.

The Gaming & Lotteries business area has a special section for training retailers, which includes the Retailer School with training premises at Svenska Spel's Sundbyberg office. Retail personnel receive training in responsible gaming, gaming forms, retailer terminal know-how, the customer encounter and other skills necessary for in-store registration of games. The school also offers the open courses held as required in varying subjects throughout the country, which are open to retailers. In 2010, 387 people (336) attended the Retailer School and 1,872 (2,085) participated in other forms of training.

Retailers also have the svenskaspel.se/retailer website at their disposal, with access to training, information, campaign news, proprietary tools and so forth. In addition, a weekly newsletter, "Spelveckan", is sent to betting agents, while the monthly "Spelnytt" magazine is mailed to all retailers.

Svenska Spel has its own gaming shop known as "The Lab" adjacent to its office in Sundbyberg. As well as being a retail outlet and café, the Lab provides a test environment where Svenska Spel can test new games and concepts and have a direct dialogue with gaming customers and retail representatives.

Once annually, Svenska Spel arranges the much-appreciated "Ombudsgala" (Retailers' Gala). Selected retailers are prized for exceptional input in a number of categories such as "Retailer of the Year", "Climber of the Year", "Sports Betting Retailer of the Year" and so forth. The gala event in 2010 was held at the Globen Arena in Stockholm, to which a few hundred retailers were invited to attend exhibitions, information, dinner and entertainment

Internet gaming

Svenska Spel estimates that in 2010 the net gaming revenue via the Internet from the Swedish market totalled to some SEK 4,400 million (about 4,180), up by 5.2 % from 2009. On the Internet, svenskaspel.se has a market share of approximately 27 % (29).

Net gaming revenue at svenskaspel.se in 2010 continued to decline, dipping to SEK 1,152 million (1,221). This is partly because foreign competitors on the Internet can offer better terms and market their products in a manner that breaches Swedish legislation, and partly because Svenska Spel's responsible gaming programmes – such as the obligatory weekly





Svenska Spel's "Spelkort" customer card

The Spelkort customer card programme is a key feature of the Svenska Spel brand. The card enables Svenska Spel to offer customers a range of services and benefits:

- Automatic monitoring of winnings.
- "My checked games" customers can receive their latest completed bets on a single ticket regardless of whether they were made via svenskaspel.se, in a betting shop or via mobile phone.
- Access to "My pages on svenskaspel.se" where customers can see completed and ongoing bets.

- Expert tips on svenskaspel.se
- · Discount offers, newsletters, etc.
- Competitions, such as Tips-SM (Swedish Championship for football pools players).

The Spelkort card is obligatory at the site svenskaspel.se. There, customers have access to various tools to control their gaming, such as the Playscan™ tool used by some 47,000 players (approx. 40,000). A total of 1,250,000 customers have the card, of whom some 488,000 are customers at svenskaspel.se.

Svenska Spel ultimately aims to offer a Spelkort card that covers all its games and distribution channels, where this is technically possible and permitted by regulations. Spelkort cannot be used today for purchases of lotteries in stores, with Vegas games or in

The card is personal and free of charge and can be applied for on svenskaspel.se and at retailers, who receive commission for new registrations. Applicants must be over 18 and be registered residents in Sweden.



budget when transferring funds to a gaming account – have a tendency to reduce wagers.

Betting on poker, bingo and lotteries at svenskaspel.se has fallen in line with the general downward trend for these games. However, sports betting, notably Oddset, and number games, especially Lotto and Joker, have increased.

Poker remains the most popular game at svenskaspel.se, which, despite the decline from 2009, reported net gaming revenue (referred to as the rake) of SEK 231 million (305).

Responsible gaming at svenskaspel.se

In contrast to the gaming market as a whole, which is losing players, the proportion of players at svenskaspel.se has increased. In brief, more people are playing but betting lower stakes. This is a positive development given the fact that one of the tasks of svenskaspel.se is to channel players from foreign gaming sites to a safer and more responsible gaming environment. Resources such as Playscan™, which helps players to gain control over their gaming behaviour; and the obligatory budget, which governs how much time and how large a stake the player is prepared to invest, are some of the responsible gaming measures applied by svenskaspel.se.

