

**Gaming shall  
be enjoyed  
by all!**



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# Review of 2017

Q1

New Bolagsspel – allows customers to play as a team.

Night opening hours at Oddset – offers a broader range of games with live coverage of the US leagues, for example.

New poker platform – enables both tournaments and cash tables on mobile devices.

A partnership was agreed with the Swedish Sports Confederation with a primary focus on exercise and physical activity for children and young people. The three-year agreement is valued at over SEK 150 million.

Q2

Vikinglotto – enhanced winnings schedule with a higher jackpot and a new appearance is being offered through retailers and online.

First craps table in the Nordic region – a new social game at Casino Cosmopol.

Swish and Masterpass – new deposit methods to the customers' gaming accounts.

International recognition for the Sports Swedish for Immigrants book – gold in the Multicultural Marketing category at the world's largest PR competition, The Sabre Awards.

Q3

Online net gaming revenue increased by approximately 21%, of which mobile phones increased by approximately 50% compared with the same quarter last year.

Launch of BankID for more secure and easier customer login.

Q4

Launch of Miljonregnet with even greater chance of becoming a Lotto millionaire.

Launch of Oddset Challenge, a completely new pool game in sports.

	2017	2016	2015
Net profit for the year, (SEK million)	4,709	4,866	4,803

### Key indicators

Customer satisfaction index (CSI)	68	68	67
Image, %	50	55	54
Market share	39.7	40.5	42.5
Awareness index <sup>1</sup>	84	83	—
Work environment index <sup>1</sup>	73	72	—
Operating margin, % <sup>2</sup>	21.8	22.2	22.6

1. New measurement figures for 2016, comparative figures missing for 2015.

2. Definition, see page 106.





**SEK 12.4**  
billion

in winnings to customers  
and 327 new million  
kronor winners

**SEK 4.7**  
billion

to the public  
treasury

**8,190**  
sports associations

split SEK 50 million  
through Gräsroten

Approximately  
**20,000**  
customers

were voluntarily suspended  
from gaming as of  
31 December

# The year's events

## Crackdown on match fixing

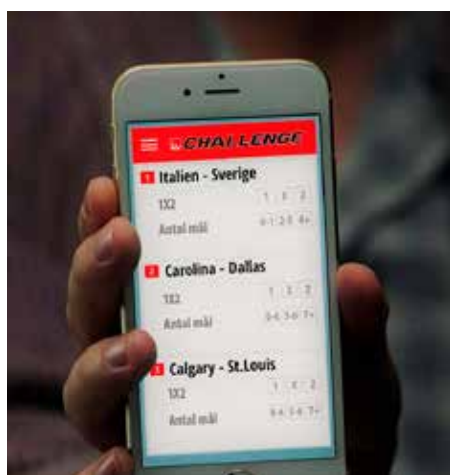
During the year, we took strong action to stop criminal elements operating in sports. In addition to the national collaborations against match fixing that are in place, Svenska Spel takes other measures such as monitoring stakes and odds fluctuations, and registering gaming in order to provide good data to the police and prosecutor, and restricts stakes and limits the selection of games. All to make it harder to cheat. Read more on page 37.



CEO Lennart Käll was there when the players at Örebro SK received training in dealing with match fixing and in responsible gaming.

## Industry best in sustainability in Sweden

In the annual Sustainable Brand Index survey, Swedish consumers rank which are the most sustainable brands in Sweden. The 2017 survey included 286 brands, with Svenska Spel placing 97 and being recognised as "Industry leader" among gaming companies.



## Lots of new products

Miljonregnet for Lotto, Triss Premium, Oddset Challenge, SkrapKeno and new Vikinglotto, 2017 was the year we brought a great deal of new, exciting games to our customers. Many of our product developers work continuously to design new games.

The fact that several new releases happened in 2017 is because, among other things, resources were freed up following the major digital infrastructure investments made between 2013 and 2015.

"We've had the chance to prioritise product development over the past two years. The feeling is fantastic," says VP Product & Services Fredrik Wastenson.

Read more about our new exciting products on pages 24–25.

## Digital BankID a hit

Welcome news for customers last year was the option to use digital BankID to register and log in to their gaming page. Customers can now also use Swish to make deposits into their gaming accounts.

## Svenska Spel advocates diversity!

Diversity enriches and creates dynamics. Therefore, Svenska Spel strives for equality in terms of gender, age and ethnicity, as well as respect and acceptance for everyone's differences. Our diversity agenda aims to create and uphold a positive diversity perspective among its individual employees, work teams and the Company as a whole.



The Pride flag was raised at the head office and the employees participated in the pro-diversity parade in Visby during the Almedalsveckan political week in Gotland.



## Did you know that ...

... 493,000 people are affiliated to Gräsroten? That is about 25% of all of Svenska Spel's customers. How the SEK 50 million from Gräsroten is distributed every year is decided by the customers. The money goes to youth sports and association-related activities in Sweden. Some 8,300 associations are today affiliated with Gräsroten, and all of the Swedish Sports Confederation's 71 sports are represented.



## The Swedish people's gaming enjoyment

The instant Henrik Lundqvist saved the fourth of four Canadian penalty shots, Sweden's tenth World Championship gold medal in history was a fact. The tournament's top goal scorer – seven goals – William Nylander was quick to reach the hero goalie to celebrate. The day after, thousands of supporters welcomed the gold-medal winning Tre Kronor team at Sergels Torg in Stockholm for a traditional victory celebration.

This is the fourth time that Sweden has won the World Championship since Svenska Spel became head sponsor for the Swedish Ice Hockey Association more than two decades ago. The cooperation includes, among other things, the Hockey Academy which is Sweden's largest talent and training program for junior and youth hockey. The current agreement, signed in 2015, runs until 2021 and is valued at approximately SEK 121 million in total. In other words – plenty of time for more World Championship gold medals with Svenska Spel as head sponsor!



## Triss joy for Maria from Nacka

Maria was ecstatic when it turned out she had scratched the highest Triss win on live television on TV4's morning news program, Nyhetsmorgon. New happy Triss winners are crowned at record-breaking speed, with no fewer than 290,000 Trisslots sold every day in Sweden!

## Gambling addiction research – an investment in tomorrow

In June 2017, it was decided to include gambling addiction in the Social Services Act and equate it with illnesses such as alcohol and drug addiction. Attendance at Svenska Spel's Research Day in October was also greater than ever. So far, gambling addiction is a young research field in Sweden and more research is needed to bring about new treatment strategies and measures that have scientific basis. Svenska Spel donates approximately SEK 7.5 million annually to gambling addiction research.

"We are proud to contribute to advancing research into how to prevent gambling addiction. The research provides us with critical information in our work to take preventive measures to offset gambling problems," says Zenita Strandäng, Director CSR at Svenska Spel.

## Pia recognised at the gala

She is one of Swedish football's most important figureheads. Applause filled the room when Pia Sundhage was recognised at the Football Gala in November. Svenska Spel was there to make possible the new Pia Scholarship, a SEK 500,000 scholarship that will support and develop Swedish women's football.



## The Gaming Academy focuses on the future

The gaming industry gathered in September for the 26th meeting of Svenska Spel's Gaming Academy in Visby. The year's theme was "Sweden's new gaming market – Let's come together" and the discussions were lively. The Gaming Academy is the forum where the Swedish gaming industry meets, exchanges insights and discusses current issues. This occasion centred largely on the future and the licensed market that is expected to take effect on 1 January 2019. Market conditions were discussed, as were how other European licensed markets function. The industry's reputation and how to guarantee responsible gaming were other topic of focus.

# About Svenska Spel

Svenska Spel is the biggest, best-known and most popular gaming company in Sweden. Customers interface with our products and services where they like in digital and physical environments. Regardless of where the customers play, we want them to have an exciting and safe gaming experience.

**Vision**  
**– Gaming shall be enjoyed by all!**

## OUR MANDATE

Svenska Spel is to promote a healthy and safe gaming market – that is our mandate. We are to safeguard social protection considerations and satisfy demand for attractive gaming. Consideration for customers and minimising the negative effects of gaming weighs more heavily than profits for us.

## MISSION

Svenska Spel is to offer a competitive range of exciting and entertaining gaming experiences in a responsible and secure manner.

## CUSTOMER PROMISE

We are convinced that the best gaming experience is entertaining, safe and secure. We are available on all modern platforms and our customer service is open and staffed 24 hours a day. It is the gaming experience we want to give to you.

**We call this accessibility.**

With our broad range of games, we promise a moment of entertainment, dreams, thrills and the chance to win. Together with others, if you want.

**We call this gaming enjoyment.**

We support our customers and give them the tools to monitor their gaming behaviour. We prioritise customer questions and gaming security.

**We call this responsible gaming.**

## OUR GAMES

Svenska Spel offers products in the categories: games of chance, sports games, and casino. Lotto, Triss, Stryktipset and Oddset rank among the well-known brands. Via a new digital platform, customers are offered a broad range of games and services on mobile phones, computers and tablet devices. The Company's Vegas video lottery terminals (VLTs) are at restaurants and bingo halls throughout the country. Svenska Spel has a widespread distribution network of retailers and business partners in both cities and rural areas that sell Svenska Spel's products. The Company has four international casinos that are located in Stockholm, Gothenburg, Malmö and Sundsvall which provide classic casino games such as Roulette, Black Jack and Poker. Read more on page 25.

## GAMES OF CHANCE



## SPORTS GAMES

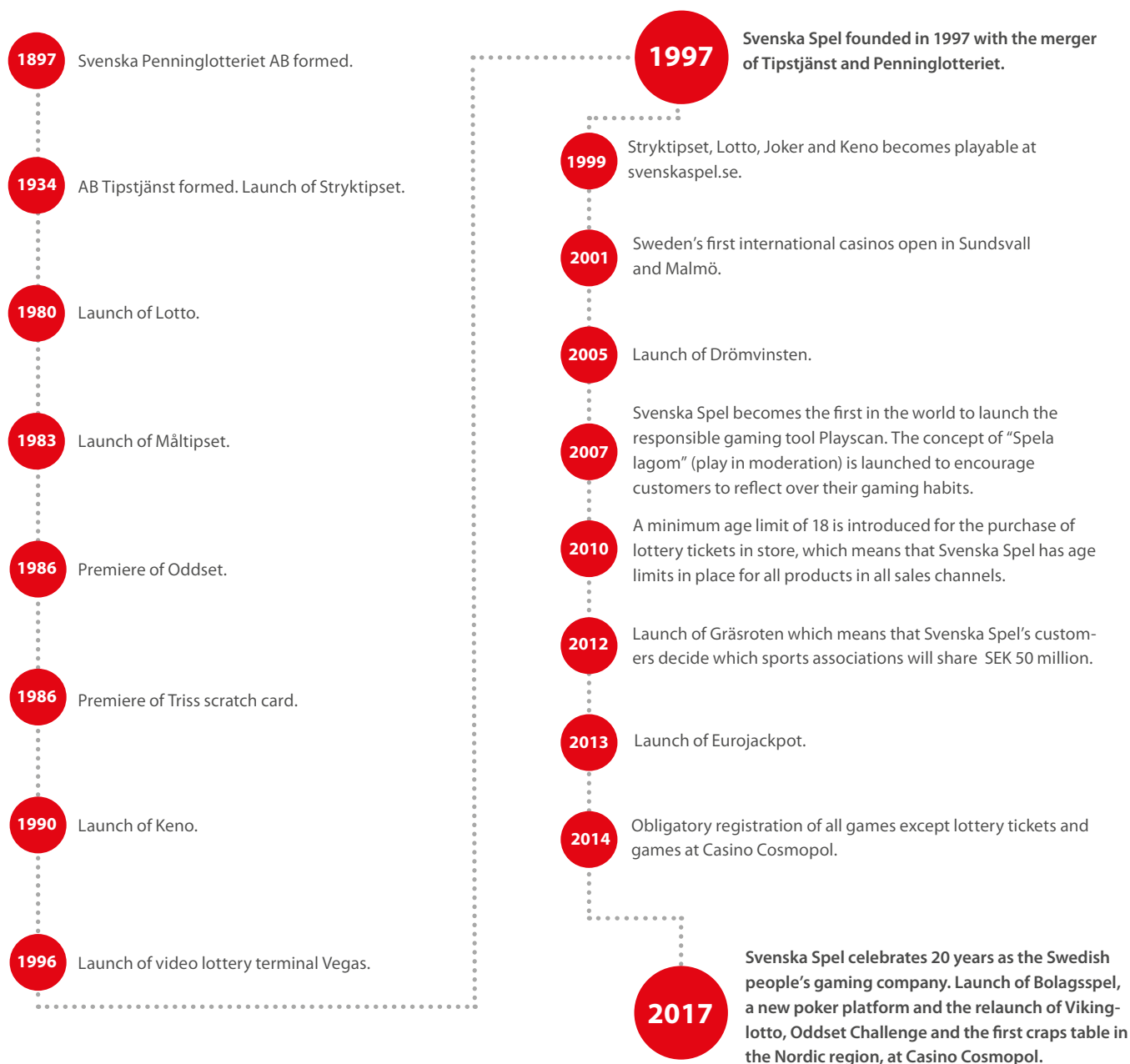


## CASINO GAMES



# The gaming company that writes history – now we look to the future!

Safe forms of exciting games, focus on the customer and a strong link to sports. Svenska Spel 2017 is building on a long tradition of gaming experience. Here is a quick recap of the Company’s history, dating back to 1897.



# ***New gaming experiences and satisfied customers strengthen our position***

2017 was a good year for Svenska Spel, for everyone who enjoys gaming and who wants it to take place responsibly. During the year, we celebrated 20 years as Svenska Spel and the future looks brighter and more exciting than ever before.



Lennart Käll, President and CEO, Svenska Spel

Again, we can summarise the many good steps taken to position Svenska Spel as an even stronger company in the gaming market – for our customers, our owners and our employees. Despite new record marketing spends by all gaming companies, we have retained our position as the Swedish people's gaming company.

## **RESULTS THAT GENERATE OWNERSHIP VALUE**

Svenska Spel's result for the whole of 2017 shows that we can handle the competition even financially. The profit amounts to SEK 4,709 million, a surplus that is paid to our owner, the Swedish State. Higher costs for adjustments to the new AML and GDPR regulatory frameworks, preparations ahead of a new gaming market, and higher marketing and sponsorship costs contributed to a slightly lower profit in 2017 compared with 2016. The operating margin of 21.8% means that we live up to the owner target of 22% that is set for a period of five to seven years.

We ended the year with good sales results and net gaming revenue of SEK 8,980 million, which is on par with last year. Our competitors are gaining market shares only because they can currently offer game forms for which Svenska Spel lacks a permit, such as online casino and horse racing. In slightly more than a year, we hope to be able to compete in these areas and others.

We must also remember all of our happy winners. In total, we paid out SEK 12.4 billion in winnings to our customers in 2017 and Sweden gained 327 new millionaires. Online sales grew exponentially. Mobile phone sales stood out, in particular, increasing by 49% in 2017.

During the year, we noted a positive trend for Eurojackpot, Bingo, Scratch games and the new Vikinglotto. Live games for new sports and game types have had a positive effect on Sports Games. Mixen, Stryktipset and Europatipset have grown and our customers



have also demonstrated a strong interest in the new pool game Oddset Challenge. However, we noted a downturn for Triss due, among other reasons, to increased in-store competition, and for Lotto including Joker in part due to reallocation to other number games in our own portfolio.

#### CUSTOMER GAMING EXPERIENCES

We meet customers' demand in terms of gaming experiences with an expanded offering of new products and services. We constantly endeavour to improve the customer gaming experience, to make it more fun and easier to use. And to ensure smooth and safe operation, this year, we launched log-ins via BankID and enabled transfers by Swish at the same time as we strengthened our game offering – not least by mobile phones. In December, about 44% of all deposits were made through Swish and, since the launch at the end of August, around 40% of all log-ins were made using BankID. At the same time, physical interaction at our retailers is still important and we need to be where the customers are when they want to play.

A few examples of launches include round-the-clock sports games, new Bolagsspel (team gaming), a new poker platform, new Viking-lotto, Triss Premium, Miljonregnet for Lotto which offers an even greater chance to become a millionaire, online Lördagsgodis (Saturday mix), new SkrapKeno (Scratch Keno), Craps and Baccarat Squeeze at Casino Cosmopol and six new games on our Vegas VLTs. Sports Games offered around 62,000 matches and sports events compared with about 21,000 last year, and in November we launched Oddset Challenge.

Our customers like what we do. We can see this in, among other things, the positive response to our digital initiatives, but also the all-time-high customer satisfaction index (CSI) where a whopping 70% of our customers

reported being satisfied with the experience we provide. This is something that makes me extra proud since CSI is our customers' rating of how well they enjoy what we do.

Our image is still the highest of all gaming companies – by a broad margin. The image rating that measures the percentage of Swedes between the ages of 18 and 75 who are positive to Svenska Spel amounted to 50% for the fourth quarter in 2017. Our closest competitor has an image rating of 29%. While our image is relatively high, the gaming industry's reputation is alarmingly low, which is something that we as an industry must address collectively.



Our customers like what we do. We can see this in, among other things, the positive response to our digital initiatives, but also in our all-time-high customer satisfaction index rating.

#### SUSTAINABILITY IS A PRIORITY AREA

Sustainability issues are important and this is reflected, not least, in customers' increased sustainability awareness. Svenska Spel's sustainability agenda is governed by a number of laws and regulations that are included in the owner's specifications, and range from the UN's Guiding Principles for Business and Human Rights to Agenda 2030. Although we have addressed many of the sustainability topics for many years, it became even more clear in 2017 when the UN's Global Goals became a require-

ment from the owners of State-owned companies. It feels gratifying that we can make a difference, together, in creating a better future.

We have mapped our operations against the Global goals and identified seven that Svenska Spel contributes most to. Obviously, these goals are linked to other goals that we address in various manners. Goal 3, Good health and well-being, includes the problem of addiction where responsible gaming plays a part. It is in this area we risk causing the most harm to the individual and society, and to which we therefore devote most of our efforts – even if we contribute in different ways to all goals.

Another area where we can make a difference is business ethics and anti-corruption. Through extensive efforts to prevent match fixing, we impede the use of the gaming industry for money laundering and terrorist financing. During the year, we made adaptations to ensure that we comply with the new regulations in terms of money laundering, AML, something that concurrently guarantees our customers safe and secure gaming.

#### RESPONSIBLE GAMING TAKES PRIORITY OVER PROFIT

Gaming shall be enjoyed by all! However, gambling addiction causes major socioeconomic effects that cost billions every year. We play an important role in the Swedish gaming market by contributing to limiting the harmful effects of gambling and reducing the costs of gambling problems in society.

Irrespective of the standard legislation sets for responsible gaming requirements, at Svenska Spel we will consider these a minimum level. For us, it is our baseline, not a bar. I am convinced that we are needed as a benchmark in the gaming market to show that it is possible to combine growth and profit with substantial responsible gaming and strong customer protection. We want to provide games

that are for everyone's enjoyment, where our motto is "responsibility trumps profit".

Measures that we offer customers to prevent gambling problems include better tools to provide them with an improved control of their gaming. Our Awareness index, whereby customers rate our services, shows that eight out of ten customers think they receive good help to keep track of their gaming. An independent report from the company Ramböll showed that Svenska Spel's tools had a real impact on the customers that used them.

Unfortunately, not everyone uses our tools, and we have not been permitted to contact players who have a risky gaming behaviour without their prior written consent. The new gaming legislation means we will have a general right to follow our customers' gaming behaviour and to contact players at risk, to offer them support and to help them exclude themselves from gaming. Svenska Spel is currently conducting a pilot test of these types of outreach dialogues that has so far generated good results.

There are still many players who opt to block themselves or take a 24-hour gaming break. Almost 20,000 customers were voluntarily blocked for three months or longer at 31 December within the whole of Svenska Spel, including Casino Cosmopol. This is approximately 2,000 more than the previous quarter. In 2017, we also registered 21,000 key presses for a 24-hour break.

In addition, we continue to back research. Research Day, a yearly event when Svenska Spel's independent Research Council gathers some of the country's leading gambling addiction scientists and contributors, was held in October. An important milestone in the field is that gambling addiction is classified as an illness and part of the Social Services Act and the Health and Medical Service Act as of the new year.

### SPORTS' BEST FRIEND

We and the sports arena tend to say that Svenska Spel is sport's best friend, and we are especially proud that we strengthened our partnership with the sports arena through several initiatives. One of the biggest is that we signed an historic agreement with the Swedish Sports Confederation under which we will join forces to get more people moving. 2017 was also the first time we allocated money from the Swedish Sports Confederation's and Svenska Spel's new fund, Framåtfond. All specialised sports associations have the chance to apply for a grant from the fund in order to test ideas for new forms of physical activity aimed at getting more people physically active.



We are currently making adjustments to the organisation that will be necessary if we are to live up to the specifications in the new gaming regulations.

We have also donated to activities for children and young people among the country's sports associations through the Gräsroten. In 2017, 486,474 customers chose their favourite association when gaming and were thus part of distributing SEK 50 million to 8,190 associations in 71 different sports.

Gender equality is a key issue in sports. We actively encourage more associations to mimic handball's and floorball's models where women and men receive the same pay. Our agreements with the different sports promote gender balance and guarantees for gender

equality. We will continue to be active in advocating a positive course of forward action for Swedish sports!

### TOWARDS A NEW GAMING MARKET

The gaming investigation was presented on 31 March 2017 and the contents of the Government's proposal for new gaming legislation were apparent. On the assumption that the proposal is voted in by the Swedish parliament, from 1 January 2019, we will have a Swedish gaming market with the same terms and conditions for all licensed companies, and where gaming companies are required to demonstrate care for their customers.

At the time of writing, less than one year remains, and we are currently working with the required adaptations of the organisation to meet the requirements of the new gaming and competition legislation. We do so by clearly dividing our operations into those that operate under license and the rest of the operations. It will be an exciting year, and we will be well prepared ahead of a new gaming market.

We look forward to a gaming market on equal terms, where we can continue to develop and strengthen our business for our customers, owners and employees and where gaming is enjoyed by all.

Finally, as announced earlier, I have chosen to leave Svenska Spel in the summer of 2018.

This is my seventh year as CEO and given that we are facing a new gaming market in 2019, this is an excellent time to hand over to a new CEO who can continue to develop Svenska Spel.

Visby, March 2018

Lennart Käll  
President and CEO

## **We will continue to be market leading**

Much has happened since Erik Strand assumed the role of Chairman of the Board for Svenska Spel in 2016. The gaming license investigation has been presented and we are probably facing the biggest change in the gaming market in modern times. The Board has an important role to plan in change management. We spoke with Erik Strand about his perspective on Svenska Spel's future.

### **WHAT POSITION WILL SVENSKA SPEL HAVE IN A CHANGED GAMING MARKET?**

"There is only one position – to continue as market leader and to be the natural choice for safe and secure gaming. Svenska Spel has enormous two-pronged strength. We have the most customers and we are owned by the Swedish people. Our ambition is to uphold our strength and leading position.

"Our task as Board is to ensure that Svenska Spel's management has the right prerequisites to act in order to maintain and advance this leading position, regardless of what the market looks like. But we must also ensure that we represent the owners and do everything we can to preserve and increase Svenska Spel's value."

### **IS SVENSKA SPEL PREPARED FOR A NEW MARKET?**

"We feel well-prepared, even if the preparations from an operative and practical perspective will proceed until the end. We have great strength in Svenska Spel's position today, and in our extensive expertise and experience.

"But, and this is important, we must also be willing to change. We have to change in order to handle the major transition facing us. When it comes to change, we all have different feelings and abilities to change, but as a company we want to welcome and embrace change.

"I view change as a very positive thing. Change is the force behind mankind's development and change is something positive that we can influence. Change is not a threat if you are well-prepared, and Svenska Spel is. We look forward to an evolving gaming market on equal terms."



Erik Strand, Chairman, Svenska Spel

### **WHAT SIGNIFICANCE WILL SVENSKA SPEL HAVE FOR SWEDISH SPORTS IN FUTURE?**

"Svenska Spel will continue to be an important factor in Swedish sports. We have invested in sports since 1934 and we expect to continue this cooperation. We want to be part of developing Swedish sports, from amateur sports to elite.

"Over the past year, we carried out a joint initiative to get more people moving called *Framåt för fler i rörelse* together with the Swedish Sports Confederation and others. The ambition behind this initiative is to be committed community members and help to curb the growing trend of sedentary behaviour and inactivity among children and young people.

"Through the partnership, we can involve the entire sports movement – including every special association and all the way to the club level. This means that we can make a difference for even more people. It is good for the people of Sweden, for Swedish sports and for Svenska Spel."



We look forward to an evolving gaming market on equal terms.



# The Swedish gaming market

Development is progressing fast and customer expectations and behaviour change quickly. To live up to customer expectations, companies must be quick, flexible and make the most of the opportunities the developments present.

## Five market trends

1

### Customer demand for access and simplicity

Customers expect there to be a simple and easy-to-understand service or app that solves all their needs at the right time and in the right channels. This refers primarily to mobile phone access and functionality, the option to conveniently buy a product or receive instant information about half-time results for a football game or correct a lottery row. Consequently, most companies focus on developing their mobile phone services.

2

### Customers are more aware and want healthy customer options

More and more customers and employees feel that social responsibility and the environment are important issues when they decide what and where to buy or work. Many not only expect that companies conduct their core business in a responsible and sustainable manner. They do not trust the State and government authorities can solve all social issues but expect companies to assume social responsibility over and above their core business. Those gaming companies that are on the vanguard, particularly regarding responsible gaming, have a competitive advantage. Increasingly more gaming companies have started to talk about responsible gaming and demonstrate their ambition by launching various responsible gaming tools.

3

### Demand for speedy delivery and instant gratification

Customers expect an even quicker delivery, response and reward than earlier. This trend is prevalent in most industries, and the gaming industry in particular, where growth is mainly driven by fast and risky games, and where the time between placing a stake and the outcome is very short. Greater access to games via mobile devices such as mobile phones and tablet devices also drive this

trend. The fastest-growing games are online casino, live casino in particular, as well as live sports betting. Live sports betting is rapidly growing with increasingly more objects per match – a trend referred to as “instant betting”. Although the football match may already be decided, players are offered a variety of gaming alternatives, thereby creating a form of hybrid that combines casino and sports games.

4

### Seamless customer interaction in all channels ...

With multiple platforms, including PCs, tablet devices and mobile phones, customers expect a seamless experience wherever they interface with the Company, regardless of whether it is news media, video or e-commerce. What customers do on a platform must be reflected in the next interaction, even if it takes place on another platform or

during a physical meeting with the Company. This offers both challenges and opportunities to companies that need to have a strategy for creating such an “omni-channel experience”.

5

### ... and on multiple screens simultaneously

It has become increasingly common for customers to use multiple screens in parallel to enhance and complement the perception of what they see and experience. Usually, it is a question of using a second screen, such as a tablet device, to interact with what we see on the first screen, usually the television. For instance, in the gaming world, it is possible to use a mobile phone or tablet device to look for information about a TV match that is underway, taking interaction to yet another level. For gaming companies, this offers the opportunity to communicate with customers throughout the entire match.



# Pending a re-regulated gaming market

The Swedish gaming market is made up of regulated gaming companies and, in Sweden unregulated offshore gaming companies. There is also an illegal market. A new licensed market is expected to take effect as of 1 January 2019.

Growth in the Swedish gaming market amounts to approximately 3% per year and is driven primarily by increased online gaming, mainly online casino. The offshore gaming companies account for most of this increase. Svenska Spel has the largest market share in total, although it has recently diminished slightly in step with the growth of the market. The main reason being that we still lack a permit for online casino which is the largest product in the market.

Competition from offshore gaming companies, which are estimated to have more than half of the online market, is considerable. Svenska Spel's market share totalled 39.7% (40.5). For 2017, Svenska Spel's online market share amounted to 21.9% (20.8).

Net gaming revenue for the regulated Swedish gaming companies amounted to approximately SEK 17,100 million (17,100). After adding the offshore gaming companies' net gaming revenue of SEK 5,500 million (5,100), the total known Swedish gaming market amounted in 2017 to SEK 22,600 million (22,200).

## RECOMMENDATION FOR RE-REGULATION OF THE MARKET

In March of 2017, the investigators submitted their recommendation for the design of a future gaming market to the Government. Gaming regulations, which entail a licensed market, are expected to come into effect on 1 January 2019. According to the recommen-

dation, it will be possible to apply for licenses starting in July of 2018. A licensed market is expected to create equal conditions for all companies in the market. The new gaming regulations will be distinguished by a high level of customer protection, high safety in gaming and clear terms and conditions for operating in the market. The recommendation contains several responsible gaming measure requirements, including registration of all games, that companies are obliged to take action should they suspect that customers have gambling problems, and options for customers to set limits in terms of time and money and block themselves from gambling.

## NEW INDUSTRY ORGANISATION TO ENSURE CUSTOMER PROTECTION

The Ethical Council of the Gaming Industry (SPER) has long focused on issues related to gaming advertising and responsible gaming in its work. In April 2017, SPER was relaunched as the National Gaming Industry Organisation to represent all companies that have permits to conduct gaming in Sweden, both online and offline. The industry organisation was formed due to the re-regulation and the purpose is to bolster confidence in the industry as a whole.

The National Gaming Industry Organisation will focus its efforts on creating a sound, modern and sustainable gaming market. In addition to issues concerning ethical marketing and responsible gaming, the ambition is to

increase awareness about gambling and promote more research in the field. Svenska Spel's CEO Lennart Käll is Chairman of the Board and Jenny Nilzon is CEO.

## We often get asked...



### What is important in tomorrow's gaming market?

It is essential that we establish long-term sustainable regulations, where customer protection is at the top of the agenda and where all gaming companies compete on equal terms. From our perspective, it is paramount that the future gaming legislation includes a market-wide exclusion feature for players, criminalisation of gaming fraud and that all gaming companies are required to show consideration for their customers.

In addition, we want specifications for responsible gaming measures and marketing that is based on the risk level of the games – there is a difference between online casino and a Trisslott.

## Companies active in the Swedish gaming market

Svenska Spel and AB Trav och Galopp (ATG) are the largest regulated companies and both are granted their gaming permits by the Government. Other regulated companies in Sweden receive their gaming permits from the Swedish Gambling Authority.

The offshore gaming companies are primarily online. These companies do not follow the same laws and restrictions as the Swedish companies, such as which games they may offer and how they market themselves.

### Companies with permits to operate in Sweden

- › AB Trav och Galopp (ATG)
- › Cherrybolagen
- › Folkspel
- › Associations that organise bingo halls
- › PostkodLotteriet
- › Svenska Spel
- › Other NGO lotteries

### Major offshore companies without permits to operate in Sweden:

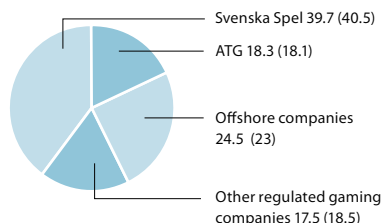
- › Bet 365
- › Betsson
- › Expekt
- › Kindred Group (formerly Unibet Group)
- › Leo Vegas
- › Mr Green
- › NordicBet
- › Pokerstars

# Facts about the Swedish gaming market

The total known gaming market amounted in 2017 to SEK 22.6 billion (net gaming revenue).

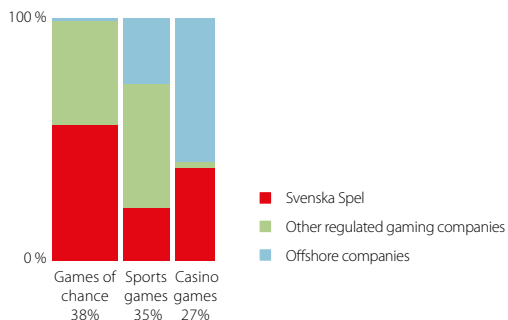


Net gaming revenue regulated and unregulated companies, %



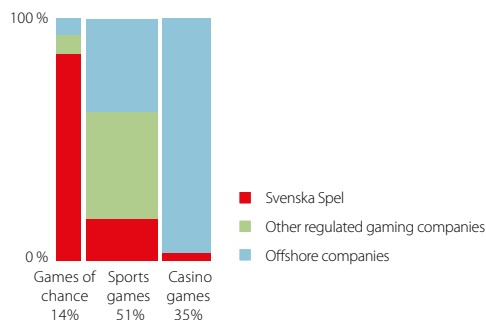
Other regulated gaming companies refers to: NGO games and lotteries, Bingo, national lotteries (e.g. PostkodLotteriet, Folkspel, Miljonlotteriet and A-lotterierna), regional lotteries and local lotteries as well as companies that have a permit to organise restaurant casinos in Sweden.

Total gaming market by product category and companies for 2017



The games of chance category includes lottery tickets and number games. The sports-based products also include trotting, and casino games includes online poker and Vegas. Offshore companies are defined as gaming companies that organise games for monetary gain for the public without permits or the support of Swedish legislation.

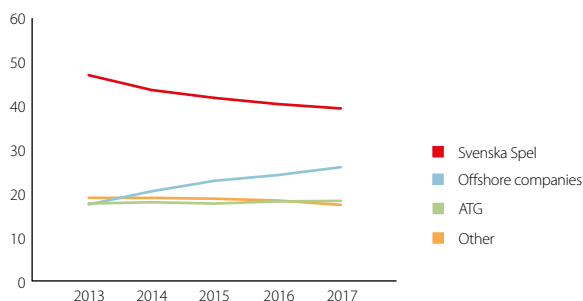
Total online market by product category and companies for 2017



Source: Statistics from the Swedish Gambling Authority and Svenska Spel's estimates of the net gaming revenue of offshore companies.

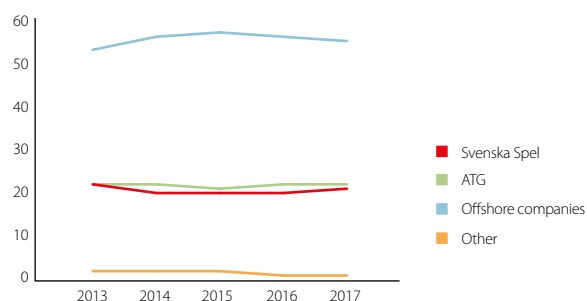
Market shares (net gaming revenue) Sweden 2013–2017

Total market, %



Source: Statistics from the Swedish Gambling Authority and Svenska Spel's estimates of the net gaming revenue of offshore gaming companies. The estimates for offshore gaming companies' net gaming revenue are based largely on Svenska Spel's regular market analysis.

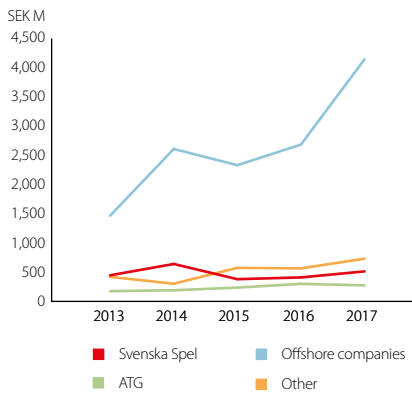
Online, %



Source: Statistics from the Swedish Gambling Authority and Svenska Spel's estimates of the net gaming revenue of offshore gaming companies.



### Advertising investment in the Swedish gaming market



Source: TNS Sifo Market Research's advertising surveys (gross investments).

### ADVERTISING INVESTMENT IS ALSO CONTINUING TO GROW

In 2017, the gaming industry increased advertising investment, excluding online marketing, by some 44% to SEK 5,554 million gross.

The increase was attributable to an increased number of advertisers in combination with many companies increasing their investments. In previous years, all internet advertising has been excluded from TNS Sifo's annual report on advertising surveys due to the poor quality of collected data. Accordingly, the outcomes for the total media investments for the full-years 2016 and 2017 are not comparable. Moreover, a degree of uncertainty prevails in terms of whether TNS Sifo captured all internet spending in the report for 2017.

The offshore companies account for approximately 74% of the marketing in Sweden. Since 2013, Svenska Spel's share of total advertising investment decreased from 18% to 9%.



Football lovers could follow the match between Malmö FF and Hammarby according to what match result they wanted or betted on in the Oddset campaign "Partiska kommentatorer" (biased commentators). Passion, commitment and a total lack of objectivity distinguished the commentaries of anchor-man Filip Hammar for Malmö and artist Magnus Carlsson for Hammarby. Those who bet on an undecided result could listen to former trainer and expert commentator Bosse Petersson. The campaign was nominated for several prominent PR awards in 2017 and took first place at the Spinnigalan in the "Social media campaign of the year" category.



The best-seller, Triss, is released in different campaign versions each year. In 2017, the lottery ticket was designed for the first time by a singer, Ace Wilder. In parallel with the launch of the "Skrapa i neon" lottery ticket in June, Ace Wilder released a cover of the eighties hit song "Dansa i neon."

### We often get asked...



#### Why does Svenska Spel market its games?

Svenska Spel operates in a competitive market, which is evident, among other things, from the increased investment in marketing. Marketing our products and services is a prerequisite for being able to compete, and to inform and

motivate customers to use our gaming and responsibility tools. Certain games have a raised risk in terms of addictiveness. In these cases, we are extremely restrictive with marketing.

# Svenska Spel creates value for customers, employees and owners

Our most important mandate is to create gaming enjoyment in a responsible manner and reduce gaming's harmful effects for the individual and society.



## Mission

We offer a competitive range of exciting and entertaining games in a responsible and safe manner.

## Customer promise

Accessibility – Gaming enjoyment – Responsible gaming  
Our games are on all platforms and our customer service is open 24/7. We promise a moment of entertainment and excitement while giving our customers the tools to monitor their gaming behaviour.

## Stakeholder dialogue

We pursue an active dialogue with our prioritised stakeholders – customers, owners, stakeholder organisations and employees – and take consideration to their expectations and demands when drafting our strategies and targets.

## Materiality analysis

Top priority sustainability issues are responsible gaming, anti-corruption, business ethics, diversity and gender equality. We also address issues that concern human rights, working conditions and the environment.

## Strategy

Svenska Spel's overriding strategy and compass is to continue to grow and retain a leading market position through "Gaming enjoyment based on responsibility". We create value for customers, employees and owners.



## Values



**Vision:  
Gaming shall be  
enjoyed by all!**



**Gaming enjoyment  
and responsibility**  
  
**The best and safest gaming  
experience**  
  
**Committed employees**  
  
**Value for owners and  
society**

**Goals and  
target fulfilment**  
  
 To ensure we make progress and work with the  
right issues, we have formulated operational goals.  
We measure our progress in relation to our goals  
and market trends.



**Value**  
  
 By working with the three perspectives – customer,  
employee and owner – we create value for our pri-  
oritised stakeholders. We constantly strive to reduce  
the harmful effects of gaming and offer our custom-  
ers a safe and exciting experience, our employees a  
stimulating and inspiring work environment, and to  
our owners we deliver returns and long-term sus-  
tainable operations.



• • • • • **Accessible** • **Considerate** • **Committed** • • •



# Progress for long-term sustainable development

Svenska Spel's strategies aim to ensure long-term sustainable development for the Company, the Swedish gaming market, the customers and society in general. The dialogue with stakeholders is an important aspect in the development of sustainable operations.

Svenska Spel applies a broad approach to sustainability. Operations are to be conducted in a manner that is socially, economically and environmentally sustainable. In addition to responsible gaming, our ambition is to act as a role model in all relevant sustainability areas. We give priority to issues that are important in relation to the societal mandate and materiality analysis.

## STAKEHOLDERS PRIORITISE RESPONSIBLE GAMING

We regularly monitor stakeholders' perception of the Company's operations. The analysis forms the basis for business development, activity prioritisation, and the design of Svenska Spel's strategy and sustainability efforts.

Our stakeholders feel that responsible gaming is the most important area within the framework for our sustainability efforts. The responsible gaming agenda is relatively well known and many of our initiatives are appreciated.

Business ethics and anti-corruption are another two prioritised areas. Both are strongly linked to gaming operations and prerequisites for long-term healthy and sustainable business. The risks linked to responsible gaming and other sustainability issues are integrated in the Company's risk agenda. Our work against match fixing and money laundering is described on page 37. Read more about the Company's sustainability risks and risk management on page 54.

Diversity and gender equality issues are also highly ranked by stakeholders. Awareness of our work in these areas is low, but stakeholders trust that the Company deals with these issues in an appropriate manner. However, some stakeholders feel that we can do more to recruit diverse talent and that equality in executive management can improve.

Areas such as working conditions, human rights and the environment are important but are given lower priority as the stakeholders

see that Svenska Spel's influence or risks associated with these areas are limited.

## THE DIALOGUE WITH OUR STAKEHOLDERS

Svenska Spel's prioritised stakeholders are those who are deemed to have the most influence over and greatest interest in the Company's operations and sustainability agenda, namely the customers, owners, stakeholder organisations and employees. Below are a few of the issues that the stakeholders have emphasised in dialogues with Svenska Spel in 2017 and our responses.

## NEW CSR GUIDELINES FOR EUROPEAN LOTTERIES

In 2017, Svenska Spel contributed to the task of preparing guidelines for the CSR agenda within European Lotteries. Implementation will be carried out in 2018.

## Long-term sustainable development at Svenska Spel

We promote long-term sustainable business by allowing the experience and responsibility to go hand-in-hand and by integrating sustainability efforts into the business model. Responsible gaming is Svenska Spel's greatest contribution towards sustainable development. In addition, the Company works with seven sustainability areas in which anti-corruption and business ethics are the most prioritised for our operations.



Read more about our sustainability targets marked with the symbol on pages 20 and 30.

# Stakeholders' expectations and our response

## Examples of customers' expectations 2017

- › Combination of gaming enjoyment – responsible gaming
- › Attractive products and services
- › Option to limit gaming
- › Accessibility
- › Support to sports

## Examples of dialogues and activities in 2017

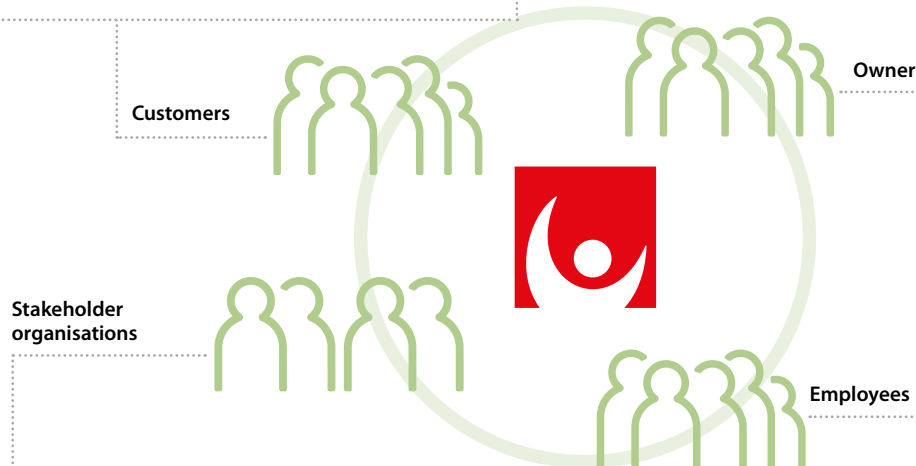
- ✓ Responsible gaming tool accessible under My games tab
- ✓ Launch of several new products
- ✓ BankID – more secure and easier customer login
- ✓ Swish and Masterpass – new methods for making deposits into customers' gaming accounts
- ✓ Customer service open 24/7
- ✓ SEK 50 million to sports through Gräsroten

## Examples of stakeholders' expectations 2017

- › Role model in the industry
- › Balance between sales and responsibility
- › Coordinating anti-match fixing body
- › Marketing based on social impact

## Examples of dialogues and activities in 2017

- ✓ Driving force in the Ethical Council of the Gaming Industry (SPER)
- ✓ Partnership with the Swedish Sports Confederation against match fixing
- ✓ Internal Ethical Council to coordinate the Company's marketing communication



## Examples of stakeholder organisations' expectations 2017

- › Research and evaluation of the effects of responsible gaming measures
- › Communication regarding responsible gaming and problem gambling
- › Information to sports clubs about match fixing and responsible gaming

## Examples of dialogues and activities in 2017

- ✓ Participation in gambling addiction associations' support groups
- ✓ Research Council and Research Day
- ✓ Development of spelagogom.se with interactive apps
- ✓ Extended launch of responsible gaming courses for sports

## Examples of employees' expectations 2017

- › Skills development
- › Work environment and health
- › Communication and training

## Examples of dialogues and activities in 2017

- ✓ Internal training/courses
- ✓ Goal and performance dialogues
- ✓ Work environment survey
- ✓ Union coordination
- ✓ Diversity initiatives, Mitt Livs Chans (Chance of a lifetime)

Parul Sharma, Sustainability expert



**“Everyone plays an equally important role”**

In 2015, the UN adopted 17 Global Goals for Sustainable Development. Sustainability expert Parul Sharma shares her view of how Sweden and Svenska Spel can contribute to realising the goals.

**What is Sweden’s status vis-à-vis the Global Goals?**

Within Sweden’s borders, we are doing well in efforts addressing “green goals”. But from a global perspective we are one of the ten biggest culprits in terms of CO<sub>2</sub> per capita. The reason for this is that much of what we consume is manufactured outside Sweden. Our greatest challenge is therefore to work toward Goal 12 – sustainable consumption and production. We need to significantly step up our efforts here, both at a national level and business level.

**What can businesses do?**

Everyone plays an equally important role and we must cooperate to ensure that what we consume is produced with consideration to the environment and social factors. Just because companies apply recycling and re-use policies is no guarantee that production is done in a fair manner. Companies must take a greater hold of the supply chain, audit their suppliers and communicate the results. If everyone does that, then we will make strong inroads towards Goal 12.

**What other goal areas are important?**

Sweden is the OECD country where economic and social gaps have widened the most since the 1990s. Among other things, we are the country in Europe where it is hardest for people from non-European

countries to find work. In this area, every company, Svenska Spel included, can strive toward higher diversity in its workforce, both by bringing in employees with different ethnicities, but also with various forms of disabilities. In this way, they can contribute to Goals 5 and 10 which address gender equality and reduced inequality.



I am impressed by Svenska Spel’s knowledge and initiatives, and how the Company cooperates with other companies on this problem.











**In which area has Svenska Spel made the most progress?**

Obviously, in the area of gambling addiction. I am impressed by Svenska Spel’s knowledge and initiatives, and how the Company cooperates with other companies on this problem. I hope that other companies will be inspired and realise that efforts addressing sustainability issues must be based on know-how and understanding if the initiatives are to have the intended effect.

## Svenska Spel's contribution to the UN's Global Goals

In 2015, the UN adopted 17 Global Goals for Sustainable Development in economic, social and environmental terms. Svenska Spel works with and promotes the realisation of these goals. Based on our operations, we have identified the goals where we have the best preconditions for exercising influence and making contributions.



FOCUS AREAS	SVENSKA SPEL'S SUSTAINABILITY TARGETS 2018–2019	THE UN'S GLOBAL GOALS
<b>Prioritised areas</b>		
<b>Responsible gaming</b>	<ul style="list-style-type: none"> <li>More of our customers are aware of their gaming and make choices thereafter.</li> <li>Fewer of our customers have gambling problems.</li> <li>Fewer of our customers develop gambling problems.</li> </ul>	 
<b>Business ethics &amp; Anti-corruption</b>	<ul style="list-style-type: none"> <li>100% of the Group's employees shall have attended a basic training course concerning the Company's efforts to combat money laundering and terrorist financing.</li> </ul>	
<b>Diversity &amp; Gender equality</b>	<ul style="list-style-type: none"> <li>Employees with foreign backgrounds in the Group shall comprise at least 28%.</li> </ul>	
	<ul style="list-style-type: none"> <li>The gender distribution among managers shall be between 45–55%.</li> </ul>	
<b>Other defined areas</b>		
<b>Working conditions</b>	<ul style="list-style-type: none"> <li>The Svenska Spel Group shall be 100% free from discrimination, harassment, and bullying.</li> </ul>	  
<b>Human rights</b>	<ul style="list-style-type: none"> <li>100% of the suppliers regularly identified in the Company's risk analysis shall be screened concerning human rights.</li> <li>Svenska Spel will carry out 1–2 supplier audits per year.</li> </ul>	
<b>The environment</b>	<ul style="list-style-type: none"> <li>Svenska Spel will lower the Company's CO<sub>2</sub> emissions by 50% between 2010–2020.</li> </ul>	

### Svenska Spel subscribes to the UN Global Compact

In 2015, Svenska Spel subscribed to the UN Global Compact and the initiative's ten principles that are derived from internationally recognised regulatory frameworks including the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the Universal Declaration of Human Rights. In this manner, Svenska Spel ensures that the Company adopts a comprehensive approach in terms of its responsibility.