The trade magazine "Internetworld" has listed the 100 best sites in Sweden. Svenska Spel was ranked 76th on the basis that svenskaspel.se offered solid gaming services and was also the best in accepting responsibility for the risks involved in gaming.

Gaming via mobile

For Svenska Spel, the mobile phone remains a distribution channel at the inception stage. During 2010, mobile gaming reported net gaming revenue of more than SEK 7 million. In 2010, Svenska Spel launched an application for iPhone that permits the player to link up the mobile with the sports bets placed at svenskaspel.se, using the mobile or with the Spelkort customer card at the retailer. Svenska Spel Målservice (score service), as the application is called, links up the score service with the player's sports bets. The player personally selects the sport, leagues and matches that are to be monitored and can see ongoing and completed matches, get forecasts, obtain live checking, and find out which time and TV channel that is transmitting the selected match. The service won an immediate response and now has some 50,000 users.

In addition, a version was introduced for the iPhone that permits betting on Oddset, Lången, Mixen and Live. The service

also works for iPad and iPod and is customised to function also for Android telephone in the future.

Arena gaming established

Arena gaming commenced in spring 2008 at two ice-hockey arenas on a trial basis. The activity was extended to football grounds and other ice-hockey arenas in the Elite ice-hockey series, except for the Globen/Hovet arenas. In 2010, Svenska Spel also established a permanent gaming site at the Gamla Ullevi facility in Gothenburg. One of the conceptual approaches in the cooperative venture involving arena sports is "Together with the Clubs", which strengthens Svenska Spel links to sport and its proximity to players.

Subscription sales

Subscription is a relatively new service that Svenska Spel offers its customers. At present Svenska Spel has more than 100,000 subscribers (approx. 50,000) and it is currently possible to subscribe to lotteries and Lotto with a Joker number. Customers can order subscriptions through Svenska Spel's retail outlets, associations and at svenskaspel.se, and via associations.

Sales via associations

As of 31 December 2010, the number of associations with which Svenska Spel cooperates totalled 3,711 (3,346).

The minimum age limit of 18 that Svenska Spel introduced in 2010 for the purchase of lottery tickets adversely affected the associations' potential to sell Svenska Spel's lottery tickets in the traditional manner, since checking the age limit is a major challenge when sales do not take place at a fixed sales outlet. As a result, there is a desire to identify new approaches in cooperation with the associations, which now have the opportunity to sell subscriptions. New products and services will continue to be developed in interaction with the associations. Svenska Spel also offers support and advice to the associations in improving their potential to gain higher revenue, greater involvement and know-how in the area of responsible gaming.

Corporate sales

The Gaming & Lotteries business area also has a Corporate Sales function to which companies can turn should they wish to buy games and lottery tickets that they plan to use as prizes in competitions, or as gifts and so forth.

Vegas business area

The business area is responsible for Vegas Video Lottery Terminals (VLTs), which have been installed in 2,230 restaurants and bingo halls (2,187) nationwide that have concluded partnership agreements with Svenska Spel. A total of 6,563 VLTs (6,576) have been installed at the premises of these business partners.

Net gaming revenue declined in 2010 to SEK 2,039 million (2,081), corresponding to about 21 % (21) of Svenska Spel 's total of SEK 9,614 million (9,905). Vegas remains Sweden's single largest game in terms of net gaming revenue. Net sales from gaming and other operations totalled SEK 1,198 million (1,223). Operating profit was SEK 811 million (840).

Responsibility programmes in 2010

Vegas is one of the riskiest games as regards addiction, and thus the business area consistently pursues efforts designed to strengthen responsibility programmes in order to assist players in controlling their gaming.

Vegas is marketed to a very limited extent in a bid to avoid the emergence of problem gambling.

The business area trains business partners and employees in responsible gaming and also raises awareness via campaigns, information material and Spelinstitutet's (a responsible gaming company) website, spelansvar.nu. A responsibility campaign in 2010 featuring Henrik Lundqvist – a well-known Swedish icehockey goalkeeper – was aimed at training business partners and their employees in programmes involving age-limit checks for playing on Vegas VLTs.

The business area conducted a study designed to reduce energy consumption for VLTs, resulting in the introduction of an energy-savings function in October 2010. Energy consumption is expected to be reduced by about 1,300,000 kWh/year.