Svenska Spel annually reports on how it addresses the ten principles through an annual communication on progress (COP) to Global Compact which can be read on Svenska Spel's website.



Read more about how we work to fulfil our sustainability targets in the strategy section on pages 20–39.



# The best and safest gaming experience for our customers

We are convinced that the best gaming experience is entertaining and exciting, yet safe and secure.

An exciting and entertaining gaming experience is necessary if customers are to choose Svenska Spel instead of other alternatives. We have a large number of products in sports games, games of chance and casino games that provide both excitement and enjoyment.

## FOCUS ON THE GAMING EXPERIENCE

We focus on the experience throughout the entire process: before – during – after. For many, being able to see how many right they have on Stryktipset while the match is being played is an exciting experience. It is possible to play together, to correct and comment on each other’s coupons, interact during the game and even after the game while correcting. Customers conveniently decide what information they want and how they want it. Svenska Spel’s customer service is open 24/7.

Irrespective of whether customers play at a retailer, a restaurant, a casino or on a mobile phone or computer, we want their interface with Svenska Spel to be positive and to promote a positive complete experience. Our cus-

tomers satisfaction index (CSI) for the year reached 68 (68), which confirms that we are doing the right things for our customers.

## INNOVATION AND DEVELOPMENT OF NEW GAMES

Customer expectations in terms of new experiences and games increase in pace with digitisation and technical advances in society. Our innovation agenda is built on a close dialogue with customers in focus groups, customer surveys and customer behaviour analyses. Focus is primarily on the development of social game forms, enhanced usability and convenience, new gaming experiences, revamping our games of chance and sports games, and the development of mobile services.

In 2017, we formulated a clearer process for how we will work on innovations and development. To meet demands and pick up the pace in development, we work in customer-oriented, cross-functional teams, which has shortened the time from concept to launch of a new game. Read about some of the year’s launches on pages 24–25.

## A DIGITAL-CENTRIC MEETING

Svenska Spel wants to give customers an enjoyable experience with good accessibility in all digital channels. The gaming site has smart tools and attractive games that offer customers an exciting and safe experience. We also have a gaming app that provides better interaction with sports games customers.




Developing mobile phone services is at the top of the agenda. This is a question of continuous improvements to streamline the flows and offer users a simple and intuitive experience.


## INVESTMENTS IN TOMORROW’S RETAILER TERMINALS

While games in digital channels are growing fast, most of our customers still want to play in a store, restaurant or bingo hall. Social interaction with other players and the feeling associated with handing in a coupon or lottery ticket is for many people an important aspect of the gaming experience. We have a nationwide network of retailers and business partners who make our services available to the entire Swedish population. Retailers are Svenska

### TARGETS 2018–2019

### COMMENTS

Increased customer satisfaction.		The customer satisfaction index reached 68 when the survey was conducted in the fourth quarter of 2017, which is on par with last year (68).
Increased number of active mobile phone customers.		The number of customers who play on their mobile phones rose 26% in 2017 and growth in net gaming revenue amounted to 49%.
More of our customers are aware of their gaming and make choices thereafter.		The Awareness index reached 84 when measured in the fourth quarter of 2017, as compared with 83 when measured in 2016.
Fewer of our customers have gambling problems or develop gambling problems.		We continuously measure changes in customers’ gaming behaviour to improve our understanding and knowledge in order to develop our responsible gaming efforts.
100% of the Parent Company and Casino Cosmopol employees should have attended a basic training course concerning the Company’s efforts to counter money laundering and terrorist financing.		96% of the Parent Company employees and 93% of the Casino Cosmopol employees have completed the course.

 The symbol means that the target is related to one of Svenska Spel’s sustainability areas, see page 16.

*Customers feel that Svenska Spel offers the best and safest gaming experience*





Spel's outward profile and key to the way in which our offer, and we as a gaming company, are perceived. One goal is to maintain satisfaction among retailers and business partners. The satisfied partner index was 88, which is a 2-point decrease compared with last year.

In 2017, we pursued our efforts to make the environment at retailers and restaurants more attractive and inspiring. By introducing new retailer terminals at retailers and new VLTs, we meet demands for renewal and digitalisation even in physical customer interaction. Faster, better functionality and safer registration are some of the benefits of the new retailer terminals.

In Retailer School, new retailers learn about responsible gaming, our game forms and customer interaction. We educate, inform and collaborate continuously by way of campaigns, initiatives and new products. The meetings engage and ensure that retailers can convey Svenska Spel's offering and responsible gaming in a knowledgeable and professional manner.

#### A COMPLETELY UNIQUE EXPERIENCE

Svenska Spel operates casinos in Stockholm, Gothenburg, Malmö and Sundsvall – Casino Cosmopol. The casinos offers all the familiar casino games combined with an exciting atmosphere, good food and entertainment. The personal and professional contact guests enjoy when they visit our casinos is an important factor for success, and with Casino Cosmopol's Creating Memories service concept, we ensure that the guests both recommend us to others and come and visit us again.

#### CONSIDERATION AND INTEGRITY

Customers have high expectations that Svenska Spel will take responsibility and show consideration. Customers receive information about how customer data is managed and are given the option to choose in what form they want to communicate with the Company. All employees at Svenska Spel complete a course in how to manage customer data to ensure correct management and customer integrity.

### We often get asked...



#### What does Svenska Spel do to counter match fixing?

We are strongly committed to counteracting match fixing in Sweden. We welcome a gaming fraud law so that cheaters can be prosecuted. In our opinion, match fixing is a threat to sports and gaming companies alike and must be stopped. Svenska Spel registers all gaming and identifies every customer to increase security and makes it easier to investigate suspected matches.

We do not offer games where results are easily manipulated, such as games in lower divisions or individual match events. We hope that other gaming companies will follow suit.

### Safe and simple with BankID and Swish

Digitisation and innovativeness is noticeable in areas other than the development of our games. In 2017, we made it both safer and simpler for customers by introducing Swish and Masterpass as methods for customers to make deposits into their gaming accounts.

We also made it easier for customers to register and login by using BankID. Most of our customers now use BankID as an identification method instead of their username and password as before.



## Shared Lotto cheer for dockworkers in Gothenburg

Shared joy is a double joy according to a Swedish proverb. The 23 dockworkers from Gothenburg had a chance to experience this first-hand after handing in a collective Lotto ticket in November, as they normally did. They had seven correct on Lotto 1 and split SEK 3,373,561 among themselves.

“We’re 23 colleagues who play together. I started this a few years ago and there’s been some moaning because we never win. But, you can’t win unless you play,” explains Joakim Fernblad who is terminal manager at the Port of Gothenburg.

He had corrected the rows on Sunday morning, and seen in the newspapers that a major Lotto win had been recorded in Gothenburg. He decided to surprise his co-players by text messaging a picture of the newspaper article.

“I got a text message while my family was celebrating me for Father’s Day, and there were several missed calls from Joakim. But I returned his call in a microsecond when I got the text message,”

laughs Glenn Fernblad, one of the winners and Joakim’s brother. He adds: “I didn’t get it at first, and had to check and re-check several times.”

”

“It really is great that so many people get a share of this happiness!”

For Joakim who initiated the collective Lotto playing, it means a lot that so many were able to share the win. “It really is great that so many people get a share of this happiness! I’ve heard fantastic stories from everyone about how the money will really make a difference,” says Joakim Fernblad.

Each of the 23 dockworkers received SEK 146,676 and they will continue to play Lotto together.

“We’ve got our eye on the big one, Drömvinsten,” says Glenn Fernblad.



Photo: Adam Ihse/TT



## Broadened range of games in 2017

Svenska Spel has a broad game offering that gives millions of customers excitement and entertainment every year. Among others, we have a game that we hope will generate the most million wins in Sweden, Lotto's Miljonregnet, and the game that has the highest individual wins in Eurojackpot. By focusing on innovation and interfacing with customers, new and exciting experiences are constantly being created. Below is a selection of this year's deliveries.



### Even easier to play together

A new, easier service for Bolagsspel (team gaming) was launched that now makes it possible for customers to play games like Stryktipset, Eurojackpot, Lotto and Keno together on mobile phones. The transactions to and from the Company are carried out simply and smoothly and the service has been very popular among the customers.

### Miljonregnet means more millionaires

As of 2017, even more Swedes will become millionaires with Lotto's Miljonregnet. Miljonregnet is triggered every time Drömvinsten is paid. Those who have 6+1 correct on Lotto, for the same draw as Drömvinsten, and who have played Joker, win SEK 1 million each. Miljonregnet can create some 75 new millionaires every year.



### New poker platform

During the year a new poker game platform was launched that enables tournaments and cash gaming tables on mobile units. Poker transfers to gaming accounts are now easier, payments of winnings are made directly on elimination instead of when the tournament is over and new forms of tournaments are offered.

## Lördagsgodis on mobile phones

Stryktipset, Måltipset, Keno and Lotto including Joker are the contents in Svenska Spel's Saturday mix, Lördagsgodis. A new feature in 2017 is that Lördagsgodis can be played online on mobile phones. The numbers for Keno and Lotto including Joker, are randomly selected while the rows for Stryktipset and Måltipset are based on tips from a number of experts.

## Triss Premium – unique daily winnings

Triss is the people's favourite. Did you know that more than three Triss lottery tickets are sold every second in Sweden? Svenska Spel regularly designs new varieties of Triss. The autumn's Triss Premium was sold for a limited period only. The winnings totalled SEK 10,000 per day for a whole year, and the new product generated a great deal of customer interest.



## 24/7 Oddset

As of March 2017, Oddset is open 24/7 for sports betting. Our customers can now bet on the major US leagues live, receive updates and place bets until the start of the match.

## First craps table in the Nordic countries

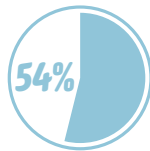
The range at Svenska Spel's casino in Stockholm was expanded with the first craps table in the Nordic countries. Craps is a social and popular table game played with two dice. Several guests can participate simultaneously, and the dice are thrown by the players themselves.

## Vikinglotto offers the chance of SEK 350 million

The new Vikinglotto was launched with a modified winnings schedule, new look and a jackpot of up to SEK 350 million. The game is now offered at retailers and online.

# Our games

### Games of chance



of net gaming revenues

Games of chance include the number games Lotto, Keno, Joker, Vikinglotto, Eurojackpot and the online games Bingo and Pick 'n' Click. Most number games are offered online and physically at retailers.

Games of chance also include Svenska Spel's lotteries, which are Triss, Penning and scratch games, that can be purchased through retailers in stores and on svenskaspel.se (not Penning). Triss is the largest lottery in terms of net gaming revenue, number of customers and awareness.



### Sports games



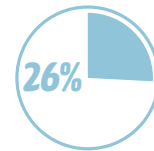
of net gaming revenues

Sports games consist of Oddset and the football-based Stryktipset, Europatipset, Måltipset and Topptipset. They can be played through retailers in stores, at arenas, on svenskaspel.se and via mobile phones.

Oddset is a collective term for such games as Längen, Matchen, Bomben, Mixen, Powerplay and Challenge. Customers can bet on fixed odds, moving odds and also on live betting where the odds are set during the course of the match.



### Casino games



of net gaming revenues

Casino Cosmopol has exclusive rights to international casino games in Sweden. All the familiar casino games are available at Svenska Spel's four casinos in Sundsvall, Malmö, Gothenburg and Stockholm. Casino Cosmopol also arranges popular poker tournaments and various types of entertainment.

Let's Play and Learn2Play are concepts for guests who want to try Casino at a more relaxed tempo and with lower stakes or without money.

Vegas is a video lottery terminal (VLT) that offers different games, such as wheel games, video poker and Keno. Vegas is the only VLT permitted in Sweden. The VLTs are located in selected restaurants with alcohol licenses and in bingo halls.





## **Innovation in international partnership**

**Speedy and effective development of new number games and gaming experiences. That is the task for innovation hub CoLab which started in December 2017.**

The hub is backed by gaming companies in six countries – Norsk Tipping, Francais des Jeux, Camelot UK Lotteries, Svenska Spel, Danske Lotteri Spil and Finnish Veikkaus.

To start, innovation hub CoLab will design number games for young adults. Concepts will be tested, designed and developed according to a model aimed at shortening lead times to market. They can then be launched in one or more of the markets that are part of the partnership.

The innovation hub will be able to create and test several new concepts more quickly and effectively than each company can separately. The collective knowledge and experience that each company has of its respective markets, combined with CoLab's creative environment, is expected to lead to high-quality game concepts.

## **Hackathon – a creative workshop**

Skills development, new insights and team building. All aspects were present when Svenska Spel's web developers went on an annual hackathon to spend one day delving deep into programming and technologies they don't have time for in their day-to-day work. The aim is to form teams that explore and inspire ideas for innovative, technical solutions. These ideas are presented on the final day and the team that earns most votes will arrange next year's hackathon.



## **Focus on women's IT skills**

**Svenska Spel wants to play a part in promoting more women in IT development! In 2017, Svenska Spel organised a coding event together with Tjejer kodar (Girls who code) – an initiative aimed at encouraging more women to start programming. Interest in the event was so great that we ran out of tickets.**

Jessica Zetterlund is Systems Manager at Svenska Spel. Two women and twenty-two men work in her unit, and she is eager to have access to more of the perspective and experience that women can offer.

"We most definitely need more women who code today. I see gender equality as a positive force, regardless of the job. But particularly when it comes to creating new, exciting ideas and solutions."

Event participants were given an introduction, and a new understanding of how developers can benefit from Open Source. Jessica Zetterlund is keen to recommend that more women take the chance to work in systems development at Svenska Spel.

"One of the evening's objectives was obviously to showcase Svenska Spel as the IT company we are. And connect with new talents.



**We definitely need more women who code today; it is a question of creating new, exciting ideas and solutions.**





# Responsible gaming has an impact

Part of Svenska Spel's mandate is to offer customers a safer gaming environment. For Svenska Spel, it is evident that the best gaming experience is safe and responsible. It is a part of our "Gaming shall be enjoyed by all" vision.

## CONSISTENT AND CUSTOMISED RESPONSIBLE GAMING

Responsible gaming must be consistent, and it must be tailored to the individual. The responsible gaming programme is based on the risk level of the game forms and the customer's gaming habits. Games with higher risks are altered or provided with enhanced customer protection and/or preventive responsible gaming tools.

The basis for our responsible gaming is that all gaming, except for the sale of paper lottery tickets and Casino Cosmopol games, is registered. Registration also reduces the risk of fraud in the form of match fixing and money laundering.

Based on the game's risk level, customers are offered different tools to monitor their gaming, such as the possibility of setting limits for time and money.

## AWARENESS INDEX

Responsible gaming is constantly being developed and improved, as are the options for measuring the effects of action and tools.

Awareness index monitors if the customers are aware of how they are playing and if they receive the help they need through the infor-

mation and tools we offer. Awareness index reached 84 (83) in the fourth quarter 2017, a small increase compared with the preceding year. The measurement shows that a large proportion of the surveyed customers view the responsible gaming tools as a support and that they feel they have good control over their gaming habits.

## ENHANCED CONTROL OVER PERSONAL GAMING HABITS

Svenska Spel offers various tools and services to help customers monitor their gaming habits and reduce the risk of gambling problems. For instance, customers can track their gaming habits, impose limits for time and money, and exclude themselves from gaming.

The tools include Mina Spelvanor "Gaming tracking", Svenska Spel's tool that signals customers when their gaming habits are starting to become more risky. Use of the tool is voluntary for customers. We work actively to motivate customers to find and use the tool because it is an effective way of reducing the risk of gambling problems.

Customers can take a 24-hour break at any time from most high-risk online games. All customers can also track their gaming history and

get an overview of how much time and money the customer has spent at Svenska Spel.

"Spela lagom" (Play in moderation) is our initiative to give customers and relatives information and advice on healthy gaming and motivate them to consider their behaviour. The content in the Spela Lagom site has been designed together with experts and scientists in the field of gambling addiction. It has been translated into English and a condensed version is available in another 13 languages.

## CUSTOMISED RESPONSIBLE GAMING IS THE FUTURE

Following an independent evaluation\* of Svenska Spel's responsible gaming carried out in 2016, the Company has directed its development efforts toward customised and motivation-

**We often get asked...**



**Around 2% of Sweden's adult population has a problem with gambling for money. What are you doing to make sure this figure doesn't increase?**

Among other things, we have introduced obligatory registration of all games (except for lottery tickets sold in stores and games at Casino Cosmopol). This makes it possible for our customers to easily keep track of their gambling. With a registered game, we can offer tools like Mina gränser (My limits), gaming history, warning signals of a growing risk of developing gambling problems, and exclusion from all gaming. All these services and tools are under the Gaming tracking section, that customers have full access to once they log in to svenskaspel.se.

## Brief facts about Svenska Spel's responsible gaming

- › Registration is obligatory for playing all of Svenska Spel's products, except for paper lottery tickets and games at Casino Cosmopol.
- › The responsible gaming services are packaged under the heading "Gaming tracking."
- › Customers can track how their registered gaming progresses through "Playscan."
- › It is easy to set limits for gaming, both in terms of time and money for poker and Vegas. For other online games, you set a money limit.
- › Customers can block themselves from all gaming, except for paper lottery tickets. A 24-hour break, Spelpaus24, is available for most products, and enables customers to take a break from all gambling over the next 24 hours.
- › Mina Spelvanor "Gaming tracking" warns if gaming habits are becoming more risky.
- › Customers must be 18 to play our games. The age limit is 20 for Casino Cosmopol.
- › Registration is obligatory for Casino Cosmopol guests.
- › We have discontinued bonuses and free spins and are extremely restrictive in marketing high-risk games.
- › Svenska Spel is certified under the European Lotteries, World Lottery Associations and SPER's responsible gaming standards.

\*Evaluation performed by Ramböll Management Consulting.





Henrik Armus, Chairman of the Swedish National Association for Gambling Addicts

**“I hope the companies honour their duty to show consideration”**

Henrik Armus is Chairman of the Swedish National Association for Gambling Addicts since March 2017. As chairman with a personal history of gambling addiction, he can personally relate to many of the difficulties that the members face.

**What are your views on tomorrow’s gaming market?**

I hope that most of the gaming companies elect to apply for a license and shine a spotlight on customer protection. If all companies honour their duty to show customer consideration, it will give us a head start when it comes to protecting players from developing addictive behaviour. It is a question of observing changes in gambling patterns and actively taking action, for example, through temporary suspension. My greatest concern is that some companies will not apply for a license but continue their aggressive marketing of bonuses and the like. What can be done about them?

**What are your views on gambling addiction trends?**

Unfortunately, we see that this trend is steadily increasing. Of our new members, between 80 and 90% have a problem with online casino

gambling. Today people can sign for quick loans, which means they risk developing an addiction and putting themselves in an economic crisis. I can’t see that this trend will subside before a licensed market is in place.

**What role do you feel that Svenska Spel has in the gaming market?**

I hope that Svenska Spel will continue to be top-of-the-class and show the way in tomorrow’s gaming market. For example, the Company is the only one I’ve seen advertise their responsible gaming tool, and the option of taking a break.



I hope that Svenska Spel will continue to be top-of-the-class and show the way in tomorrow’s gaming market.

**What can Svenska Spel do to improve responsible gaming?**

We need to look at the accessibility to games where the risk of developing a gambling addiction is greatest. For instance, I think we need to reconsider whether Vegas VLTs should be placed in environments where alcohol is served. When it comes to live betting and poker, we should also discuss whether it should be possible to get up in the middle of the night and gamble away money.

enhancing responsible gaming. It is a question of motivating customers to use the responsible gaming tool and get support when needed, of developing methods to more intelligently take action with customers who signal motivation to alter their gaming habits and to safeguard the basis of current responsible gaming efforts while allowing customers who so wish to take part in more far-reaching responsible gaming.

**24/7 CUSTOMER SERVICE**

Customers and relatives can turn to Svenska Spel’s customer service, which is open 24-hours a day, 365 days a year. They will receive personal service and advice about risky gaming, responsible gaming tools and referrals for professional help, for example, via the Help Line.

Our customers can block themselves from gaming via all channels. Customer service employees are trained to hold follow-up dialogues with customers who wish to start gaming again following an exclusion period. In 2017, a pilot test involving proactive dialogues was carried out in which specially trained employees called customers exhibiting gambling problems and who had consented to being contacted.

Proactive dialogues with guests who show signs of gambling problems are held at Svenska Spel’s casinos. Trained staff talk with guests about their gaming behaviour and offer voluntary exclusion or visitor limitations from the casino for a limited period of time or until further notice.

**TRAINING IN RESPONSIBLE GAMING**

Svenska Spel holds regular responsible gaming courses for employees, retailers and business partners. All new retailers and business partners are trained in responsible gaming tools, the risks of gaming, the importance of age verification as well as the issues of match fixing. Certification of all retailers and partners involved in gaming is the objective.

Athletes, trainers and coaches are a risk group in terms of developing gambling problems. Consequently, together with Svensk Elitfotboll (the Swedish Elite Football Association), Svenska Spel designed the interactive course “Spelandets baksida” (“The other side of gambling”) that is particularly for athletes. Read more about Svenska Spel’s and the Swedish Sports Confederation’s efforts to combat match fixing in the interview on page 36.

We have also created a new course for employees at our casinos who have dialogues with guests exhibiting signs that gambling is a problem.

### DIALOGUE WITH GAMBLING ADDICTION ASSOCIATIONS

As part of increasing knowledge about gambling problems, Svenska Spel maintains an ongoing dialogue with gambling addiction associations and representatives for the treatment of gambling addiction. In 2017, we participated in meetings at the gambling addiction associations and have had roundtable discussions on concerns and opportunities related to the pending re-regulations of the gaming market.

### SUPPORT TO RESEARCH

Gaming and gambling problems is a relatively young research field in Sweden. To contribute to better knowledge, Svenska Spel set up a Research Council in 2010. The Council comprises experienced researchers and representatives from the Public Health Agency of Sweden and the Swedish Association of Local

Authorities and Regions (SALAR). Over the 2011–2017 period, Svenska Spel contributed a total of SEK 35 million to the Research Council. Since 2014, Svenska Spel funds a research position in addictive disorders at Lund University with particular focus on gambling addiction. Svenska Spel is investing SEK 2.5 million per year for a period of five years.

### WHAT IS HAPPENING IN 2018?

- › Further development of the gaming experience in mobile phones, including through new apps.
- › More focus on personal interaction, both physically and digitally.
- › Installation of new retailer terminal at retailers, and the discontinuation of customer cards.
- › Continue customisation of responsible gaming.
- › Ensure adjustments to new gaming legislation 2019.



## Responsible marketing

Svenska Spel's marketing shall be responsible and make it easy for customers to make conscious and informed choices. In addition to our own marketing guidelines, we also follow the guidelines from SPER (the National Gaming Industry Organisation) and the responsible gaming standards set by the European Lotteries and the World Lottery Associations.

Directed marketing is customised to the customer's preference and the risk level of the game. When new customers register, they choose which type of marketing Svenska Spel may send.

## Help Line featured

Svenska Spel marks all its gaming coupons, ticket rolls and lottery tickets with the telephone number to the Help Line. The number is displayed in all gaming venues and is also now included on all advertising. Customers or their relatives can call the Help Line for professional advice and assistance concerning gaming addiction or problem gaming. The Help Line is run by the Centre for Psychiatry Research under a commission from the Public Health Agency of Sweden.

## Those with a gambling addiction can now get help

As of 1 January 2018, gambling addiction will be included in the Social Services Act and classified as an illness. The amendment means that gambling abuse in terms of playing for money is equated with the abuse of alcohol and drugs. As a result, the municipalities are responsible for preventing and countering abuse related to playing for money. Gambling addiction is to be equated with other addictions also in the healthcare sector. Svenska Spel is of the opinion that it is positive that even more people will be able to receive help for their gambling addiction but is concerned that the municipalities' resources will be insufficient. Svenska Spel will work to spread greater awareness about the problems and inform about its work in the field.

## Guiding principles for our responsible gaming

- › The individual has responsibility for their own gaming.
- › We consciously develop an offering that promotes healthy gaming.
- › We create transparency around gaming and make individual customers aware of changes in gaming behaviour.
- › We create the necessary conditions for customers who wish to reduce problems related to their gaming.
- › Our responsible gaming measures must be consistent while retaining the same high degree of customisation in terms of the individual and the gaming experience.
- › Our responsibility does not extend to treatment or care.
- › We take responsibility for the Company's own customers and contribute to reducing problem gambling in society at large.

# Committed employees

We know that employee commitment is a key factor for success. We want to be perceived as a modern, attractive employer that has proud, committed employees who work for the Swedish people's own gaming company.

## ESTABLISHED COMPANY VALUES

Our company values are a critical foundation for operations and all employees. These help to profile Svenska Spel in relation to other gaming companies. The dialogue concerning values is important and a natural part of introduction courses, leader training and employee dialogues.

## CODE OF CONDUCT GUIDES EMPLOYEES

Svenska Spel highlights and prevents unethical behaviour, both internally and externally. The Code of Conduct describes the Company's approach to responsible and professional conduct. The Code describes how we employees are to behave towards each other, customers, suppliers, retailers, business partners and others.

We have a whistle-blowing service through which employees can confidentially report suspicions of irregularities within the Company and suspicions related to money laundering. In 2017, five reports were received via the system.

## THE RIGHT SKILLS AT ALL LEVELS

Attracting, engaging and developing employees with the right skills is crucial for our competitiveness. It is important that the employ-

ees have clear targets and the right conditions to perform. In 2017, we launched a course that aims to increase knowledge about our own products and strengthen the ability to always focus on the customer. The course is for all employees and is expected to help elevate dedication and pride.

Skills inventory is done regularly throughout the entire Company to analyse the current situation and future needs. The results are the basis for continued skills development and recruitment. To remain in the vanguard, we must primarily recruit and retain expertise in the digital gaming area. Systems developers, web developers, game developers and analysts are examples of skills often in demand in the Company.

## COMMITMENT IS A KEY INDICATOR

Commitment is determined by how employees perceive they can influence their work, their level of independence and that they feel that they develop. In turn, employee commitment is fundamental in Svenska Spel being perceived as an attractive and competitive employer.

We want to be able to quickly identify and act in areas that need to be followed up. That is why we use regular and frequent surveys,



so-called pulse surveys, as an effective way to measure commitment. Pulse surveys are a complement to the regular dialogues between managers and employees. The Commitment index has been steady since the method was introduced in 2016.


## DIVERSITY AND GENDER EQUALITY

We believe that a company in which the mix of employees reflects that of society is better able to understand and take care of its customers. Diversity and an equal-opportunity workplace contribute to more creative and dynamic operations.

The gender balance at Svenska Spel is relatively even, both at managerial and employee levels. The target is a gender distribution among managers that is within a range of 45–55%. At the end of the year, the division was 35% (40) female managers and 65% (60) male managers. Because progress is not going in the expected direction, we will quality assure recruitment processes and ensure that all applicants have the same opportunities to apply for vacant positions.

Salary levels between genders are to be even and we map salaries every year to

TARGETS 2017–2019		COMMENTS
Employees feel strong commitment.		Measured at regular interval through pulse questions every other month. In 2017, the level of commitment in the latest survey was 73 on a scale of 100.
Employees with a foreign background within the Group shall be at least 28%.		Proportion of employees with a foreign background within the Group was 29.5% on 31 December 2017 – an increase from 27.5% in 2016.
Even gender distribution among managers within a range of 45–55%.		On 31 December, we had 35% female and 65% male managers. To improve gender equality and achieve the set target, the annual succession planning is an important tool. In the recruitment process, there shall always be final candidates of both genders.

 The symbol means that the target is related to one of Svenska Spel's sustainability areas, see page 16.



**Svenska Spel  
is an attractive  
employer with  
proud, motivated  
employees**

### **Svenska Spel's company values**

All employees at Svenska Spel shall contribute to realising the vision – Gaming shall be enjoyed by all. To achieve this, the Company has a clear course. The values describe how the employees focus on the customer and behave towards each other. Employees at Svenska Spel are:

#### **... Accessible...**

We listen to our customers and each other. We contribute to customers' gaming experience by combining presence, speed and personal service through expertise and good internal collaboration.

#### **... Considerate...**

We care about our customers and work conscientiously to offer a simple, secure and enjoyable gaming experience. We take pride in our mandate and put responsibility before profits. We are good colleagues, team players and we treat each other well.

#### **... Committed...**

We are proactive and let innovative thinking, creativity and effective implementation permeate all our work. We give that little bit extra to each other and our customers.





Hanna Radtke Bergström,  
Press Officer, Svenska Spel

## “Running makes me more effective”

A high pace and exciting challenges in the gaming industry prompted Hanna Radtke Bergström to apply for a job at Svenska Spel. Based in Solna, she has been press officer since May 2017. Exercise and health are important to Hanna and she feels that Svenska Spel makes it easy for employees to find an everyday balance.

### What is your perception of Svenska Spel as an employer?

I feel there is a serious commitment to making sure people are satisfied at work. Svenska Spel has an incredible internal communication that is quick to inform of changes, and they gauge the pulse of the employees through the &frankly app. But it is a big company and I sometime feel that the path between concept and decision is too long.

### How does Svenska Spel make it easy for employees to find an everyday balance?

Among other things, by offering many opportunities to exercise in connection with work. Exercise is one of the first things that people down-prioritise when they are stressed. It's "Hälsans år" (The year of health) at Svenska Spel and we have free workout classes, run coaching and a generous wellness subsidy so that we can exercise during lunch. I take every opportunity!

”

We have an incredible internal communication that is quick to inform.

### What could Svenska Spel do better?

Work more from mobile offices. Make it possible to take our computers outside the company walls and work from different places. This gives new perspectives, new inspiration and new meetings as well as making it more possible to juggle career, family and free time. Everything that is a part of life. Personally, I get my best ideas when I go for a run.

uncover unreasonable differences. The year's comparison has not revealed any such differences.

To develop our diversity agenda, we partner with Mitt Liv, a company that advocates a labour market that to a greater extent puts a premium on diversity. Employees have participated in Mitt Livs Chans, a mentorship programme that aims to give greater insight into the diversity issue and support a person with a foreign background who dreams of a job in the Swedish labour market. To leverage efforts to increase diversity, the managers and HR will receive training in recruitment with a diversity perspective and greater insight into unconscious discrimination.

### WORK ENVIRONMENT AND HEALTH

The health and work environment of employees is a key success factor. Twice a year, a work environment survey is conducted that forms the basis for Svenska Spel's initiatives. All managers are responsible for the work environment and complete an obligatory work environment training programme.

We have initiated a large-scale alteration of our offices in order to create better conditions to promote cross-functional and agile processes while the interior design is being altered to promote creativity and teamwork.

Svenska Spel shall be a workplace where employees have good requisites to take care of themselves and their health. We support our employees with wellness subsidies and invest in making it easier to exercise and do other activities. There are many active sports and hobby associations that arrange activities on location in Stockholm and Visby as well as our four casino locations.

### WHAT IS HAPPENING IN 2018?

- › Initiatives to define Svenska Spel's offer as an attractive employer, particularly in engineering.
- › Continued investments to improve the physical work environment.
- › Modify the organisation to suit a new licensed market.

## Hi Hanna Lindqvist, IT Development Manager since April 2017

The notion that IT is more a driver in business than a support function was what attracted Hanna Lindqvist to Svenska Spel. Most recently, she was CIO of Teracom/Boxer where she worked for nine years, driving digitisation and new technology issues.

**Development manager in IT sounds like a broad sphere of responsibility. Can you explain your role for us?**

I am responsible for the development of our transaction systems, networks, apps and everything else customers interact with in terms of IT. We operate in a competitive market and our customers expect everything to be top-notch. This means that we have to be in the vanguard and make sure we have the necessary resources and expertise to move forward.

**And where are you now?**

In terms of technology, Svenska Spel is very progressive, which surprised me. There is a forward-thinking attitude that we need to learn how to market better to potential employees. I am also proud of our innovative procedures for delivering products and services. We have set up cross-functional teams that work

independently and have a mandate to drive advances within their field. Because resource optimisation is critical, you work where you are best needed. This turns us into an effective delivery apparatus.

**Why would a developer with cutting-edge expertise want to work at Svenska Spel?**

Because he or she will have the chance to work in an environment distinguished by innovative thinking together with other talented developers, new technologies and new processes.

We mustn't forget that those who already work for us are incredibly talented which means that we can offer colleagues that can challenge and teach others.

**What is your primary focus now and looking ahead?**

To secure our ability to deliver and to do so we need more people.

We work actively to position ourselves so that, for example, students at universities and colleges are made aware of what a good workplace Svenska Spel is.

To accomplish this, I also have to hold onto the staff we have and make sure they are satisfied with their jobs, have challenging tasks and feel both seen and needed.



In terms of technology, Svenska Spel is very progressive, which surprised me.



Hanna Lindqvist, IT Development Manager, Svenska Spel

# Value for owners and society

Svenska Spel will invest for the future to strengthen competitiveness and to be a long-term sustainable and effective company that generates ownership value.

Svenska Spel creates value for its owner, the Swedish State, and ensures that the Company’s social mandate is performed well. This means ensuring the best possible long-term value creation in the Company. Operations will be conducted in a manner that is conducive to long-term sustainable development in social, economic and environmental terms.

## UNIQUE VALUES

Svenska Spel is a strong, well-known brand. The brand is built on an extensive product portfolio, unique responsibility initiatives and broad digital and physical presence with more than 3.5 million customer relationships. The public’s trust in Svenska Spel, our brands and our responsibility are decisive since the competitors offer similar products and services.

The long-standing partnership with sports is also an important contributing factor to the brand’s popularity.

## PROFITABLE GROWTH

Svenska Spel focuses on profitable growth with a focus on customer protection. We have a leading position in responsible gaming and we are convinced that it is possible to conduct gaming operations in a healthy and safe manner. Despite challenging competition, we aim to grow and maintain or strengthen our current position.

The operating margin for 2017 was 21.8% compared with 22.2% in 2016. Adjustments to prepare the Company for a new gaming market entail major conversion costs which had an impact on the margin.

## A GAMING MARKET ON EQUAL TERMS

The new re-regulated gaming market is expected to take effect as of 1 January 2019. Opportunities and challenges alike await when a licensed market replaces the, on paper, State monopoly. The greatest advantage is that all companies will operate under the same conditions.

It will be a challenge for Svenska Spel to retain market shares as the market continues to grow during a transition period. To meet customer demand, the Company has applied for a permit for new game forms such as, online casino, e-sport and fantasy sport, and for higher payout percentage levels.

Pending new gaming regulations, we are getting ready to launch and re-adjust the Company to the new conditions.

## COMMUNITY INVOLVEMENT

Svenska Spel’s contribution to society is primarily our responsible gaming effort, initiatives in gender equality and diversity, and a great commitment to Swedish sports. Our commitment to sports helps to strengthen Svenska Spel’s brand but also has a positive

impact on society in the form of public health, integration and diversity.

Through the Swedish Sports Confederation, we have signed agreements with 60 specialised sports associations in order to join forces to use sports as a means to encourage more people to get physically active. Among other things, the initiative will make it easier for specialised associations and clubs to expand their sampling activities, children-adult training sessions, and targeted initiatives for groups we know that sports have difficulty reaching.

Today, Svenska Spel sponsors five major sports: football, ice hockey, handball, floorball and bandy in which many of our customers are involved. The collaboration includes investing in developing talent, breadth and youth sports. In collaboration with the sponsored sports associations, we drive several special projects aimed at improving diversity and gender equality in football and other sports. Sponsorship aims to strengthen the brand and involve our customers in the long term. Read more about our commitment to Swedish sports on pages 38–39.

## GUIDELINES FOR SPONSORSHIP RECIPIENTS

Svenska Spel is emphatically against any violation of human rights and is devoted to developing the Company’s approach and collaboration in sports linked to human rights issues.

TARGETS 2017–2019	COMMENTS
Profitable growth.	Good online growth by 18%, particularly in mobile devices that are increasing by 49%. Svenska Spel has noted lower growth than the total gaming market, which has led to lost market shares.
Retain a strong Parent brand.	Image rating was 50% on 31 December 2017. Over the year, the rating declined 5 percentage points. The closest competitor has an image rating of 29%.
Cost-efficient operations, the operating margin is to be at least 22% over an economic cycle.	The operating margin was 21.8% compared with 22.2% in the preceding year.





**Strengthen  
competitiveness and  
ensure a long-term  
sustainable and  
efficient company**



**Anders Wikström,**  
Coordinator at Svensk Elitfotboll



**“Many good forces have joined together”**

Football holds a special place in the heart of Anders Wikström, Svensk Elitfotboll’s anti-match fixing coordinator since 2016. The former Allsvenskan football player sees collaboration as a key in efforts to keep sports free from outer influences.

**What effect does match fixing have on sports and customers?**

Regardless of whether you are a gaming customer or a supporter, match fixing is reprehensible. It is an attack on the sport that damages its credibility. If we start to question whether results are fixed in advance, the sport loses its soul.

**Explain the anti-match fixing efforts.**

Svenska Spel and Svensk Elitfotboll have collaborated for a long time, most recently in the anti-match fixing project that I head. My role is mainly proactive and is a question of informing players and leaders in Allsvenskan and Superettan how they should handle the risks of match fixing. But it is also reactive since I coordinate communication when something happens. The Swedish Football Association and the police are responsible for investigating any suspicion of match fixing. Ultimately, this means that many good forces have joined together.

**What responsibility does the gaming industry have?**

That the product, the match in this case, is credible is as important for gaming companies as for football. Therefore, the gaming industry should only offer matches in series that have high transparency and a lower risk of match fixing. Betting on “non-match-decisive events”, such as throw-ins and yellow cards, or on competitions where the participants are under 18 years of age should not be offered. I am pleased that Svenska Spel has taken a staunch stand and refrains from offering these game forms. I hope you continue to advocate this issue and influence other companies in the same direction.

“ I have great hopes for the new anti-match fixing legislative proposal that is in the gaming investigation.

**What do you think about the future – will we be able to eradicate match fixing?**

The only credible vision in terms of match fixing is a zero tolerance. We must make it as impossible as we can for the criminals and minimise the risk of attacks on sports. I have great hopes for the new anti-match fixing legislative proposal that is in the gaming investigation. It needs to be easier to convict the perpetrators.

Svenska Spel is Sweden’s largest sports sponsor and invests some SEK 300 million in various sponsorship initiatives. The Company’s sponsorship guidelines include all sponsorship agreements together with the code of conduct for suppliers. It requires that sponsorship recipients comply with international guidelines, are aware of crimes against human rights and work actively for greater diversity and gender equality. The sponsored confederations will also advocate in favour of major competitions being held in countries where there is a relatively small risk that human rights are violated. The confederations that are subject to the guidelines are the confederation for football, ice hockey, bandy, floorball, handball and the Swedish Sports Confederation.

Svenska Spel has an ongoing dialogue with sports associations to ascertain how the parties can contribute to ensuring that human rights are respected and to carry out training programmes with the sports associations on this topic. Efforts to monitor the sponsorship guidelines will continue in 2018.

**BROAD CLIMATE EFFORTS**

Svenska Spel has a relatively low environmental impact and low risks related to this area. We have long worked to reduce our climate impact and we have made substantial environ-

**We often get asked...**



**Svenska Spel launched a sponsorship guideline that advocates human rights. Does it really have any effect?**

As Sweden’s largest sports sponsor, we have a lot of influence in sponsorship-related issues. We want to pave the way for the next generation code of conduct, which will place completely new demands on initiatives for human rights, diversity and working conditions. The guidelines focus more on the work that we and our sponsorship recipients do to bring awareness and respect to these issues, both in Sweden and in countries that arrange major championships.

mental savings. The goal is to reduce our climate impact between 2010 and 2020 by 50%, and we are well in line with this goal. Travel and the use of material are areas that have the greatest climate impact, but energy consumption is closely monitored. Svenska Spel will support the airline industry's transition to fossil-free fuel by matching every trip we make with BRA-flyg with a "green bonus", meaning that we pay a portion of the cost to switch to bio-fuel. Read more about the Company's climate efforts and Svenska Spel's climate report on [svenskaspel.se](http://svenskaspel.se)

#### LOW RISKS IN THE SUPPLIER CHAIN

Svenska Spel has about 2,500 suppliers and the value of items purchased amounts to

about SEK 2 billion per year. The suppliers provide mainly marketing-related services and IT. They are primarily based in the EU and most are Swedish. The Company has a code of conduct for suppliers that is included with all contract documents.

Overall, by our own assessment, the risks in Svenska Spel's supplier chain are low. Svenska Spel does an annual risk assessment of the riskiest suppliers based on in which country purchases are made, how large the purchases are and the product in question. Svenska Spel has prepared a self-assessment form that will be used as the basis for our future audits. The form is sent to the largest suppliers where there may be some type of risk related to, for example, human rights or working conditions.

The intention is to follow-up with a couple of audits every year of those suppliers deemed to have the highest risks.

#### WHAT IS HAPPENING IN 2018?

- › Secure our position and the long-term value creation in the Company.
- › Continued adjustments of Svenska Spel ahead of a re-regulated gaming market.

### Proactive anti-match fixing efforts

Svenska Spel's customers should be able to feel confident that gaming can be carried on in a safe and fair manner. This is why we continue to battle match fixing, which is a growing problem and a major threat to competition sports and gaming companies.

We work proactively to combat match fixing by, among other things, analysing and investigating suspicious transactions and unusual gaming patterns. In collaboration with the Swedish Sports Confederation, we have introduced a function to which whistle blowers can turn to report suspected manipulated sports events. Furthermore, we finance a full-time position at the Swedish Sports Confederation to work preventively.

Obligatory registration gives Svenska Spel better prerequisites for tracking and investigating events. Nor do we offer games where results are easily manipulated, such as games in lower divisions or individual match events. In 2017, Svenska Spel reported no cases of suspected match fixing to the police.

### New Anti-Money Laundering Act improves security

A new Anti-Money Laundering Act took effect on 1 August 2017 that now also includes gaming companies that are run with support of the Swedish Lotteries Act. The entire Svenska Spel Group shall comply with the new Act, which formerly only covered casino operations. The task of adapting the operations has been both extensive and costly. For example, IT systems have been modified, processes and systems support for the collection of customer consent have been created and new types of registration/identification introduced (BankID). In addition, a separate function has been established to monitor and report suspicious transactions to the Financial Unit of the National Criminal Intelligence Police Service. In 2017, Svenska Spel reported 371 cases of unusual monetary transactions to the Financial Unit of the National Criminal Intelligence Police Service.

### ...and a new data protection directive

Svenska Spel has a solid programme for managing customer data and personal data. The EU's new General Data Protection Regulation (GDPR) takes effect in the middle of 2018. The directive will have far-reaching consequences and Svenska Spel is conducting a large-scale change project to adapt the operations. This includes modifying the customer database, and training retailers and employees in the management of personal data and issues concerning consent in terms of direct marketing.

#### SVENSKA SPEL'S VALUE TO SOCIETY

SEK million	Stakeholders	2017	2016
<b>Created value</b>			
Revenue <sup>1</sup>	Customers	7,776	7,745
<b>Distributed value</b>			
Salary and remuneration to employees	Employees	-1,095	-1,053
Payment to the Swedish State <sup>2</sup>	Owner (society)	-4,823	-4,803
Sponsorship of Swedish sports <sup>3</sup>	Society	-254	-238
Gräsroten <sup>4</sup>	Society	-58	-58
Scholarships to Swedish sports <sup>5</sup>	Society	-4	-5
Research	Society	-9	-9
Other operating costs	Suppliers	-1,436	-1,308
<b>Economic value retained</b>		<b>97</b>	<b>270</b>

1. Net revenues from gaming operations, etc. and financial income.

2. Dividends to the owner, the Swedish State, for 2016 and 2015 respectively.

3. Sponsorship and activities for sports associations and federations. Gräsroten sponsorship is reported separately.

4. Sponsorship of the country's sports associations and their youth operations.

5. Elite sports scholarship and the Sports Journalist Scholarship.

## Progress for Swedish sports

Collaboration with sports has been an important part of Svenska Spel's history since 1934. This gives customers a better experience while simultaneously contributing to the development of sports at all levels. Svenska Spel supports several of Sweden's national teams, but also invests in developing talent, breadth and youth sports.



### Support to diversity agenda through football

When Svenska Spel was event host at the World Championship between Sweden and France on 9 June, inspiration for the entire arrangement was our commitment to "Everyone is different – different is good." The match balls were carried by girls from Ronjabollen in Uppsala, which received

economic support from the fund in 2016. Pictured is Lennart Käll with Sofia Bergström from Ronjabollen.

Football is a positive force and plays an important role in public health and integration. Together with ICA and the Swedish Football Association, Svenska Spel distributes SEK 2 million to projects within the association's member associations under the motto "Alla är olika – olika är bra" ("Everyone is different – different is good"). The aim is to support the associations' diversity, integration and gender equality efforts.

### It's worth gold

Thanks to the close partnership with sports, we can give our customers a greater experience while contributing to the development of sports at all levels. Making a difference everywhere is important to Svenska Spel. Today we support the national teams, but we also invest millions in developing talent, breadth and youth sports.

This year, as proud head sponsor, we celebrated the World Championship gold medal earned by the women's floorball team in Bratislava.





## Progress for more people in motion

A sedentary lifestyle is a growing problem in our society. Research shows that three out of four children do not get enough physical activity. Consequently, Svenska Spel is investing SEK 150 million over a three-year period to, in partnership with the Swedish Sports Confederation and sports movement, encourage more people to get active. Through agreements with some 60 specialised sports associations, we provide opportunities for Idrottssverige (sporting Sweden) to create activities and enhance commitment to this important issue.



## Sports bring people together

Swedish sports shall be inclusive and Svenska Spel want to facilitate for sports to be a positive force. In the autumn of 2016, the book *Sportens för invandrare* (Swedish sports terms for immigrants) was launched that will give immigrants insight into Swedish sports terms and ease their transition into society. The book was compiled by Svenska Spel together with the several sports federations, Lernia and ABF, and has been printed in several editions. It was awarded the 2017 Multicultural Marketing award in one of the world's largest PR competitions, the Sabre Awards, and won gold in the Content Marketing category at Spinnigalan 2017, Sweden's largest PR competition. In addition, the book also won gold in the European Excellence Awards in the Corporate Responsibility category.

## Winner recognition

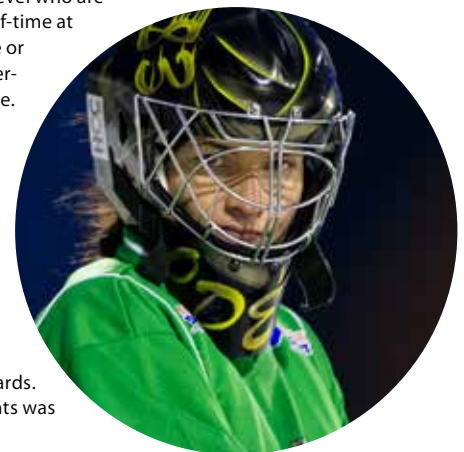
The youth initiative Prispallen (Winners Podium) was launched by Svenska Spel and the Swedish Sports Awards in 2016. It aims to present and highlight both the numbers and the span in terms of Swedish sports accomplishments. For every placing in an international competition, the respective special association can receive a grant from Prispallen that is intended to go directly to the association's youth operations. For example, in 2017 Svenska Styrkelyftförbundet (the Swedish Weightlifting Association) was able to carry out a major youth initiative that offered age-appropriate training and competition activities thanks to money from Prispallen.

## Customers support their favourite teams

In 2017, some 493,000 customers supported their favourite teams via Svenska Spel's initiative "Gräsroten – SEK 50 million to youth sports". Customers register their favourite associations which then earn points when the customer plays. SEK 50 million is distributed every year according to how many points the associations have amassed. Some 8,300 associations representing all of the Swedish Sports Confederation's 71 sports are registered with Gräsroten.

## "It is touching and a great honour to receive the elite sports scholarship considering how many apply"

Every year, the Swedish Sports Confederation and Svenska Spel's elite sports scholarship is distributed to elite athletes at the National team level who are enrolled at least half-time at a university, college or in some other higher-learning programme. In 2017, 75 athletes (49 women and 26 men) shared the scholarship. The scholarship takes the shape of SEK 50,000 for each athlete and is awarded in conjunction with the Swedish Sports Awards. Among the recipients was Linda Odén, bandy.





# About the CSR Report

## Sustainability contact

Contact person for Svenska Spel's sustainability efforts is Zenita Strandängér, Head of Responsible Gaming and Corporate Social Responsibility, +46 10 120 00 00 zenita.strandanger@svenskaspel.se

Svenska Spel's 2017 CSR report is presented as an integrated part of the Annual Report and is also published on [www.svenskaspel.se](http://www.svenskaspel.se). This report has been prepared in accordance with the GRI Standards: Core option.