In 2010, the Vegas business area was ranked "The CSR Relationship of the Year" by the Harry's restaurant chain following its contribution to Harry's programme for African youth.

Age verification and age-limit checks

The minimum age for playing Vegas games is 18. The installation of an age verification system on Vegas VLTs was completed in 2009, which means that customers must state their date of birth before gaming can commence. If the customer is under 18, the game cannot begin. In the event of a win, the

date of birth is indicated on the winning ticket, which is produced along with identification when the winnings are paid out.

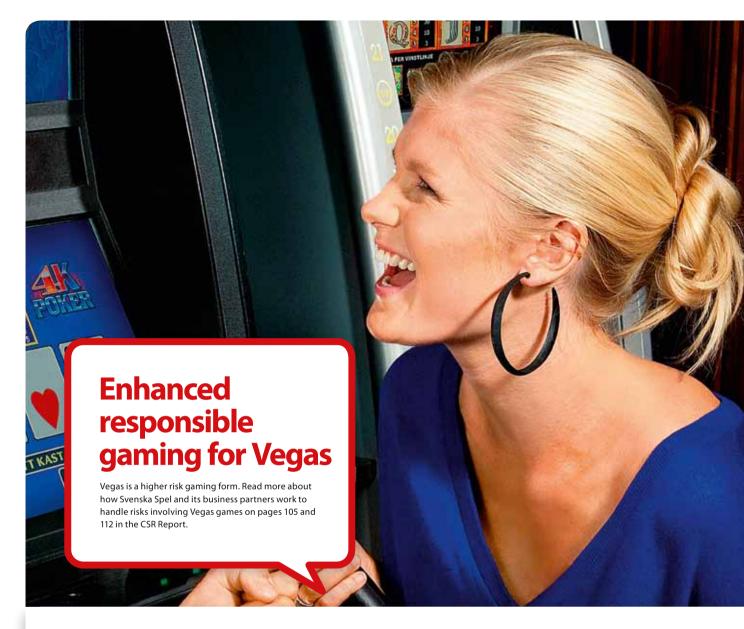
During 2010, the Vegas business area conducted 2,485 test purchases among business partners. Two types of checks are conducted to ensure that minors do not play on the Vegas VLTs. One is a test purchase when a person between the age of 18 and 20 plays a Vegas game and is expected to be asked by the personnel to produce identification. The second type is a game site check, which involves a general inspection of the layout of the area around the gaming site.

Svenska Spel also checks for the presence of any illegal gaming machines among its business partners. In relevant cases, the Swedish Gaming Board is informed and the business partner is requested to remove such machines. Failure to do so means that Svenska Spel terminates the partnership. Efforts to check that Svenska Spel's business partners comply with the rules are pursued continuously. This is done in combination with broad-based campaign, training and information programmes aimed at business partners, their employees and players. The purpose of these broad-based opinion-shaping programmes is to change attitudes and working methods.

Several new investments during 2010

During the course of 2010, 1,170 Vegas VLTs were modernised. In addition, five new games were launched.

Tests of a new central system were conducted throughout the year. The project has been delayed due to performance and quality shortcomings. While awaiting to correct these faults, the business area has drawn up a technical specification for responsible gaming tools for Vegas games, which will be the next phase when the new central system has been installed. The system will permit business operations to be more flexible in terms of, for example, responsible gaming tools, as well as simplifying the task of new game installation. It will also offer the potential to launch games from third-party suppliers, thereby facilitating the attainment of the business area's future objective, namely, to offer a more varied game range with a greater social content. The ultimate aim is that customers will voluntarily set a gaming limit in terms of time and money.



Vegas business area

Significant events in 2010

- ${\boldsymbol{\cdot}}$ Tests ahead of the commissioning of a new central system were conducted during the year.
- 1,170 VLTs were modernised during 2010 and five new games launched.
- 2,485 test purchases were conducted at gaming sites.
- · A responsibility campaign featuring world renowned ice-hockey goalkeeper Henrik Lundqvist was conducted with a view to
- training business partners and their employees in programmes involving agelimit checks for Vegas games.
- Vegas was ranked "The CSR Relationship of the Year" by the Harry's restaurant chain.
- A study was conducted to reduce energy consumption for VLTs, resulting in the introduction of an energy-savings function.