The report is issued once a year as part of the Annual Report. The report is valid for the 2017 calendar year and encompasses AB Svenska Spel and the subsidiaries that make up the Group.

The CSR report describes Svenska Spel's work and the Company's most important sustainability issues according to the materiality analysis. The materiality analysis and stakeholder dialogues are described in more detail on pages 16–17.

This is the eleventh consecutive year that Svenska Spel reports in accordance with the GRI guidelines. In Svenska Spel's assessment, the CSR Report meets the requirements imposed by GRI at the Core option level. The most recent report (2016 Annual Report) was published in March 2017.

Sustainability information that has been examined by the auditors can be found on

pages 6–9 and 14–45. See the Assurance Report on page 104.

### OUR TOP SUSTAINABILITY ISSUES

Svenska Spel reports its sustainability efforts in accordance with the GRI Standards: Core option. The guidelines require that the Company conduct a more in-depth analysis of which sustainability issues are the most significant for the Company's operations.

In 2017, we conducted a materiality analysis related to the Company's sustainability efforts and the information in the CSR Report. The analysis identifies our prioritised sustainability areas based on the Company's actual impact on society and the relevance for its stakeholders. Based on knowledge of our actual impact, the materiality analysis weighs together the conclusions from stakeholder dialogues,

stakeholder analysis and internal priorities of concerned individuals and representatives from Group management and the Board. Read more about our stakeholders on page 17.

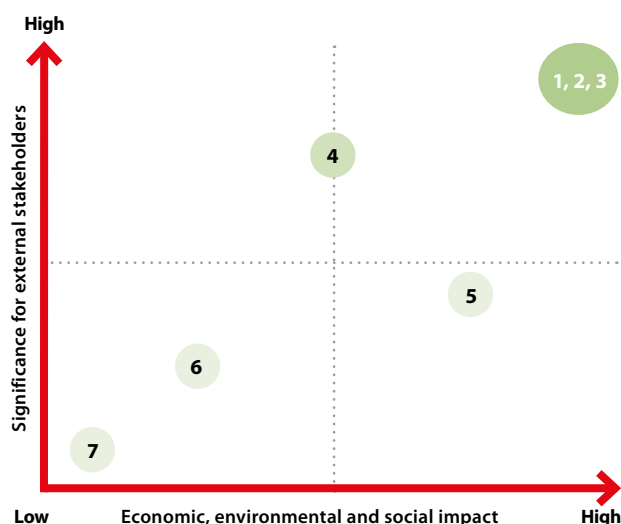
The results of the materiality analysis for 2017 indicated no significant changes compared with the analysis conducted the year before. The results of the materiality analysis were adopted by the Board.

### ANNUAL ACCOUNTS ACT

From 2017, the Annual Accounts Act sets more extensive requirements for large companies to disclose the company behaviour with regard to a number of sustainability topics. Svenska Spel has checked its sustainability report in accordance with the GRI to ensure that it also meets the requirements pursuant to the Annual Accounts Act.

## Materiality analysis 2017

The materiality analysis follows the GRI Standards 2016 methodology, which means the review and assessment of GRI topics and other significant sustainability issues for the Company. Five sustainability areas, containing both GRI topics as well as other significant sustainability issues, were deemed prioritised for Svenska Spel's CSR Report. Two sustainability areas – human rights and the environment – were deemed to have lower priority.



- 1 Responsible gaming**  
Legal and regulatory compliance, customer health and safety, product and service labelling, marketing communication and customer integrity
- 2 Business ethics and anti-corruption**
- 3 Indirect social impact**  
Lowers the cost of gambling problems and creates job opportunities for retailers/business partners and Gräsroten
- 4 Diversity and gender equality**  
Diversity and equal opportunity
- 5 Direct economic value to society**  
Surplus delivered to the State, the Company's sponsorship
- 6 Human rights**  
Sponsorship guidelines, supplier chain
- 7 The environment**

# Svenska Spel's governance of sustainability efforts

Governance of Svenska Spel's sustainability efforts are integrated in day-to-day operations (read more in the Corporate Governance Report, p. 62–67). Ultimate responsibility lies with the Board. In the Group management,

primary responsibility rests with the Communication Director.

A responsible gaming council, an ethical council and an environmental council have been established under the supervision of the

CSR unit, with representatives from the Company's various operations. Any deviations are reported on a monthly basis to the CEO.

MATERIAL SUSTAINABILITY AREAS	AREAS COVERED	GOVERNANCE	FOLLOW-UP	RESPONSIBILITY	BOUNDARIES
<b>Direct economic value to society</b>	› Economic performance	› Owner's mandate	› Annual report › Interim reports	The Sales & Marketing and Casino Cosmopol & Vegas business areas are respectively responsible for governance, control and follow-up of channelling as well as for responsible sales.	The economic result has a direct impact on society as the surplus goes to the State and the Company's sponsorship benefits sports.
<b>Indirect social impact</b>	› Indirect economic impact	› Owner's mandate › Responsible gaming policy › Establishment policy retailers/business partners › Sponsorship agreements	› Owner dialogue and reporting › Partner satisfaction index	The Sales & Marketing business area is responsible for governance, control and follow-up of retailers/business partners as well as for responsible sales.	The Company affects the indirect cost of gambling problems in society. Svenska Spel contributes through job opportunities at retailers and business partners. Through initiatives such as Gräsroten and "Framåt för fler i rörelse" we help to ensure that more children and young people have the opportunity to participate in sports.
<b>Business ethics and Anti-corruption</b>	› Anti-corruption	› Code of conduct › Group security policy › Risk management policy › Attestation and payment guidelines › Guidelines for employees' gaming	› Compliance report (quarterly) › Whistleblower function › Internal audit	The Group Compliance Officer is assigned overriding responsibility by the CEO for governance, control and follow-up.	Svenska Spel's preventive efforts against giving and taking bribes and collaborations to prevent match fixing have a direct impact on society.
<b>Diversity and equal opportunity</b>	› Diversity and equal opportunity	› Personnel and work environment policy › Sustainability plan	› Work environment surveys › Manager/employee dialogues › &frankly, pulse questions	The HR operating area has overriding responsibility for governance and follow-up.	We strive to ensure that employee composition reflects that of society and influence this directly through recruitment decisions. Diversity and an equal-opportunity workplace increase creativity and provide more dynamic operations.
<b>Responsible gaming</b>	› Customer health and safety	› Owner's mandate/policies/guidelines › Swedish Gambling Authority's guidelines › Personal Data Protection Act › Responsible gaming policy › Group security policy › Marketing guidelines › SPER guidelines	› European Lotteries and World Lottery Association certification › Age checks/test purchases › Responsible gaming course › Responsible gaming council › Customer satisfaction index › Other market/customer analyses › Awareness index › Independent examination of responsible gaming	The Communication and CSR operating area has overriding responsibility for governance, follow-up and reporting. Operational responsibility initiatives are integrated into the business.	Has a direct impact on society as the Company offers effective responsible gaming tools aimed at protecting customers and promoting a healthier gaming market.
	› Marketing and labelling	See Customer health and safety	See Customer health and safety	See Customer health and safety	Impacts directly the customer experience, choice of game and how responsible the Company is perceived. Very restrictive customer marketing of products with elevated risks and customers must personally consent to direct mail advertising from Svenska Spel.
	› Customer integrity	See Customer health and safety	See Customer health and safety	See Customer health and safety	Impacts customers directly as they must register their personal data and identify themselves when gaming with Svenska Spel's products.
	› Compliance	See Customer health and safety	See Customer health and safety	See Customer health and safety	Compliance with laws and regulations form the basis of the entire Company's operations. A given that has a direct impact on how we retain society's trust.

## Key indicators for responsible gaming

The key indicators show the responsibilities of Svenska Spel's retailers, business partners and employees.

	2017	2016	2015
<b>Comprehensive responsible gaming</b>			
Awareness index: Measures how large a proportion of Svenska Spel's customers are aware of their gaming behaviour and make conscious choices <sup>1</sup>			
	84	83	—
<b>Customer/Guest responsibility</b>			
Voluntary suspended customers/casino guests, no. <sup>2</sup>			
	19,959	13,229	9,343
Dialogues with casino guests about gaming habits, no. <sup>3</sup>			
	4,980	5,601	6,684
<b>Partners' responsibility</b>			
<i>Retailers' responsibility</i>			
Certified gaming retailers, % <sup>4</sup>			
	100	100	100
Test purchases, no. <sup>5</sup>			
	6,229	6,411	6,660
Approved test purchases, gaming retailers %			
	87	87	85
Approved test purchases, lottery retailers, %			
	81	79	77
Gaming retailers suspended due to test purchases, no. <sup>6</sup>			
	15	20	24
Lottery retailers suspended due to test purchases, no. <sup>6</sup>			
	62	92	108
Terminated due to test purchases, no. <sup>6</sup>			
	5	8	5
<i>Business partners' responsibility</i>			
Certified business partners, % <sup>4</sup>			
	99	99	99
Test purchases, no. <sup>5</sup>			
	1,904	1,883	2,071
Test purchases, approved business partners, %			
	86	89	85
Suspended due to test purchases, no. <sup>6</sup>			
	30	21	27
Terminated due to test purchases, no. <sup>6</sup>			
	3	3	2

1. Awareness index is a new KPI as of 2016 comprising four separate questions that are weighed together to one index: "Svenska Spel provides information about the risks" "Svenska Spel helps me to keep track" "At Svenska Spel I can keep track of my spending" "At Svenska Spel I can keep track of the time".

Source: Customer survey 2017, between 3,000 and 4,000 responses per quarter (registered customers in Svenska Spel's customer database, who played at least 12 times and for at least SEK 1,200 during the past 12 months).

2. Customers/casino guests who find themselves having difficulty controlling their gaming are invited to take a time-limited gaming break/exclusion. The key indicator refers to the number of customers/casino guests are voluntarily suspended 31 Dec 2017, excluding the 24-hour break and exclusion feature at casino (limits entry to the casinos to a certain number of times per week or month). For the outcome of 2015 and 2016, there is no data concerning suspensions among poker customers.
3. Dialogues with guests about their gaming behaviour including discussions about voluntary agreements.
4. All gaming retailers and business partners must complete and pass Svenska Spel's interactive responsible gaming course.
5. Test purchases of Svenska Spel's products are conducted at business partners and retailers. Under the agreement with Svenska Spel, retailers and business partners must inspect the identification cards of all gaming customers under 25. Young individuals (aged 18-19) who are recruited by external suppliers conduct the test purchases to ensure that identity cards are inspected.
6. Sanction scale in the event of non-approved test purchases:  
*1st test purchase:* Warning issued.  
*2nd test purchase:* Shut down for two weeks.  
*3rd test purchase:* Contract terminated.  
 Suspension and termination are reported for the period in which the test purchase was made.

## Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in AB Svenska Spel (publ), corporate identity number 556460-1812.

### ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2017 as it is defined on page 40 and that it has been prepared in accordance with the Annual Accounts Act.

### THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### OPINION

A statutory sustainability report has been prepared.

Stockholm March 15 2018

Jonas Ståhlberg  
 Authorized Public Accountant

# GRI index

The entire index refers to the GRI Standards: Core option. The pages indicate where information about each disclosure can be found in the Annual Report.

GRI STANDARDS	DISCLOSURE	PAGE	COMMENTS/OMISSIONS
<b>GRI 102: General standard disclosures</b>			
<b>Organisational profile</b>			
102-1	Name of the organisation	47	
102-2	Activities, brands, products, and services	24–25	
102-3	Location of headquarters	47	Visby
102-4	Location of operations	43	Svenska Spel only operates in Sweden
102-5	Ownership and legal form	47–48	
102-6	Markets served	11	
102-7	Scale of the organisation	84	
102-8	Information on employees and other workers	84	
102-9	Supply chain	37	
102-10	Significant changes to the organisation and its supply chain	See comments	No significant changes have taken place in the organisation or its supply chain during the reporting period.
102-11	Precautionary Principle or approach	See comments	The precautionary principle is adhered to in the preparation of products and advertising material. Requirements are set for relevant environmental labelling in procurements from printing firms, etc.
102-12	External initiatives	19, 27	UN Global Compact, EL, WLA, Ethical Council of the Gaming Industry, the Fossil Free Sweden Initiative
102-13	Membership of associations	See comments	CSR Sweden
<b>Strategy</b>			
102-14	Statement from senior decision-maker	6–8	
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards and norms of behaviour	14–15, 31	
<b>Governance</b>			
102-18	Governance structure	62	
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups	16–17	
102-41	Collective bargaining agreements	See comments	100% of the employees are covered by collective agreements.
102-42	Identifying and selecting stakeholders	16	
102-43	Approach to stakeholder engagement	16–17	
102-44	Key topics and concerns raised	16–17	
<b>Reporting Practise</b>			
102-45	Entities included in the consolidated financial statements	47	All companies in the group are included in the reporting process
102-46	Defining report content and topic Boundaries	14–19, 40	
102-47	List of material topics	40	
102-48	Restatements of information	See comments	No significant changes have taken place during the reporting period.
102-49	Changes in reporting	40	



GRI STANDARDS	DISCLOSURE	PAGE	COMMENTS/OMISSIONS
	102-50 Reporting period	40	
	102-51 Date of most recent report	40	
	102-52 Reporting cycle	40	
	102-53 Contact point for questions regarding the report	40	
	102-54 Claims of reporting in accordance with the GRI Standards	40	
	102-55 GRI content index	43–45	
	102-56 External assurance	104	
<b>MATERIAL TOPICS</b>			
<b>ECONOMIC PERFORMANCE</b>			
<b>GRI 103: Management approach</b>	103-1 Explanation of the material topic and its Boundary	34, 39, 41	
	103-2 The management approach and its components	34, 41	
	103-3 Evaluation of the management approach	34, 41, 66–67	
<b>GRI 201: Economic Performance</b>	201-1 Direct economic value generated and distributed	37	
<b>INDIRECT ECONOMIC IMPACTS</b>			
<b>GRI 103: Management approach</b>	103-1 Explanation of the material topic and its Boundary	20, 25–26, 33–34, 39, 41	The topic refers to: <ul style="list-style-type: none"> <li>• Lowering the cost of gambling problems in society</li> <li>• Giving children and young people the opportunities to do sports</li> <li>• Job opportunities at retailers and business partners</li> </ul>
	103-2 The management approach and its components	19–20, 41	
	103-3 Evaluation of the management approach	20, 41, 66–67	
<b>GRI 203: Indirect Economic Impact</b>	203-2 Significant indirect economic impacts	20, 27–29, 34, 38–39	It is not currently possible to quantify the Company's indirect economic impact. For example, it is not possible to show in figures the reduction in costs for society as a result of the Company's responsible gaming agenda.
<b>ANTI-CORRUPTION</b>			
<b>GRI 103: Management approach</b>	103-1 Explanation of the material topic and its Boundary	16, 37, 41	
	103-2 The management approach and its components	19, 41	
	103-3 Evaluation of the management approach	41, 66–67	
<b>GRI 205: Anti-corruption</b>	205-3 Confirmed incidents of corruption and actions taken	45	No instances of corruption involving Svenska Spel were reported during the year.

## Cont. MATERIAL TOPICS

GRI STANDARDS	DISCLOSURE	PAGE	COMMENTS/OMISSIONS
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
<b>GRI 103: Management approach</b>	103-1	Explanation of the material topic and its Boundary	30, 41
	103-2	The management approach and its components	19, 31, 41
	103-3	Evaluation of the management approach	41, 66–67
<b>GRI 405: Diversity and Equal Opportunity</b>	405-1	Diversity of governance bodies and employees	26, 30, 68–71, 84–85
<b>CUSTOMER HEALTH AND SAFETY</b>			
<b>GRI 103: Management approach</b>	103-1	Explanation of the material topic and its Boundary	19, 27, 41, 56
	103-2	The management approach and its components	19–20, 41–42
	103-3	Evaluation of the management approach	20, 27, 41–42, 66–67
<b>GRI 416: Customer Health and Safety</b>	416-1	Assessment of the health and safety impacts of product and service categories	27, 45 All products have been analysed during the product development stage through GAM-GaRD in order to evaluate the effect on customer health and safety.*
<b>MARKETING AND LABELING</b>			
<b>GRI 103: Management approach</b>	103-1	Explanation of the material topic and its Boundary	29, 41, 56
	103-2	The management approach and its components	19–20, 41, 60
	103-3	Evaluation of the management approach	41, 66–67
<b>GRI 417: Marketing and Labeling</b>	417-3	Incidents of non-compliance concerning marketing communications	45 One incident reported via the Ethical Council of the Gaming Industry at the end of 2017 concerning opinions about Svenska Spel's advertising. The Company was found guilty in February 2018.
<b>CUSTOMER PRIVACY</b>			
<b>GRI 103: Management approach</b>	103-1	Explanation of the material topic and its Boundary	22, 41, 56
	103-2	The management approach and its components	22, 41
	103-3	Evaluation of the management approach	41, 66–67
<b>GRI 418: Customer Privacy</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	22, 45 No formal complaints regarding the loss or unauthorised handling of customer data were made during the year.
<b>SOCIOECONOMIC COMPLIANCE</b>			
<b>GRI 103: Management approach</b>	103-1	Explanation of the material topic and its Boundary	41
	103-2	The management approach and its components	41
	103-3	Evaluation of the management approach	41, 66–67
<b>GRI 419: Socioeconomic Compliance</b>	419-1	Non-compliance with laws and regulations in the social and economic area	45 No fines or non-monetary sanctions for breaches of laws or regulations were imposed on Svenska Spel during the year.

\*Svenska Spel and other companies affiliated with the Ethical Council of the Gaming Industry (the National Gaming Industry Organisation) use the GAM-GaRD tool, which was developed by researchers. The tool is obligatory in the product development process and is used to identify risk components in a game and to classify and document each product. Games with higher risks are altered or provided with enhanced customer protection and/or preventive responsible gaming tools.

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# Directors' Report

The Board and CEO of AB Svenska Spel, corporate registration number 556460-1812, with its registered office in Visby, Sweden, hereby submit the Annual Report and the Consolidated Financial Statements including the Corporate Governance Report for the financial year 1 January–31 December 2017, as presented on pages 47–99.

## Operations

### THE COMPANY'S MANDATE AND PERMITS

Svenska Spel has a mandate from the State, after securing permits from the Government, to organise games and lotteries in a responsible manner. The aim is to counteract excessive gaming, which can lead individuals into gambling addiction, and to stop fraud and criminality in the gaming industry.

### The Company is tasked with:

- › meeting customers' demand for attractive gaming activities;
- › providing gaming forms that are deemed to entail risks of a social nature, within the framework for social responsibility, when this is believed to be able to curb illegal gaming in uncontrolled forms;
- › providing a credible but also attractive alternative to, first and foremost, uncontrolled gaming operations;
- › taking into account social protection considerations, fraud risks and customer interests when gaming forms are being developed and in all other aspects of operations;
- › endeavouring to provide a well-developed service in both urban and rural areas; and
- › focusing on social responsibility in its marketing so as to avoid being perceived as excessively intrusive.

Svenska Spel has a financial goal aimed at ensuring cost-effective operations. Over the course of an economic cycle, Svenska Spel should achieve an operating margin of at least 22%. The operating margin is calculated as the operating profit in relation to all revenue, meaning gross gaming revenue and other operating revenue.

The Swedish Government grants a number of permits that form the basis of Svenska Spel's operations. The applicable permits govern the following areas:

- › Lotteries and betting on sports competitions
- › VLTs
- › Casino games and the locations of casino games
- › Online Poker

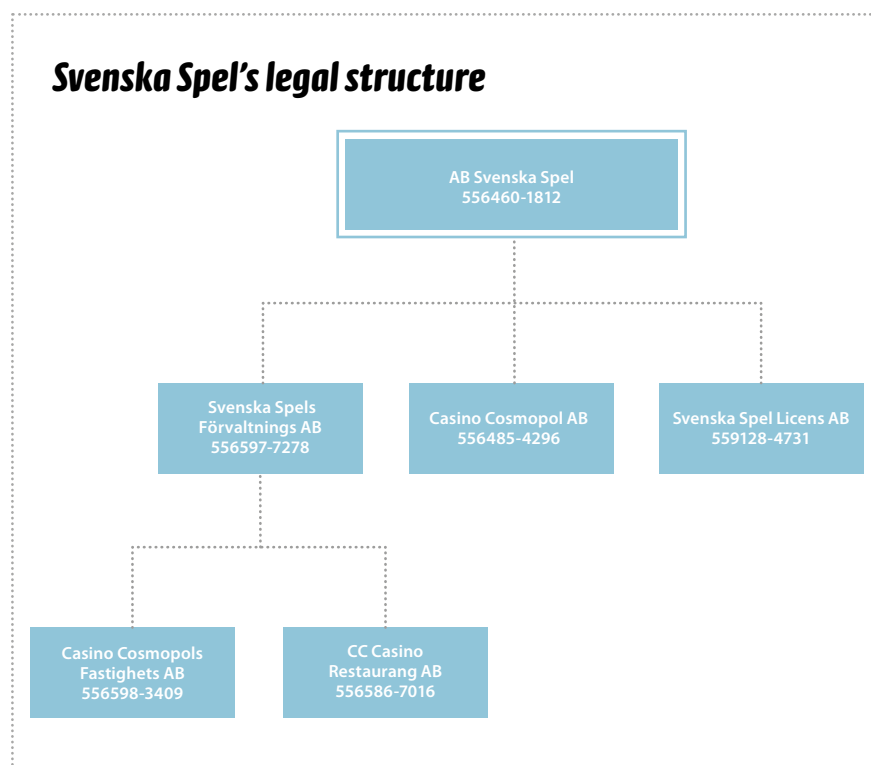
### LEGAL STRUCTURE

AB Svenska Spel was founded in 1997 following a merger of AB Tipstjänst (established in 1934) and Svenska Penninglotteriet AB (formed in 1897), and is 100% owned by the Swedish State.

The Svenska Spel Group comprises the Parent Company AB Svenska Spel and subsidiaries Svenska Spels Förvaltnings AB and Casino Cosmopol AB and Svenska Spel Licens AB (newly started 2017). Svenska Spels Förvaltnings AB forms a sub-group with the subsidiaries Casino Cosmopols Fastighets AB and CC Casino Restaurang AB.

### OPERATIONAL STRUCTURE

The Group is organised as two business areas: Sales & Marketing and Casino Cosmopol & Vegas, as well as five operating areas (Business Support, HR, IT, Communication & CSR and Products & Services).





**Sales & Marketing business area**

The business area is responsible for selling all games and lotteries through the sales channels: retailers, online, mobile phones and others. At 31 December 2017, Svenska Spel had 5,118 retailers (5,213).

Sales & Marketing offers a broad gaming range in the form of games of chance, sports games and casino games. The games of chance category consists of Lotto, Keno, Joker, Vikinglotto, Eurojackpot and the online game Bingo. Games of chance also include the Triss, Penning and scratch games. The offering also includes a pre-packaged set of lottery tickets with Triss and temporary campaign lottery tickets.

The sports games category consists of Oddset and the football-based Stryktipset, Europatipset, Måltipset and Topptipset. Oddset is a collective term for such games as Lån-gen, Matchen, Bomben, Mixen, Powerplay and Challenge.

Online poker is included in the casino games category.

The business area accounts for 75.0% (73.6) of Svenska Spel's total net gaming revenue. In the 2017 financial year, net gaming revenue for the Sales & Marketing business area totalled SEK 6,736 million (6,615).

**Casino Cosmopol & Vegas business area**

Svenska Spel's subsidiary Casino Cosmopol AB has been operating international-class casinos since 2001. The four casinos enjoy unique premises in Stockholm, Gothenburg, Malmö and Sundsvall, with a varied leisure offering in terms of casino games, restaurants, bars and entertainment.

The games on offer at the casinos are table games (roulette, dice and card games), as well as slot machines. In 2017, Casino Cosmopol had 985,329 visitors (1,034,576).

The business area is also responsible for the Vegas VLTs, which are the only gaming machines legally allowed in Sweden, except for the slot machines at Casino Cosmopol's physical casinos.

The restaurants where the Vegas VLTs are installed have been careful tested and have alcohol licenses, and the bingo halls have bingo permits. A gaming location may not have more than five Vegas VLTs and the income from these may not dominate the operation. Under Svenska Spel's permit, the total number of VLTs that Svenska Spel can install is restricted to 7,500 and at 31 December 2017, there were 5,015 (5,176) VLTs installed at restaurants and bingo halls nationwide. These VLTs are distributed among 1,640 (1,695) business partners.