Priorities for 2011

- Commence the introduction of a new central system.
- Strengthen responsible gaming using, for example, a pilot installation of responsible gaming tools that will be available via the Spelkortet customer card.
- Launch of five new games during the year.
- · Simplify playing for customers review the design, information material and graphics to increase the customer's understanding of how the game functions.
- · Invest in 270 new Vegas VLTs.



Casino Cosmopol business area

Significant events in 2010

- Gaming responsibility programmes focused on priority groups, primarily young men aged 20-24.
- The entrance to the Stockholm casino was rebuilt.
- A new brand strategy for Casino Cosmopol was drawn up.
- A responsible gaming week was organised at each casino.
- All casinos conducted a Poker Academy.
- The procurement of a new guest registration system commenced.
- · A new operational management organisation with fewer management levels was introduced at the casinos.
- The Swedish Competition Authority initiated a review to ascertain whether Casino Cosmopol pursues competition-distorting sales operations.
- Purchases using company cards were banned as part of efforts to combat money laundering at the casinos.

Priorities for 2011

- Complete the brand plan to raise the entertainment experience at all casinos.
- Quality assure responsible gaming work at the currently high level.
- Develop supervisory activities.
- Continued training of managers to ensure more satisfied personnel and guests.
- · Continued focus on identifying and reporting breaches of money laundering legislation.

Casino Cosmopol business area

Casino Cosmopol operates four casinos. These are located in carefully renovated, culturally historic premises in Stockholm, Gothenburg, Malmö and Sundsvall and offer a varied entertainment range consisting of classic and new, international casino games.

Net gaming revenue declined marginally in 2010 to SEK 1,190 million (1,198), and accounted for some 12 % (12) of Svenska Spel's total net gaming. Net sales from gaming and other operations amounted to SEK 1,277 million (1,280). In 2010, operating profit was SEK 471 million (478).

Casino Cosmopol has an age limit of 20. Casino employees may not play at the casinos. The entrance to the Stockholm casino was rebuilt in 2010 to raise the level of security, and to enhance work logistics, quest flow and quest experience.

During 2010, the number of visits to the four casinos totalled 1,218,851 (1,212,224) distributed as follows: 439,340 in Stockholm (422,173); 354,480 in Gothenburg (348,572); 246,852 in Malmö (249,970); and 178,179 in Sundsvall (191,509).

Responsible gaming and role as host

The Casino Cosmopol business area has an extensive training programme for personnel and executives. During 2010, an efficiency-enhancement programme was launched for the organisation and processes.

Responsible gaming is an obligatory subject for all personnel at the casinos. During 2010, these efforts were aimed at priority groups, notably young men in the 20-24 age group, who according to the latest report from the Swedish National Institute of Public Health – represent a risk group.

The casinos focus on outreach dialogues with guests who show signs of unhealthy gaming. During 2010, a total of 3,923 dialogues (3,546) were completed in respect guest gaming behaviour and how the particular persons experience their gaming. The casino informs guests of the possibility of a voluntary limit on the number of visits or of barring guests. In 2010, 2,282 guests (2,098) chose to conclude such an agreement with Casino Cosmopol.

As part of the responsible gaming programme, a gaming responsibility week was organised at each casino in 2010 with an information campaign about the downside of gaming and how it can be counteracted, in addition to seminars for invited stakeholders. Marketing of the casinos is highly restrictive, including a ban on TV and radio commercials.

Overall entertainment concept

During 2010, the business area focused increasingly on a new brand strategy with a joint move towards entertainment, gaming and restaurant operations. The purpose of this is to identify economies of scale and utilise the joint expertise among the casinos on behalf of the guests. The quality of the casino restaurants is high. For the seventh consecutive year, the Casiopeija restaurant at the Sundsvall casino was ranked as the best in the Västernorrland province.

Technology, security and control

Technology, security and control at the casinos are advanced and subject to continuous overhaul. During 2011, a new e-commerce system will be introduced for poker tournaments, package offers and other features. The procurement of a new guest registration system commenced, as well as a system for incident management and registration of money laundering matters. Breach of money laundering legislation is a focus area at Casino Cosmopol. In 2010, 311 reports of suspected money laundering were submitted to the police, and purchases using company cards were banned. For Casino Cosmopol, close cooperation with the Swedish Gaming Board, the Financial Police and other authorities is important in an effort to counteract crime at the casinos. The training of personnel is another key feature in combating money laundering.

Casino Cosmopol is refining its methods and training and is developing new, improved systems support and procedures on the basis of directives from the Swedish Gaming Board. All casino guests are identified, registered and are supervised by cameras.

Review of competition rules

During 2010, the Swedish Competition Authority initiated a review to ascertain whether Casino Cosmopol pursues competition-distorting sales operations, following a report from the Swedish Hotel and Restaurant Association. After contacts with the Swedish Competition Authority, Svenska Spel has drawn up an action plan in order to deal with the particular competition problem. Against the background of the measures that Svenska Spel plans to implement, the Competition Authority decided in January 2011 not to carry the matter further. The Competition Authority was positive to Svenska Spel voluntarily adjusting operations that could otherwise be questionable according to the new rules on competition-restricting public sales activities.

Svenska Spel's business areas in brief

Gaming & Lotteries business area

	Net gamin	g revenue	Chan	ige
SEK million	2010	2009	SEK million	%
Sports betting				
Oddset	790	766	24	3.1
Stryktipset ¹	324	383	-59	-15.4
Europatipset 1	128	131	-3	-2.3
Måltipset	110	120	-10	-8.3
Topptipset	87	77	10	13.0
Number games				
Lotto	1,610	1,585	25	1.6
Keno and KenoXpress	603	626	-23	-3.7
Joker	496	478	18	3.8
Viking Lotto	45	45	0	0.0
BingoLive and Pick'n'Click				
at svenskaspel.se	125	154	-29	-18.8
Lotteries				
Triss	1,621	1,682	-61	-3.6
Tia	88	111	-23	-20.7
Skrap-Spel	99	110	-11	-10.0
Penninglotten	9	10	-1	-10.0
Lottpaketet	29	26	3	11.5
Poker				
Poker at svenskaspel.se	231	305	-74	-24.3
Net gaming revenue, total	6,395	6,609	-214	-3.2
Gross gaming revenue, total	13,240	13,459	-219	-1.6

^{1.} Including Dubbelvinsten (double winnings).

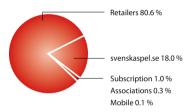
Number of retailers

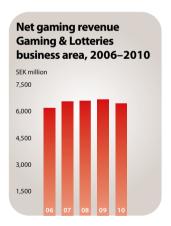
Number of retailers	2010	2009
Gaming retailers (with complete assortment)	1,826	1,899
Gaming retailers in urban areas and lone gaming retailers in small towns	848	852
Total number of gaming retailers	2,674	2,751
Total lottery (retailers with only lotteries) retailers	3,834	3,860
Total checkout retailers	96	147
Total number of retailers	6,604	6,758

Net gaming revenue by business area



Gaming & Lotteries business area Distribution by sales channel





Vegas business area

	Net gaming revenue ¹		Chan	Change	
SEK million	2010	2009	SEK million	%	
Vegas in restaurants	1,812	1,826	-14	-0.8	
Vegas in bingo halls	227	2551	-28	-11.0	
Net gaming revenue, total	2,039	2,0811	-42	-2.0	
Gross gaming revenue, total	7,321	7,464¹	-143	-1.9	

1. Incl. Vegas in BingoLive halls through 30 June 2009.

Number of business partners and installed Vegas VLTs

Number of business partners	2010	2009
Restaurants	2,148	2,097
Vegas in restaurants	6,251	6,235
Bingo halls	82	90
Vegas in bingo halls	312	341

Casino Cosmopol business area

	Net gaming	revenue	Chan	ge
SEK million	2010	2009	SEK million	%
Stockholm	506	497	9	1.8
Gothenburg	349	354	-5	-1.4
Malmö	245	252	-7	-2.8
Sundsvall	90	95	-5	-5.3
Total net gaming revenue	1,190	1,198	-8	-0.7

Number of visits to Casino Cosmopol

Number of visits	2010	2009
Stockholm	439,340	422,173
Gothenburg	354,480	348,572
Malmö	246,852	249,970
Sundsvall	178,179	191,509
Total number of visits	1,218,851	1,212,224