In 2017, net gaming revenue for the Casino Cosmopol & Vegas business areas amounted to SEK 2,244 million (2,378), down 5.6% year-on-year.

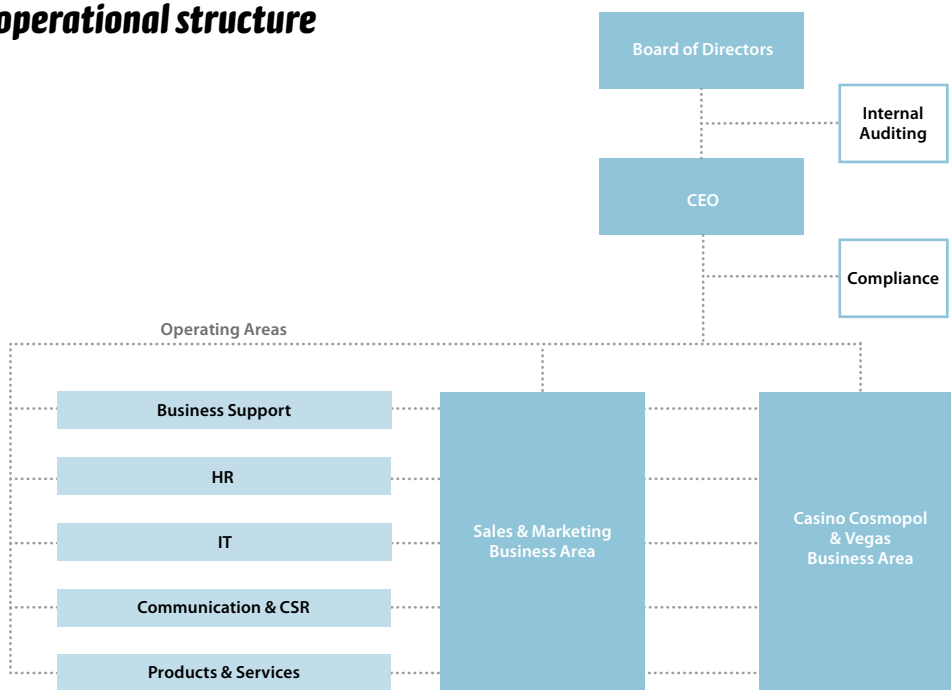
**EMPLOYEES**

The average number of employees was 1,694 (1,653), of whom 61% (60) are men. The average number of employees in the Parent Company was 695 (677), of whom 66% (66) are men. The Company endeavours to maintain an even gender balance among employees and managers, where the gender balance for managers should be within a range of 45 to 55%. At year-end, the gender balance was 35% (40) female managers and 65% (60) male managers. In the Parent Company, the gender balance was 39% (45) female managers and 61% (55) male managers.

A work environment survey is conducted biannually. The survey includes the areas of health and workload, motivation, social climate, leadership, resources and preconditions, which are weighed together to one work environment index. At year-end, the work environment index was 73% (72).

Regular pulse surveys are performed every other month to measure, among other factors, employee commitment. The 2017 Commitment

**Svenska Spel's operational structure**



index in the Group was 73 on a scale of 0–100; comparative figures for 2016 missing.

Employee Net Promoter Score (eNPS) is a measure to ascertain how willing the employees are to recommend Svenska Spel as a workplace to friends and acquaintances. The 2017 eNPS result was 3 on a scale of -100–100.

For further information about the employees, refer to Note 4 on pages 84–86.

### SIGNIFICANT EVENTS IN 2017

- › New Bolagsspel – allows customers to play as a team.
- › Round the clock Oddset – provides broader range of games such as the major US leagues live.
- › Lördagsgodis on mobile phones – includes Lotto, Joker, Keno, Stryktipset and Måltipset.
- › New poker platform – enables both tournaments and cash tables on mobile devices.
- › Vikinglotto – improved winnings schedule with higher jackpot, new design and now offered at retailers and online.
- › Quick games menu – makes it easier and more convenient for customers to play online.
- › Triss Premium – new campaign lottery offering high day winnings for one year.
- › Digital Scratch games – relaunch of Scratch games online.
- › First craps table in the Nordic region – a new social game at Casino Cosmopol.
- › Limited edition – intense gaming experience and entertainment that has different themes such as Cher, Michael Jackson, Willy Wonka and more at Casino Cosmopol.
- › Swish and Masterpass – new deposit methods to the customers' gaming accounts. In December, 44% of all deposits were made via Swish.
- › BankID – more secure and easier customer login. Some 40% of logins were made via BankID and more than half of all active customers have tested this login method at least once since the launch at the close of August.
- › The collaboration with the Swedish Sports Confederation, which primarily focuses on exercise and physical activity for children and young people, has been extended. The three-year agreement is valued at SEK 150 million in total, an increase of SEK 37 million compared with previous agreements.
- › SEK 50 million was paid to sports associations' youth operations through Gräsroten.
- › Lotto's Miljonregnet – now with even greater chance of becoming a millionaire.
- › Oddset Challenge – a completely new pool game in sports.

### CSR REPORT

Pursuant to Chapter 6, section 11 of the Annual Accounts Act, Svenska Spel has chosen to prepare the statutory sustainability report separately from the Annual Report. Svenska Spel's CSR report is presented as an integrated part of the Annual Report and the scope of the report is defined on page 40 in this document.

### BUSINESS ENVIRONMENT AND FUTURE OUTLOOK

Growth in the Swedish gaming market is driven and is conducted primarily online. In 2017, the total Swedish gaming market grew by 2% according to the Swedish Gambling Authority.

Sports betting is still a strategically important introductory product for a number of gaming companies and the selection of live games is more important in the competition for customers. Online casino is the single largest gaming market game and accounts for approximately 35% of the online market. Interest in live casino – playing online against live dealers – is increasing and is the game form that is the primary online-casino growth driver. Another clear trend is the public's interest in and playing of e-sports.

Competition in the gaming market spurs higher media investments with the offshore gaming companies having a considerable share in these investments. In 2017, the gaming industry's media spend amounted to SEK 5.5 billion including internet marketing. Of the investments, internet marketing accounted for as much as 27%, or SEK 1.2 billion.

TNS SIFO's annual advertising surveys previously excluded all internet marketing due to the substandard quality of gathered data. The outcomes for total media spend for the whole years 2016 and 2017 are thus not comparable. Moreover, it is uncertain whether TNS SIFO has actually managed to include all internet spend in the 2017 report.

The industry had a record year in 2017 with the offshore companies still accounting for the greatest share of gross marketing investments in Sweden. Ad fatigue is rising among the Swedish population, which impacts the entire gaming industry's reputation.

### RE-REGULATION OF THE GAMING MARKET

On 31 March 2017, the gaming license investigation submitted its recommendation for re-regulation of the Swedish gaming market. Thereafter, the Government presented its recommendation for a new gaming regulation to the legislative council in December 2017. The new gambling regulation is proposed to take

effect on 1 January 2019 with the possibility to apply for a license as of 1 July 2018.

Svenska Spel welcomes a re-regulation of the gaming market as it contributes to regaining control over the Swedish gaming market and enhances customer protection.

The recommendation for the new gaming regulation contains a number of relevant responsible gaming measures such as registration of all games, an obligation for gaming companies to monitor customers' gaming and to take action should they suspect gambling problems, and the option for customers to exclude themselves from gambling (both from an individual company and in a central register administered by the Gambling Authority), to set their own limits for their gaming, requirements for moderate marketing, and more.

Meanwhile, Svenska Spel notes that the gaming regulation recommendation lacks certain measures which the Company feels are necessary to ensure strong customer protection. For example, it does not include a risk classification of the gaming products, meaning that it does not distinguish between games with varying levels of risk in terms of causing problem gambling.

Svenska Spel feels that separate restrictions should apply for high-risk games and hopes that such restrictions will be introduced in the Gambling Authority's provisions.

Furthermore, Svenska Spel is positive to the stricter sanctions and the criminalisation of gaming without a license contained in the recommendation. This vastly improves the potential to effectively limit the supply and marketing of games in Sweden to companies that have a license to do so in Sweden. The potential to also aggressively combat match fixing and other gaming-related criminality is enhanced through the recommendation, but we would like more measures in terms of selection. Svenska Spel feels that it should not be possible to gamble on features that can easily be manipulated by an individual athlete, such as the number of corners and yellow cards in football.

The new gaming regulation recommendation also requires that the part of Svenska Spel's operations that will be exclusively arranged may not be conducted in the same company as the part with which it will compete. In response, Svenska Spel has embarked on the task of restructuring the Group.

Both before and after the re-regulation, it is important that Svenska Spel prioritise and continue to develop a robust customer offering with integrated responsible gaming.

# Group's financial position and results

## NET GAMING REVENUE BY SALES CHANNEL

Net gaming revenue amounted to SEK 8,980 million (8,993), down SEK 13 million compared with the preceding year. The decline in revenue is attributed to sales via Retailers, Restaurants & Bingo halls, and our physical casinos.

Net gaming revenue Online grew by SEK 342 million to SEK 2,265 million (1,923) or 18%, of which net gaming revenue via mobile phones rose by 49%. Of the Group's total net gaming revenue, the Online sales channel amounted to 25% (21), of which mobile phones amounted to 15% (10).

Net gaming revenue from the Retailers channel decreased by SEK 214 million to SEK 4,342 million (4,556) and from the Restaurant & Bingo halls channel by SEK 90 million to SEK 1,115 million (1,206).

Net gaming revenue in the Casino sales channel amounted to SEK 1,128 million (1,172), down SEK 44 million.

Net gaming revenue from other sales channels totalled SEK 129 million (136).

## NET GAMING REVENUE BY GAMING CATEGORY

Games of chance reported net gaming revenue of SEK 4,845 million (4,807), up SEK 38 million compared with the preceding year. Net gaming revenue for Eurojackpot, a popular game with high jackpot, increased by SEK 61 million. Bingo and new Vikinglotto (with higher jackpot) increased net gaming revenue by SEK 30 million and SEK 37 million respectively. Triss reported SEK 68 million in lower net gaming revenue, which is partially a consequence of greater competition in stores but also a dwindling market interest in lottery tickets in general. Scratch games, which include a number of different types of lottery tickets launched digitally, reported SEK 14 million increase in net gaming revenue. Sales of Lotto (including Joker) reported SEK 43 million less in net gaming revenue, due in part to the repositioning of other number game products in our own portfolio.

The expansion of our range to include new live sports betting and types of games has had a positive effect on net gaming revenue for Sports games. Net gaming revenue from Sports games amounted to SEK 1,790 million (1,690),

up SEK 101 million. Mixen, Stryktipset and Europatipset reported higher net gaming revenue and our customers have also demonstrated a strong interest in the new pool game Oddset Challenge, which was launched in the autumn.

Casino games report net gaming revenue in the amount of SEK 2,344 million (2,495), down SEK 151 million. All products in the games category reported lower net gaming revenue.

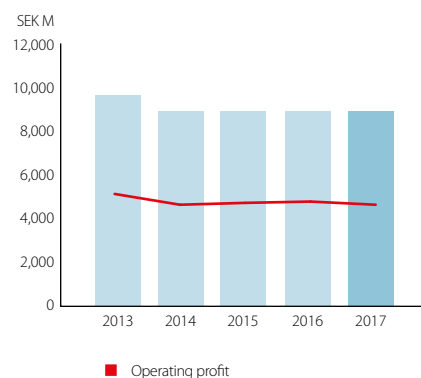
## OPERATING PROFIT AND OPERATING MARGIN

The year's operating profit was SEK 4,705 million (4,851), down SEK 146 million. The weaker operating profit is attributed mainly to higher operating costs compared with the previous year.

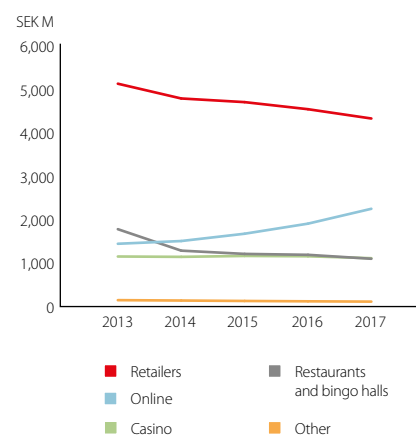
The operating margin declined to 21.8% (22.2).

Operating costs amounted to SEK 3,085 million (2,921), up SEK 164 million. The increase in costs comprises primarily adjustments to the new money laundering legislation, greater marketing activities and increase in sponsorship through the agreement with the Swedish Sports Confederation as well as higher costs related to preparations for a new gaming market.

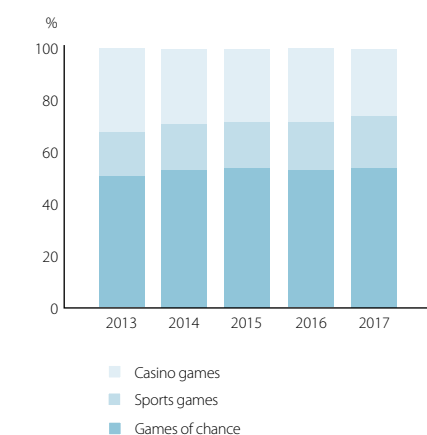
Net gaming revenue and operating profit



Net gaming revenue by sales channel



Net gaming revenue, distribution by category



### NET FINANCIAL ITEMS

Net financial items amounted to an expense of SEK 1 million (income: 14). Of the net financial items, an expense of SEK 2 million (income: 10) pertained to a net value change of financial investments and unpaid winnings in the Triss Månadsklöver lottery.

### EARNINGS

The Group's comprehensive income for 2017 was SEK 4,709 million (4,866), down SEK 157 million compared with 2016.

### CASH FLOW

Cash flow from operating activities was SEK 5,095 million (4,975). Cash flow from investing activities was SEK 195 million (neg: 164), which is the net of purchases and disposals of property, plant and equipment, tangible assets and financial assets. Investments in financial assets amounted to a negative amount of SEK 100 million (neg: 151) and divestments totalled SEK 550 million (187).

Cash flow from financing activities amounted to a negative SEK 4,923 million (neg: 4,703), and relates to dividends to the owner, the Swedish State. The period's cash flow was

SEK 367 million (108) and at the end of the period, cash and cash equivalents amounted to SEK 3,517 million (3,150).

### INVESTMENTS

Investments in property, plant and equipment totalled SEK 231 million (147) and refer primarily to new retailer terminals. Investments in intangible assets totalled SEK 23 million (53) and were mainly attributable to new games and apps as well as the development of new poker platforms.

### FINANCIAL POSITION

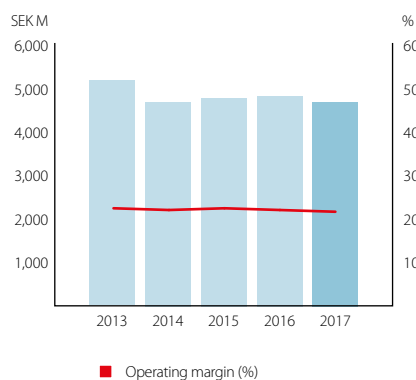
At the end of the year, consolidated equity amounted to SEK 4,752 million (4,866). The equity ratio was 56.4% (58.4).

### PARENT COMPANY

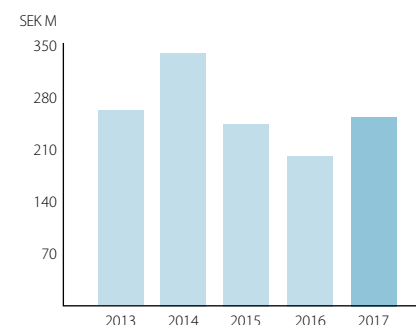
The Parent Company includes all gaming operations except gaming operations conducted within the Casino Cosmopol business area. Net revenue from gaming operations, etc., amounted to SEK 6,569 million (6,493), up SEK 76 million compared with the previous year. The operating profit amounted to SEK 4,252 million (4,347), down SEK 95 million. The Par-

ent Company's investments in property, plant and equipment amounted to SEK 180 million (102) and investments in intangible assets totalled SEK 23 million (53). Investments in financial assets amounted to SEK 100 million (151) and divestments to SEK 550 million (187).

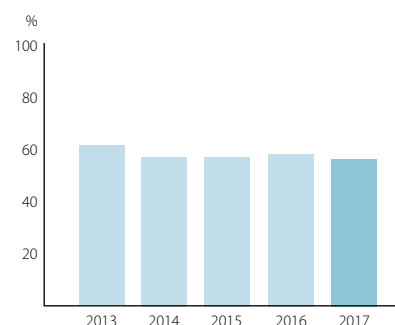
#### Operating profit and operating margin



#### Investments



#### Equity ratio\*



\*Refer to page 106 for definition of the equity ratio.



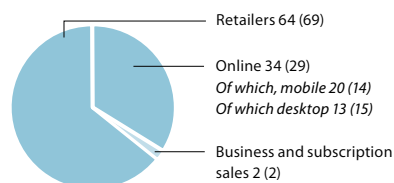
# Facts about Svenska Spel's business areas

## SALES & MARKETING BUSINESS AREA

### Net gaming revenue

SEK million	2017	2016	2015
<b>Games of chance</b>			
Lotto	1,445	1,481	1,521
Keno and KenoXpress	557	549	534
Joker	479	487	498
Eurojackpot	457	395	295
Bingo and Pick'n'Click	129	100	89
Vikinglotto	69	32	34
Triss	1,634	1,702	1,753
Scratch games	71	57	69
Other products	4	5	11
<b>Sports games</b>			
Oddset	837	764	752
Stryktipset	419	401	368
Europatipset	227	217	197
Topptipset	243	242	235
Måltipset	64	66	74
<b>Casino games</b>			
Poker at svenskaspel.se	101	118	125
<b>Net gaming revenue, total</b>	<b>6,736</b>	<b>6,615</b>	<b>6,554</b>

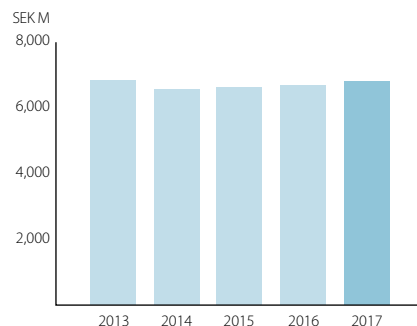
### Net gaming revenue by sales channel, %



### Number of retailers

	2017	2016	2015
Gaming retailers	2,284	2,320	2,348
of which, gaming retailers in rural areas	203	198	195
of which, lone retailers in small towns	580	585	546
Lottery retailers	2,834	2,893	2,900
<b>Total retailers</b>	<b>5,118</b>	<b>5,213</b>	<b>5,248</b>

### Net gaming revenue Sales & Marketing



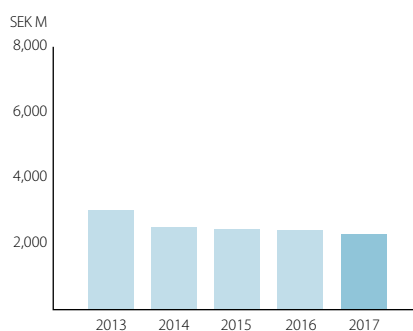
## CASINO COSMOPOL & VEGAS BUSINESS AREA

### Net gaming revenue

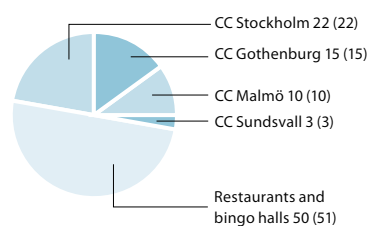
SEK million	2017	2016	2015
<b>Casino games</b>			
Casino Cosmopol Stockholm	498	520	516
Casino Cosmopol Gothenburg	328	349	344
Casino Cosmopol Malmö	226	227	238
Casino Cosmopol Sundsvall	76	77	82
Vegas at restaurants and bingo halls	1,115	1,206	1,227
<b>Net gaming revenue per sales location/sales channel total</b>	<b>2,244</b>	<b>2,378</b>	<b>2,407</b>

SEK million	2017	2016	2015
Table games	458	488	473
Casino Cosmopol slot machines	670	684	707
Vegas VLTs	1,115	1,206	1,227
<b>Net gaming revenue per product category total</b>	<b>2,244</b>	<b>2,378</b>	<b>2,407</b>

### Net gaming revenue Casino Cosmopol & Vegas



### Net gaming revenue by sales location/channel, %



### Number of Casino Cosmopol visitors

	2017	2016	2015
Stockholm	377,769	392,320	423,717
Gothenburg	301,853	317,984	327,323
Malmö	198,791	208,747	224,367
Sundsvall	106,916	115,525	129,089
<b>Total number of visitors</b>	<b>985,329</b>	<b>1,034,576</b>	<b>1,104,496</b>

### Number of business partners

	2017	2016	2015
Restaurants	1,576	1,632	1,737
Bingo halls	64	63	65
<b>Business partners, total</b>	<b>1,640</b>	<b>1,695</b>	<b>1,802</b>

# Risks and risk management

Svenska Spel actively addresses risk management within the entire Group. By working continuously and systematically with risk management, we create the preconditions for identifying risks in a timely fashion so that necessary measures can be taken, and sound internal governance and control can be secured.

At Svenska Spel, the risk-management process is integrated with the regular process for business and operational planning, and follow-ups. The Company's mandate, broken down into targets at different levels in the operations, serves as the foundation for risk management. Therefore, risks are identified and managed at several different levels within the Company.

During the period pending the establishment of a new gaming regulation, our greatest challenge lies in preparing the Company for the future gaming market while concurrently directing our focus on retaining our market

shares in existing markets. The transition that the Company faces entail several risks that are primarily strategic, legal and operational in nature. Activities to manage this have been identified and are in progress within all parts of the Group.

We also face other regulatory challenges where new regulatory frameworks have and will take effect in the markets. Efforts are underway to ensure that we comply with the new regulations. In addition, Svenska Spel actively addresses the risks that exist in regard to how we optimise our ability to deliver, how we ensure that we can recruit and retain the right talent and how we uphold a secure and responsible gaming in times of elevated cyber threats and competition.

## IDENTIFIED RISK AREAS

Svenska Spel has identified six key areas that categorise which types of risks Svenska Spel is

exposed to: operating environment risks, business risks, operational risks, sustainability risks, financial risks and regulatory and compliance risks. Svenska Spel takes an integrated approach to risk management from a business perspective, which means that many risks influence several risk areas. Below are some of the most considerable risks within each risk area.

**Our greatest challenge lies in preparing the Company for the future gaming market.**

## Risk areas and material risks

<b>Operating environment risks</b>	<ul style="list-style-type: none"> <li>› New gaming regulations with altered conditions and preparations pending political decision.</li> <li>› Greater competition from both regulated and unregulated gaming companies coupled with a decline in confidence for the gaming industry as a whole.</li> </ul>	<b>Sustainability risks</b>	<ul style="list-style-type: none"> <li>› We actively work to discover and prevent match fixing and other irregularities in our games.</li> <li>› Responsible gaming is still a prioritised area in preserving high customer protection in the gaming market now and in future.</li> </ul>
<b>Business risks</b>	<ul style="list-style-type: none"> <li>› Prepare the Company for the future gaming market through modified company structure and adapted procedures.</li> <li>› Review and adjustments to our business based on customer demand in tomorrow's market.</li> </ul>	<b>Financial risks</b>	<ul style="list-style-type: none"> <li>› The Group has negligible exposure to financial risks in general.</li> <li>› The task of assessing the financing and accounting models for future company structure is underway.</li> </ul>
<b>Operational risks</b>	<ul style="list-style-type: none"> <li>› Ensure continuous high delivery capacity while simultaneously developing our customer offering.</li> <li>› We address the issue of our strategic supply of skilled employees to ensure a high level of competitiveness.</li> </ul>	<b>Legal and regulatory compliance</b>	<ul style="list-style-type: none"> <li>› We work continuously with transaction monitoring and customer awareness to fulfil the new AML regulations.</li> <li>› Efforts are underway to ensure that we comply with the new data protection regulation that takes effect in May 2018.</li> </ul>

# Proposed distribution of profits

The following profit is at the disposal of the Annual General Meeting:

## NON-RESTRICTED EQUITY IN THE PARENT COMPANY

	SEK
Retained earnings	0
Change in development expenditure reserves	-3,127,284
Net profit for the year	4,694,546,376
<b>Total</b>	<b>4,691,419,092</b>

The Board of Directors and the CEO propose that the above amount be distributed as follows:

	SEK	Bill	Expenditure area
To be paid for cultural purposes	87,898	2017/18	17
To be paid to the shareholder	4,691,331,194		
To be carried forward	0		
<b>Total</b>	<b>4,691,419,092</b>		

The payment for cultural purposes corresponded to 1/26 of the Company's surplus from the Nya Penninglotten (government bill 2017/18:1 UO17). The contribution is a special destination of the State's income according to Chapter 3, Section 6 of the Budget Act (2011:203) and is an annual component of the budget proposition prepared by the Ministry of Culture.

The dividend is scheduled for payment immediately after the minutes from the AGM have been verified. The payments for cultural purposes are made upon requisition.

## STATEMENT OF THE BOARD ON PROPOSED DISTRIBUTION OF PROFITS

Statement of the Board of AB Svenska Spel in accordance with Chapter 18 Section 4 of the Annual Accounts Act (2005:551) with reference to the Board's proposed distribution of profits prior to the Company's AGM on 25 April 2018; the Board has proposed that AB Svenska Spel's profit available for distribution for the 2017 financial year be distributed in accordance with the motion made to the AGM.

The proposed profit distribution does not affect AB Svenska Spel's restricted equity as shown in the latest balance sheet. After payment in accordance with the proposed profit distribution, Svenska Spel will have non-restricted equity of SEK 0 (0) and total equity of SEK 40,779,123 (37,651,839), not including changes that occurred after the balance-sheet date. If changes after the balance-sheet date are also included, non-restricted equity is affected by profit for a period of at least four months before payment of the proposed profit distribution. This means an increase in non-restricted equity of approximately SEK 1.5 billion (1.5).

The Parent Company's and the Group's equity ratio and liquidity are considered secure because of the nature of the market in which the Company operates and the strong cash flow it generates. The Parent Company and the Group will thus be able to comfortably meet their short and long-term obligations, even after the proposed profit distribution. Even taking into account the proposed distribution of profits, the Parent Company and the Group will be able to make the necessary investments required for the Parent Company's and the Group's development and continued success.



# Svenska Spel's mandate

**Svenska Spel must meet customers' demands for attractive gaming operations.**

## The mandate means that the Company must ...

- ... provide a wide range of games.
- ... offer the distribution channels in demand by the market.
- ... be at the forefront in terms of renewal of low risk games.
- ... not drive the development of new game forms with medium or high risk, but can, after gaining permits, launch products that already exist on the gaming market if the gaming activities can thereby be moved to a safer and healthier environment.

**Svenska Spel must provide gaming forms that are deemed to entail risks of a social nature, within the framework for social responsibility, when this is believed to be able to curb illegal gaming in uncontrolled forms.**

- ... act to move gaming from offshore companies and unregulated offshore operators to Svenska Spel instead, with the aim of reducing problem gambling in society.
- ... channel customers to Svenska Spel in a moderate and responsible manner with commercial aspects held in subordinate importance.

**Svenska Spel must be a credible but also attractive alternative to, first and foremost, uncontrolled gaming operations.**

- ... show social considerations through tangible action.
- ... be active at all levels in the Company to counteract gambling addiction, fraud and crime.
- ... offer consistent and tangible responsible gaming for all games based on the various risks of each game and the individual customer's gaming behaviour.
- ... clearly communicate responsible gaming to customers and other stakeholders.
- ... as far as possible base its responsible gaming measures on research.

**Svenska Spel must take into account social considerations, fraud risks and customer interests in the development of game forms and in the business as a whole.**

- ... take a leading position regarding responsible gaming.
- ... ensure that customer protection pervades its entire operations.
- ... offer consistent and tangible responsible gaming for all games based on the various risks of each game and the individual customer's gaming behaviour.
- ... take into consideration and prioritise integrity aspects throughout operations.

**Svenska Spel must endeavour to provide a well-developed service in both urban and rural areas.**

- ... strive to distribute its offering of gaming products and services throughout Sweden.
- ... ensure that there is a high degree of availability for the Company's gaming services.
- ... ensure availability both through retailers in rural and urban areas and through Svenska Spel's digital services.

**Svenska Spel must focus on social responsibility in its marketing to avoid being perceived as excessively intrusive.**

- ... observe particular moderation: advertising and other marketing efforts are not permitted to be intrusive or aggressive.
- ... adapt its marketing to the game's risk level and be restrictive in its marketing of the riskiest games.
- ... ensure that customers receive correct, easily accessible and simple information to facilitate informed choices regarding their gaming.

# Report on the Company's measures stemming from the mandate under the shareholder directive adopted by the 2012 AGM

On 24 April 2012, AB Svenska Spel's AGM adopted a shareholder's directive for the Company. This directive also states the owner's mandate to the Company. Furthermore, this states that, ahead of the AGM, the Company is to submit a report to the Government Offices of Sweden detailing the Company's measures in connection with Section 1, items a), b), c), d) and f) as well as clearly stating the Company's accessibility in line with Section 1, item e). Svenska Spel should contribute to a healthy, safe and sustainable gaming market. The objective of Swedish gaming regulations and, accordingly, the owner's mandate to the Company is not to raise revenue for the State. On this basis, Svenska Spel is to prioritise social protection considerations across operations while, concurrently, acting in a professional manner. Minimising the negative effects of gaming always weighs more heavily than profits. AB Svenska Spel including its subsidiaries ("Svenska Spel" or the "Company") is hereby permitted to make the following report ahead of the 2017 AGM.

## **Svenska Spel is to meet customers' demands for attractive gaming operations**

The Company's possibilities of fulfilling this part of the mandate depends on which permits under the Swedish Lotteries Act and Casinos Act that are applied for by the Company and granted by the Government. Svenska Spel's valid permits are detailed on the Company's website [www.svenskaspel.se](http://www.svenskaspel.se). The Company endeavours to provide a broad range of games with developed and differentiated experiences, and to offer games in the forms of distribution in demand in the market. Svenska Spel currently offers a variety of gaming forms that are distributed via physical retailers or over the internet (computers, and tablet and

mobile devices). In addition, the Company offers games on VLTs (Vegas) in restaurants and bingo halls as well as casino games at four physical casinos.

The gaming market in Sweden continues to grow on an average of 3% annually and growth is driven primarily by online gaming, with mobile phones and tablet devices accounting for the largest increase. Online casino and sports betting are the gaming forms that are growing the most.

In 2017, the mobile services were further developed in order to strengthen the digital customer interaction. The number of customers in the digital channels rose exponentially during the year. The innovation process has been improved and the lead time from concept to launch has shrunk through an enhanced cross-functional process. Several new products and services were launched during the year. This is a question of continuous improvements to offer users an even better experience.

For a long time, Svenska Spel has monitored the development of casino games on the internet. This gaming form is currently offered in the Swedish market by offshore, private gaming companies and attracts about 210,000 customers in Sweden. Online Casino games are considered to pose significant risks for gambling problems. Svenska Spel has made the assessment that this gaming can be moved to a healthier and safer environment if the Company offers casino games on the internet. Therefore, the Company applied for a permit for this form of gaming in 2014. Betting on e-sports is expected to grow over the next few years. Consequently, the Company has applied for a permit to offer e-sports betting as a more responsible alternative to the offshore gaming companies' selection. To evaluate this part of

the mandate, Svenska Spel follows up the proportion of satisfied customers among those playing with Svenska Spel as well as the Company's total market share and shares for individual gaming forms. The Company's targets and target fulfilment in 2017 in terms of items including meeting customers' expectations are reported on pages 20, 30 and 34 of the Annual Report. The Company's various gaming forms are detailed on pages 24–25 of the Annual Report.

## **Svenska Spel is to provide gaming forms that are deemed to entail risks of a social nature, within the framework for social responsibility, when this is believed to be able to curb illegal gaming in uncontrolled forms**

The essence of this part of the mandate is about how well Svenska Spel is able to channel gaming with offshore gaming companies and illegal gaming to the Company. Channelling is defined as moving existing gaming interest to a regulated, healthier and safer environment. The main purpose of channelling is to reduce problem gambling in society and the commercial aspect is of subordinate importance. Svenska Spel's channelling must be carried out in a moderate and responsible manner. Among other things this means that Svenska Spel's goal is to always provide better customer protection than the unregulated alternatives available in the market. At the same time, the majority of these game forms where channelling may be relevant are relatively risky and it would not be consistent with Svenska Spel's mandate, guidelines or permits, etc., to market these game forms in an extensive and aggressive manner. Instead, the success of channelling builds on Svenska Spel having an attractive customer offering, on responsibility measures being effective and perceived as

positive by customers, and on the Company being perceived as a professional, safe and reliable operator.

During the year, six new VLT games on Vegas were launched and the selection of slot machines at Casino Cosmopol was renewed. In September 2015, the Company proposed that the Government initiate an amendment to the Swedish Lotteries Act to facilitate a trial operation of Vegas VLT gaming in alcohol-free environments. The background for this proposal was that the link between VLTs and alcohol permits is questioned, and that research shows there is a connection between alcohol consumption and risky gaming on VLTs. The Government has decided, however, not to take any measures with reference to the Company's request on the grounds that the issue is encompassed in the ongoing investigation about a re-regulation of the gaming market. As mentioned previously, Svenska Spel has also applied to organise online casino games. Swedish consumers currently have no alternative to the online casino games offered by offshore gaming companies with private profit interests and which are outside the control and licensing of the Swedish authorities. To evaluate this part of the mandate, Svenska Spel follows the development of the proportion of players with gambling problems in society and, over the year, has also evaluated the effect of the Company's responsible gaming measures on the Company's customers. A separate report of Svenska Spel's measures aimed at securing social protection considerations may be seen in the separate reports submitted to the Government by Svenska Spel pursuant to the Government permits.

**Svenska Spel must be a credible but also attractive alternative to, first and foremost, uncontrolled gaming operations**

This point in the mandate mainly deals with considerations similar to the two preceding points. In practice, the credibility requirement means that Svenska Spel must translate the social protection considerations into tangible actions. Harmful effects in the form of gambling problems, fraud and criminality are best combated if they are highlighted and become a natural part of the Company's decision-making at all levels. Svenska Spel endeavours to offer a responsible gaming programme that is consistent and tangible for all games based on the various risks for each game of problem gambling and the individual customer's gaming behaviour. In addition, the programme must be clearly communicated to Svenska Spel's customers and other stakeholders. As far as possible, Svenska Spel's tangible measures to combat gambling problems must be based on research. Where relevant research is lacking for the gaming area, Svenska Spel must still implement measures that the Company assesses will counter problem gambling.

In 2017, Svenska Spel expanded its live betting offer for sports betting. In addition, the Company also continued its initiatives to make the customer offering more attractive with the support of developed systems and services, and a modern IT infrastructure. These latter initiatives mean increased possibilities for strengthening responsible gaming, enhancing customers' gaming experience and raising cost efficiency. The Company's support of research in the gaming area continued through the grants made by Svenska Spel's Research Council in aid of research into gam-

bling addiction and preventive work to counter gambling problems. The Company has a partnership with Lund University to fund a research position in addictive disorders with particular focus on gambling addiction. To evaluate this part of the mandate, Svenska Spel has a central target that more of Svenska Spel's customers will be aware of their gaming behaviour and make informed decisions. The Awareness index is a new responsible gaming index that Svenska Spel launched as part of the Company's new quarterly measurement of the effects. Awareness Index monitors if the customers are aware of how they are playing and if they receive they receive the help they need through the information and tools Svenska Spel offers.

**Svenska Spel takes into account social considerations, fraud risks and consumer interests in the development of gaming forms and in the business as a whole. Svenska Spel should take a leading position regarding responsible gaming**

Customer protection should pervade all operations. Svenska Spel offers a responsible gaming programme that is consistent and tangible for all games based on the various risks for each game of problem gambling and the individual customer's gaming behaviour. As far as possible, Svenska Spel's tangible measures to combat gambling addiction must be based on research. Where relevant research is lacking for the gaming area, Svenska Spel must act cautiously and responsibly. Svenska Spel's information about customers and customers' playing comprises sensitive confidential information. This means that Svenska Spel must take into consideration and prioritise

integrity aspects throughout operations and, particularly, in responsible gaming efforts.

Svenska Spel is already certified under the World Lottery Association (WLA) and by the European Lotteries, as well as SPER (the National Gaming Industry Organisation). The certifications aim to assure the quality of the foundation and framework for responsible gaming efforts. Responsible gaming is constantly being developed, as are the options for measuring the effects of measures and tools. A key factor for success in our work to ensure a healthier gaming market is that the responsible gaming tools that Svenska Spel offers the customers are effective and really do lead to less risky gaming practices.

Svenska Spel evaluated the Company's responsible gaming efforts and the results were presented in a report\* in the autumn of 2016 that prompted Svenska Spel to direct development initiatives on customised responsible gaming in 2017. It is a question of motivating customers to use the responsible gaming tool and get support when needed, of developing methods to more intelligently take action with customers who signal motivation to alter their gaming habits and to safeguard the basis of current responsible gaming efforts while allowing customers who so wish to take part in more far-reaching responsible gaming.

It provides better opportunities for Svenska Spel to apply the responsible gaming measures that reduce the risk of gambling problems. Svenska Spel offered several responsible gaming measures during the year. "Gaming tracking" is Svenska Spel's collective term for all the tools and services that are available to help customers monitor and track their gaming habits, impose limits for time and money

and exclude themselves from gaming. Play-scan is Svenska Spel's tool that signals customers when their gaming behaviour is evolving and starting to become riskier. The tool was obligatory before but is now voluntary during the year for customers after a warning from the Swedish Data Protection Authority (DI). Therefore, Svenska Spel works through various campaigns to motivate customers to find and use the tool. New "Spela Lagom" (play in moderation) applications were launched to prompt customers to reflect over their gaming habits. To assess the degree of danger with a game, all games are tested against the GAM-GaRD tool and then modified.

In 2017, a number of visits, courses and network meetings with retailers and partners were carried out in order to, among other matters, ensure that the partners and the retailers are working to promote responsible gaming sales. As before, obligatory responsible gaming courses apply for all employees, retailers and partners. Instructor-led courses continued for managers and employees who work with online games, a course that will also be offered to the Company's suppliers. The course will be repeated regularly and renewed every third year. Svenska Spel's sports business partners are also given the opportunity to attend a course and a course was launched for all sponsored associations.

The Company's subsidiary Casino Cosmopol conducts dialogues with all casino customers who are interested or who show signs of not dealing well with their gaming. Regular dialogues are also conducted with young casino customers between the ages of 20 and 24 who made 15 or more visits within a three-month period and all other customers who vis-

ited the casino more than 20 times on a monthly basis.

Svenska Spel introduced a pilot "proactive dialogues" test that involved calling customers, primarily Vegas and sports games customers. Special conditions apply in terms of which customers we contact. By law, we may only contact customers who have actively consented.

Svenska Spel's and Casino Cosmopol's employees receive continuous training in motivational discussion techniques with tutors. Casino Cosmopol has also created an interactive course in motivational dialogues.

Match fixing is a growing problem and a major threat to competition sports primarily but also to gaming companies and their customers. Svenska Spel is strongly committed to the issue and has always combatted match fixing by analysing and investigating suspicious transactions and unusual gaming patterns. In 2017, Svenska Spel arranged a course in responsible gaming and match fixing for players in the sports federations that Svenska Spel sponsors. Athletes, trainers and coaches are a risk group in terms of developing gambling problems. Consequently, together with Svensk Elitfotboll (the Swedish Elite Football Association), Svenska Spel designed the interactive course "Spelandets baksida" ("The other side of gambling") that is particularly for athletes.

Svenska Spel finances a position at the Swedish Sports Confederation to reach out to all sports organisations with preventive information about match fixing. Together with the Swedish Sports Confederation, Svenska Spel also introduced a function to which whistleblowers can turn to report suspected manipulated sports events.

\* The evaluation and report were prepared by Ramböll Management Consulting.

\*\* See page 45.



We work proactively to combat match fixing by, among other things, analysing and investigating suspicious transactions and unusual gaming patterns. We are members of national and international anti-match fixing networks. We also ensure that all new retailers and business partners are trained in responsible gaming tools and the issues of match fixing.

**Svenska Spel must endeavour to provide a well-developed service in both urban and rural areas**

Svenska Spel will strive to distribute its offering of gaming services throughout Sweden. A well-developed service means, among other things, Svenska Spel ensuring that there is a high degree of accessibility for the Company's gaming services. Availability is ensured both through retailers in rural and urban areas and through Svenska Spel's digital services. The distribution of gaming services should also be viewed as a key element of a greater public service that provides the necessary conditions for regional growth and reasonable living standards in rural areas and the countryside.

Svenska Spel is currently represented by about 5,100 gaming and lottery retailers across the country and about 1,700 business partners at restaurants and bingo halls. Even in comparison with other public services, such as chemists, post offices and off licences, accessibility is extremely good. Svenska Spel continuously follows up its presence in rural areas and, for a number of years, has had lower turnover requirements for its retailers in these areas. As regards restaurant business partners, the number of sales locations is governed partly by permits from the local municipality and the applicable turnover rules for offering Vegas

VLT games, which are set by the Swedish Gambling Authority. Casino games at physical casinos are available in Gothenburg, Malmö, Stockholm and Sundsvall. The casinos are open seven days a week with opening hours of between 12 and 16 hours.

**Svenska Spel must focus on social responsibility in its marketing to avoid being perceived as excessively intrusive**

The Company's marketing must be adapted to the game's degree of risk. This means that Svenska Spel is to be particularly restrictive in its marketing of the riskiest games. Marketing should be founded on the principle of well-informed decisions. This means that customers are entitled to receive correct, easily accessible and easily understood information to facilitate informed choices regarding their gaming. The challenge for Svenska Spel is that total game advertising in the Swedish market has increased substantially since the start of the century, particularly over the last four years. Today, gaming companies account for just over one-tenth (13%) of all purchased television commercials in Sweden. The ban on marketing under the Swedish Lotteries Act, which applies to all offshore companies, is not upheld. Offshore gaming companies currently account for most of game advertising in Sweden. The Company's marketing may not result in an increase in social problems related to gaming. To ensure this, Svenska Spel continuously measures the problems that gaming is at risk of creating based on products and distribution channels.

Effective 1 January 2017, new rules were introduced in the Swedish Lotteries Act regarding the requirement for moderate mar-

keting of lotteries and that marketing may not particularly target children and young people under the age of 18. Other changes include a general age limit of 18 for lotteries and that the companies must ensure that social and health consideration are taken. In its comments, Svenska Spel endorsed the investigation's proposal for more stringent marketing rules. The overriding requirements governing Svenska Spel's marketing is set out in the conditions for the Company's gaming permits and the Swedish Gambling Authority's separate conditions for marketing. The conditions require, among other things, that Svenska Spel's marketing of games to consumers should observe particular moderation and that advertising and other marketing efforts are not permitted to be intrusive or aggressive. Svenska Spel's marketing is moderate and restrictive. The Company's internal Ethical Council has an advisory capacity while the Parent Brand ensures that marketing is moderate and that it complies with the industry's and the Company's governance documents. To evaluate this part of the mandate, Svenska Spel follows trends including the proportion of Sweden's population that perceive Svenska Spel as market leader in responsible gaming. In addition, Svenska Spel measures the Company's share of total game marketing in Sweden – for all games together and by risk level.



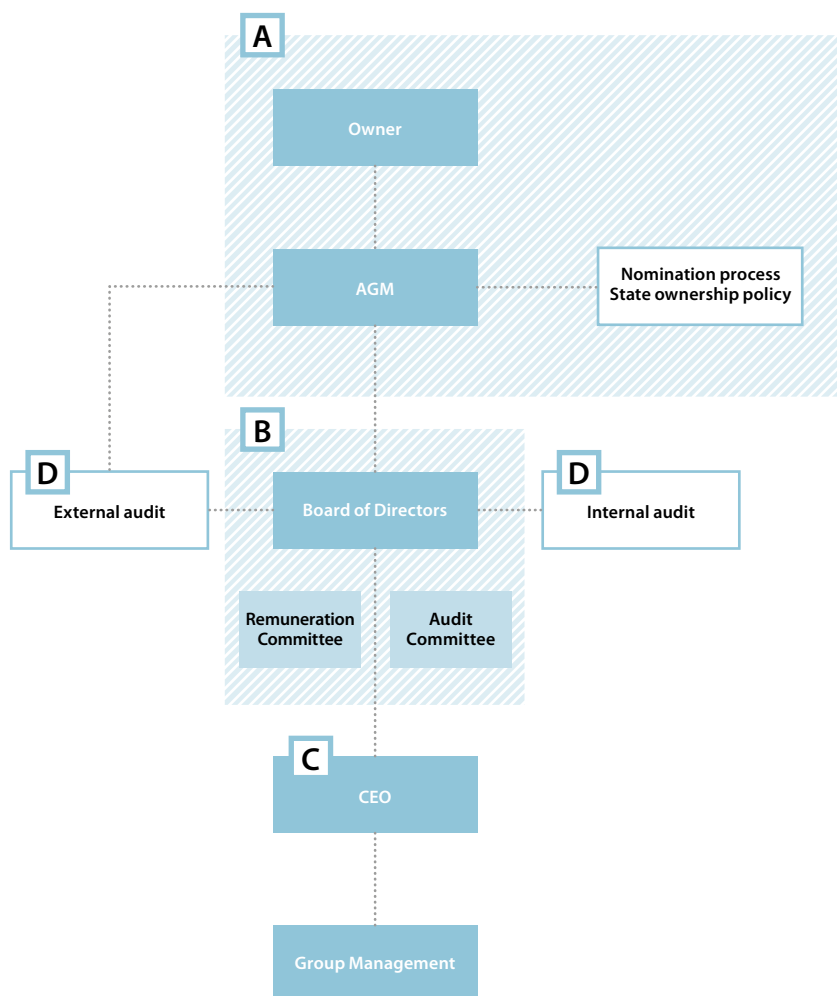
# Corporate Governance Report

Svenska Spel is a Swedish limited liability company owned by the Swedish State. The administration of Svenska Spel is handled by the Unit for State-Owned Companies within the Ministry of Enterprise and Innovation.

## Structure for governance at Svenska Spel

State-owned companies are subject to the same legislation as private companies, such as the Swedish Companies Act, the Annual Accounts Act and the Accounting Act. Companies active in certain industries may also be subject to special legislation. The particular regulations governing Svenska Spel's operations include the Swedish Lotteries Act, the Casinos Act and the permits issued by the Government under these acts. In addition, there are extensive rules in the form of ordinances, provisions, conditions, inspection guidelines and regulations set out by the Swedish Gambling Authority, which is the administrative authority tasked with ensuring that the gaming market in Sweden is legal, safe and reliable.

In the State ownership policy and guidelines for State-owned companies, the Government sets forth key issues of principle regarding corporate governance of all state-owned companies. The decisions regarding licences that the Government grants for Svenska Spel's operations are outlined on page 47. The licenses are available on the Company's website under the heading "About Svenska Spel".



## **A** PRINCIPLES UNDERLYING CORPORATE GOVERNANCE

In addition to what accrues from legislation or other ordinance, the following principles apply to corporate governance at Svenska Spel:

### **State ownership policy**

Svenska Spel follows the State ownership policy and guidelines for State-owned companies (Ownership Policy). On 22 December 2016, the Government resolved on a new Ownership Policy that will apply as of 1 January 2017. The Ownership Policy is available at the Government's website, [regeringen.se](http://regeringen.se). Corporate governance of state-owned companies is stated in the Ownership Policy. A key aspect of governance is that the Swedish Code of Corporate Governance (the "Code") must be applied in State majority-owned companies. In certain issues, the Government justifies deviations from the Code, in compliance with the Code's principle of "comply or explain". Examples of such deviations are the Code's provisions regarding the preparation of decisions concerning the nomination of the Board and auditors. The Code is available at the Swedish Corporate Governance Board's website, [bolagsstyrning.se](http://bolagsstyrning.se).

### **Guidelines for remuneration and other the terms and conditions of employment for senior executives**

Part of the Ownership Policy deals with guidelines underlying remuneration and other the terms and conditions of employment for senior executives in State-owned companies. On 22 December 2016, the Government resolved on new guidelines that will apply as of the 2017 Annual General Meeting (AGM). According to the Ownership Policy, the Board of Directors in State-owned companies, just as in listed companies, proposes guidelines for the remuneration of senior executives for approval, which are compatible with Government guidelines. Svenska Spel's AGM, and the AGMs of the subsidiaries, approved the guidelines for the remuneration of senior executives. Svenska Spel applies these guidelines,

which are available at Svenska Spel's website under the heading "About Svenska Spel".

### **Owner's mandate**

In conjunction with the AGM on 24 April 2012, the shareholder resolved on a shareholder's directive, which included the owner's mandate for the Company. The shareholder's directive applies until such time as the AGM resolves otherwise. Information on the content of the shareholder's mandate for Svenska Spel is available at Svenska Spel's website under the heading "About Svenska Spel".

### **ARTICLES OF ASSOCIATION**

In addition to the stipulations of the Swedish Companies Act, the Articles of Association do not include any particular stipulations concerning the appointment or dismissal of Board member or amendments to the Articles of Association.

### **BOARD NOMINATION PROCESS**

The preparation of resolutions for the nomination of Board members of State-owned companies is conducted in line with the principles described in the Ownership Policy. For companies that do not have shares traded on a regulated market, these principles replace the rules under the Code. Instead, under the Ownership Policy, the following principles apply:

- › The nomination process under the Government Offices of Sweden is coordinated by the Ministry of Enterprise and Innovation.
- › For each company, competence needs are analysed based on the company's operations, current situation and future challenges, the boards' composition and evaluations.
- › The Government Offices of Sweden's work with the board nomination process also includes regular self-evaluation of all State-owned company boards.
- › Any recruitment needs are established and the recruitment process commences.
- › The selection of directors is made from a broad recruitment base.

- › The process is concluded through announcement of nominees pursuant to the Code.

### **ANNUAL GENERAL MEETING**

In accordance with the Articles of Association, Members of Parliament are entitled to attend the Annual General Meeting (AGM). The Ownership Policy states that the public should be invited to attend the AGM and all state-owned companies should make some form of arrangement that offers the public the opportunity to present questions to the Board and executive management.

According to the Ownership Policy, the report that the Board submits at the AGM regarding the application of previously decided guidelines for the remuneration of senior executives should also encompass subsidiaries. The 2017 AGM was held in Visby and was open to the general public. All members of the Board, the Company's auditor and the CEO attended the 2017 AGM.

**25**  
**April**

Welcome to Svenska Spel's 2018 Annual General Meeting (AGM) which will be held on 25 April in Visby.

## **B** BOARD OF DIRECTORS **Size and composition of the Board**

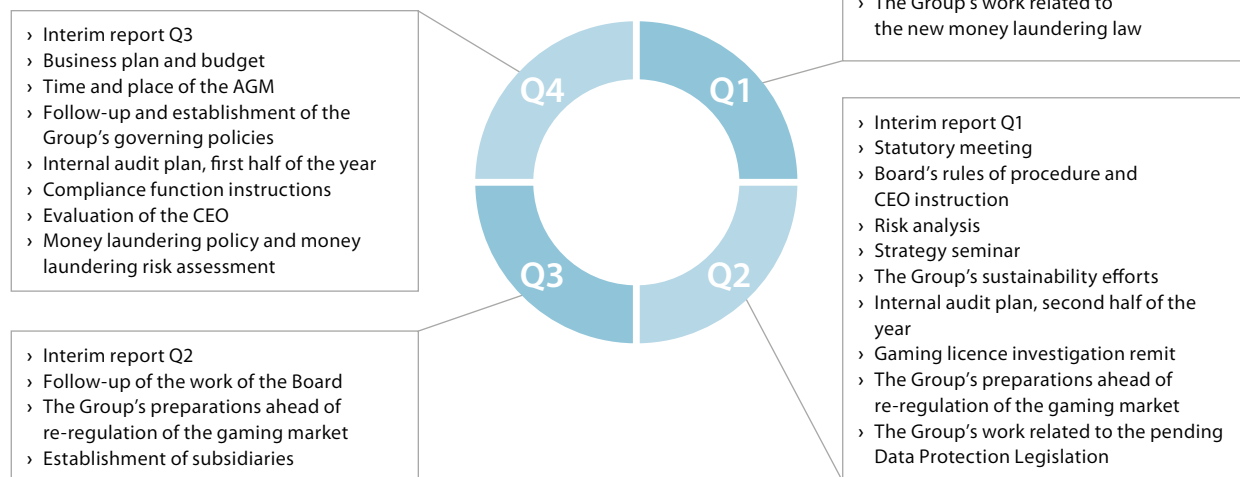
The Articles of Association specify that the Board is to comprise not less than three and not more than ten directors appointed by the AGM.

Also, pursuant to the Swedish Act on Board Representation employees in the private sector are entitled to appoint three Board members and three deputies. According to the Ownership Policy, the number of Board members should normally be six to eight persons, with a desired gender distribution of at least 40%. The Board currently consists of seven members



## Work of the Board in 2017

In 2017, the Board held eleven (11) meetings and two strategy seminars. The Board's work focused on such matters as the Company's strategic focus today and after re-regulation of the Swedish gaming market, operational goals and governing parameters for follow up as well as the need for new permits, investments and streamlining efforts and the Company's overriding sustainability efforts. The Board has conducted an evaluation of the work of the Board and, in accordance with the Ownership Policy, informed the Government Offices of Sweden of the results. The Board was assisted by the Board Secretary. Attendance at Board meetings is shown in the table below.



	ATTENDANCE		
	Audit Committee	Remuneration Committee	Board meetings
Erik Strand, Board Chairman	—	6/6	11/11
Eivor Andersson, Board member	—	6/6	10/11
Eva-Britt Gustafsson, Board member	7/7	—	9/11
Carina Olson, Board member	7/7	—	11/11
Johan Strid, Board member	5/7	—	9/11
Hélène Westholm, Board member	7/7	6/6	11/11
Fredrik Åhlberg, Board member	5/7	—	11/11
Martina Ravn, Board member, employee rep.	4/7	—	8/11
Maria Schubert, Board member, employee rep.	—	—	8/11
Lina Vik, Board member, employee rep.	—	—	10/11

elected by the AGM, including the Chairman. Of these, four are women and three are men. In addition, the Board currently has three members with three deputy members appointed by the employee organisations. None of the Board members elected by the AGM work as executives in the Company or as executives in the Company's subsidiaries. The CEO is not a Board member, but attends Board meetings.

#### Board members

Erik Strand, (Chairman of the Board), Johan Strid, Fredrik Åhlberg, Eva-Britt Gustafsson, Hélène Westholm, Eivor Andersson and Carina Olson were elected Board members at the 2017 AGM.

Details including each Board member's age, education, primary occupational experience, and other significant appointments outside the Company as well as the date the member was elected to the Board of Svenska Spel are presented on page 69. Information regarding remuneration to the Board members decided by the 2017 AGM is presented on page 85, Note 4.

#### The Board's work procedures

The work of the Board is documented in the Board's rules of procedure, which are reviewed and set at least once annually. The division of skills among Board members, Board committees, Chairman of the Board, CEO and internal

audit are expressed in the Board's rules of procedure and in the Board's instructions to the CEO and to the internal auditor.

#### BOARD COMMITTEES

The Board has set up two permanent committees among its members: an Audit Committee and a Remuneration Committee.

#### Audit Committee

The complete tasks of the Audit Committee are shown in Chap. 8, Section 49 b of the Swedish Companies Act. The Audit Committee comprises five members who are annually elected by the Board. Since the statutory meeting in April 2017, the Committee members have been Eva-Britt Gustafsson (Chairman), Carina Olson, Johan Strid, Hélène Westholm and Fredrik Åhlberg. In addition, one of the employee representatives is entitled to attend and participate in the Committee's meetings. The Audit Committee prepares the direction and budget for the internal audit, but the decision is made by the Board. The Board has delegated its right of decision to the Audit Committee for the establishment of guidelines for the non-auditing assignments that the Company may procure from the Company's external auditors, and the appointment of internal auditors. The Company's internal and external auditors take part in meetings of the Audit Committee, thus contributing to coordination between the internal

and external auditing work. The Company's CFO also attends the Committee's meetings to present reports, and they are also attended by the Company's Board Secretary. The Audit Committee reports after each meeting to the entire Board. During 2017, the Audit Committee held seven meetings. The attendance of members at Committee meetings is presented on page 64.

#### Remuneration Committee

The main tasks of the Remuneration Committee are set out in the Board's rules of procedure, which comply with the Code. After the AGM, the Committee comprises three members who are annually elected by the Board. Since the statutory meeting in April 2017, the Committee members have been Erik Strand (Chairman), Eivor Andersson and Hélène Westholm. The CEO, HR Director and the Board Secretary also attend. In addition, one of the employee representatives is entitled to attend and participate in the Committee's meetings. The Board has not delegated any right of decision to the Remuneration Committee. In 2017, the Remuneration Committee met on six occasions. The attendance of members at Committee meetings is presented on page 64.

#### CEO

The CEO's relevant details are shown on page 71.

## Deviations from the Code

Svenska Spel applies the Code with the deviations listed below.

Code regulation	Deviation	Explanation/comment
Section 2.1–2.7 The Company is to have a nomination committee that represents the Company's shareholder.	No nomination committee has been established as set out in rules 2.1–2.7 of the Code.	The Board nomination process is run and coordinated by the Ministry of Enterprise and Innovation.
Rule 10.2 The Corporate Governance Report must include information on whether or not the Board members are independent in their relationship to the Company, executive management and major shareholders, respectively.	The dependency relationship to the Company, executive management and major shareholders is not reported.	The ownership policy of the State specifies that the relevant provisions in the Code primarily aim to protect minority shareholders in companies with broad-based ownership. It is not necessary for companies that are wholly owned by the State to declare independence in this manner.

# Internal controls concerning financial reporting

Pursuant to the Swedish Companies Act and the Code, the Board is responsible for ensuring that the Company applies favourable internal control and formal routines that ensure that the set principles for financial reporting and internal control are observed.

Responsibility also includes ensuring that the Company's financial reports are drawn up in compliance with legislation, applicable accounting standards and other external requirements. Svenska Spel describes the internal control in the areas: control environment, risk assessment, control activities, information and communication, as well as follow-up.

- › Work procedures for the Board
- › Work procedures for the Audit Committee
- › The Board's instructions for the CEO
- › Instructions for internal auditing
- › Compliance instructions
- › Risk management policy
- › Finance policy
- › Guidelines for attestation and payment
- › Code of conduct

assesses and monitors risks and the quality of financial reporting through the Audit Committee. Any risks in the financial reporting are discussed annually in the Audit Committee in dialogue with the Company's external auditors. Based on a compiled assessment, decisions are made concerning which risks are significant, which areas the Audit Committee wants to review in detail and what possible actions must be taken to ensure sound internal control.

## **D** CONTROL ENVIRONMENT

The control environment is the basis for the internal control. The organisation, decision-making channels, authorisations and responsibility are documented in governance documents. Values and a code of conduct define the ethical and moral policies that apply at Svenska Spel.

Each year, the Board sets up the following governance documents that combine with legislation and other regulations to form the platform for good internal control in respect of financial reporting.

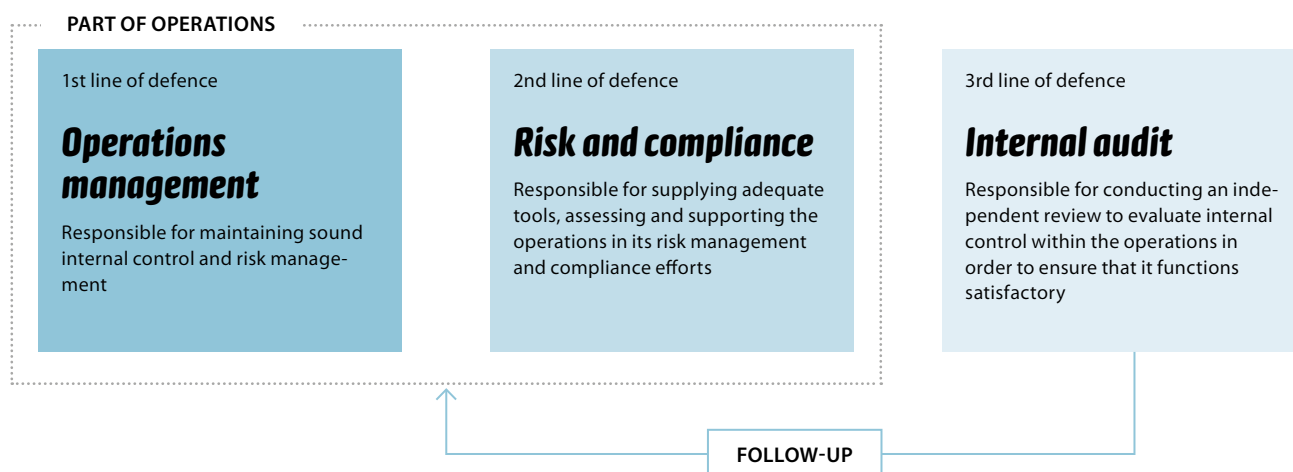
Procedural descriptions, instructions and work routines for ongoing accounting, closing accounts and financial reporting are otherwise documented at a detailed level.

## RISK ASSESSMENT

Taking a structured approach to risks and risk management enables Svenska Spel to contribute to sound internal control. The accounts department performs continuous financial risk assessments and identifies and measures any need for improvement measures to ensure the quality of financial reporting. The Board

## CONTROL ACTIVITIES

Control actions are identified and designed to address the identified risks and to take action in the areas that have the greatest risk of significant errors. This involves general and more overriding activities, such as process descriptions, the delegation of roles and responsibility, attestation procedures, reconciliations and follow-ups, and area-specific controls and/or system controls. Svenska Spel's processes related to the financial reporting encompass risk assessment, process description, roles



and responsibility and the controls that are established to manage identified risks. The processes and procedures are continuously evaluated and adapted with the aim of corresponding to the applicable regulatory framework in the form of generally accepted accounting principles, the applicable laws and regulations, as well as other external requirements.

The joint Group accounting function prepares the consolidated financial statements and financial reporting. This work includes built-in control activities to manage the risk of incorrect accounting of income-statement and balance-sheet items.

#### **INFORMATION AND COMMUNICATION**

Governing documents in the form of policies, guidelines and instructions, which are of significance in the financial reporting are available on Svenska Spel's intranet. Each employee is responsible for seeking information and continuously staying up-to-date on relevant governing documents. The induction of new employees includes presenting the Group's governing policies and showing where these are available. Significant financial information is only handled by authorised personnel and clear rules are in place for what to publish and when.

#### **FOLLOW-UP**

The Group's Controller function is organised in a Group-wide unit, although each controller works in close cooperation with the operations and is a member of the management teams in each business area/operating area. The function is responsible for follow-ups

being conducted in terms of targets, budgets, forecasts and previous reporting periods. Key indicators are reviewed and calculations are followed up. In-depth analyses are performed on recognised figures and results and delivered in the form of a compiled monthly report divided by unit and including comments. The report is delivered to management and supervisors, and selected sections are delivered to the Board. The Board is provided with financial information in conjunction with each Board meeting and in the monthly report from the CEO. The Board also has access to monthly financial reporting through a special Board portal.

At Svenska Spel's Board meeting in December, the CEO presented to the Board, in writing, the reviews that were conducted on the Group's policies in the past year. The Group's legal department is responsible for coordinating the annual report to the Board. The unit that is responsible for a policy is also responsible for ensuring compliance with it and that the reporting indicates whether there have been any significant deviations.

Svenska Spel has an internal audit function that reports directly to the Board's Audit Committee. The internal audit assists the Board and CEO with independent and objective surveys aimed at proposing actions and improvement programmes. The function supports the Group's other units in achieving their goals by evaluating process effectiveness for control and risk identification.



## Board of Directors



Left to right: Eva-Britt Gustafsson, Fredrik Åhlberg, Martina Ravn, H el ene Westholm, Erik Strand (Chairman), Eivor Andersson, Johan Strid, Lina Vik, Carina Olson. Not pictured: Maria Schubert.

**Erik Strand**  
Chairman of the Board

**Position:** CEO Praktikertjänst

**Education:** Physical education teacher, Market Economist INSEAD

**Elected:** 2016

**Born:** 1951

**Other commissions:** Chairman, Samhall AB, Chairman for subsidiaries within the Praktikertjänst Group, Board member, Lillsveds gymnas-tik- och idrottsfolkhögskola.

**Background:** Secretary General at the Swedish Sports Confederation, CEO Memira Holding, CEO Poolia, Group management SAS, founder and CEO Ticket Travel Agency.

**Hélène Westholm**  
Board member

**Position:** Investment Manager, The Ministry of Enterprise and Innovation

**Education:** MSc (Econ).

**Elected:** 2014

**Born:** 1971

**Other commissions:** Board member, AB Svensk Bil-provning.

**Background:** Project Manager in Corporate Finance at Erik Penser Bankaktiebolag, Investment Manager at Nordstjernan AB and operative roles at companies including TeliaSonera AB and Unilever Sverige AB.

**Eivor Andersson**  
Board member

**Position:** Own business

**Education:** Market econo-mist, IHM Business School

**Elected:** 2016

**Born:** 1961

**Other commissions:** Board member Skistar AB

**Background:** CEO TUI Nordic, CEO Coop Marketing, CEO Ving Sweden AB and Thomas Cook Sweden AB, Marketing Director Ving.

**Fredrik Åhlberg**  
Board member

**Position:** Own business

**Education:** MSc (Engineer-ing), Royal Institute of Technology, MBA, INSEAD

**Elected:** 2016

**Born:** 1971

**Other commissions:** Chair-man of the Board Spring-works AB, Chairman of the board Virtusize AB.

**Background:** SVP Studios Kind, Head of Expansion, Europe at eBay, CEO Tradera, Country ManagerTele2 in the Czech Republic.

**Eva-Britt Gustafsson**  
Board member

**Position:** Acting Director General of the Public Health Agency of Sweden

**Education:** MSc (Econ).

**Elected:** 2008

**Born:** 1950

**Other commissions:** Board member, the Public Health Agency of Sweden, Board member of the National Government Service Center.

**Background:** Chairman, Akademiska Hus AB, CEO, Apoteksgruppen i Sverige AB; President, Venantius AB; Bank Director, Nordbanken (Nordea) and Vice President, Securum Finans AB.

**Martina Ravn**  
Employee representative  
(Board member)

**Position:** Head of Fraud and Gaming Security

**Education:** Master's degree IT Economics, Gotland Uni-versity

**Born:** 1972

**Other commissions:** —

**Background:** Risk Manager and business developer, 2010–2012; Process Manager, Poker, Svenska Spel, 2008–2010; Poker operator, Svenska Spel, 2006–2008.

**Carina Olson**  
Board member

**Position:** CFO Praktikertjänst

**Education:** MSc (Econ).

**Elected:** 2016

**Born:** 1965

**Other commissions:** —

**Background:** CFO, Södra Group; CFO Södra Cell; CFO Södra Timber.

**Maria Schubert**  
Employee representative  
(Board member)

**Position:** Education Project Manager, Svenska Spel

**Education:** IHM Business Communication, CSR Uppsala University, Peda-gogy Mälardalen University

**Born:** 1968

**Other commissions:** —

**Background:** Project man-ager Communication and CSR 2006–2015, Education Project Manager for Sales Department 2004–2006, Skills Developer/Education Project Manager HR 1996–2004.

**Johan Strid**  
Board member

**Position:** Secretary General of Swedish Paraspport Federation and the Swedish Paralympics Committee

**Education:** Bachelor, Political Sciences, Stockholm University

**Elected:** 2016

**Born:** 1969

**Other commissions:** Board member, Red Cross

**Background:** Partner, Askus Consulting AB; Secretary General, Scouts.

**Lina Vik**  
Employee representative  
(Board member)

**Position:** Casino Host, Casino Cosmopol Sundsvall

**Education:** Multimedia art & technology – Film & TV production at Santa Barbara City College

**Born:** 1987

**Other commissions:** —

**Background:** Has worked for Casino Cosmopol since 2007.

## Deputy members

**Yvonne Lovén**  
Employee representative  
(Deputy Board member)

**Position:** Project Manager, IT, Svenska Spel Visby

**Born:** 1955

**Urban Sahlin**  
Employee representative  
(Deputy Board member)

**Position:** Shift Manager, Casino Cosmopol AB, Stockholm

**Born:** 1968

**Mathias Wennberg**  
Employee representative  
(Deputy Board member)

**Position:** Dealer, Casino Cos-mopol AB in Gothenburg

**Born:** 1986



# Management



Left to right: Per Jaldung, Jörgen Olofsson, Joakim Mörnefält, Marie Loob, Lennart Käll (President and CEO), Maria Z Furenmo, Kristina Askstedt and Fredrik Wastenson.

**Lennart Käll**  
President and CEO

**Born:** 1958

**Education:** MSc (Econ).

**Employed:** 2011

**Other commissions:** Deputy Chairman Länsförsäkringar Stockholm; Chairman of the Ethical Council of the Gaming Industry, Board member of Grönklittsgruppen AB.

**Background:** CEO, Wasa Kredit, 2009–2011; President and CEO, Ticket Travel Group, 2003–2009; CEO, ICA Banken, 2001–2003; CEO, SEB Finans (Trygg-Finans), 1995–2001.

**Marie Loob**  
CFO and Executive  
Vice President

**Born:** 1963

**Education:** MSc (Econ).

**Employed:** 1997

**Other commissions:** Board member of the Chamber of Commerce in East Sweden.

**Background:** Positions at Svenska Spel: Sales Manager, Internet, 2009–2010; Manager, Associations business area, 2006–2009; Financial Manager 2005–2006; Accounting Manager, 1997–2005. Previous positions: Economist and teacher at Humanus Utbildning AB, 1996–1997 and Administrative Manager/Controller, Visby Hospital, 1989–1996.

**Maria Z Furenmo**  
HR Director

**Born:** 1964

**Education:** Bachelor of arts in Human Resource and Organisation, majoring in business economics, University of Stockholm

**Employed:** 2016

**Other commissions:** Board member of Agile People Sweden.

**Background:** Chief People Officer at Evolution Gaming Group 2016, Talent Management Consultant at Stardust Consulting 2015, Human Resource Director NetEnt 2011–2015, Vice President Human Resources Sweden Outokumpu Stainless AB 2009–2011, Human Resource Manager Nordnet AB 2005–2009.

**Fredrik Wastenson**  
VP Product & Services

**Born:** 1966

**Education:** MSc in Industrial Engineering and Management, Institute of Technology at Linköping University

**Employed:** 2013

**Other commissions:** —

**Background:** VP Sales & Marketing Hunkydory AB 2009–2013, CEO and founder Mookie AB 2007–2009, CEO Prodacapo AB 2004–2007, Founder and eventually MD Halogen AB 1999–2004.

**Jörgen Olofsson**  
Manager of IT

**Born:** 1965

**Education:** Graduate engineer, Royal Institute of Technology; Management education, Swedish Tax Agency

**Employed:** 2007

**Other commissions:** Board member of Försäkringskassan (the Swedish Social Insurance Agency).

**Background:** Positions at Svenska Spel: Head of Production Operating Area 2009–2011, IT Operations Manager, Svenska Spel, 2007–2009. Previous positions: Development Manager, Swedish Tax Agency, 2005–2007, various management positions Swedish Tax Agency, IT, 1998–2004.

**Per Jaldung**  
Manager Business Area  
Casino Cosmopol and CEO  
of Casino Cosmopol AB

**Born:** 1967

**Education:** Police senior management training, Swedish Police College, Legal studies at Uppsala University

**Employed:** 2002

**Other commissions:** Chairman, European Casino Association.

**Background:** Positions at Svenska Spel: Manager, Casino business area since 2008; Casino Manager, Casino Cosmopol Gothenburg, 2005–2008; Security Manager, Casino Cosmopol Stockholm, 2002–2005. Previous positions: Swedish Criminal Investigation Department, 1995–2002 and Stockholm County Police Authority, 1991–1995.

**Joakim Mörnefält**  
Communication  
Director

**Born:** 1964

**Education:** Marketing, Business administration, Växjö University

**Employed:** 2017

**Other commissions:** Board member Lernia AB.

**Background:** Executive Director National Geographic Society Europe 2012–2016, Communication Director ManpowerGroup Sweden 2003–2012, Head of Global Brand Strategy and Creative Manpower Group Global 2008–2011, Marketing Manager Manpower 2001–2003. Previous positions: Country Manager, Zoovillage, Marketing Manager, JC Jeans and Clothes.

**Kristina Askstedt**  
Business area  
Sale & Marketing

**Born:** 1966

**Education:** Bachelor of arts in Human Resource and Organisation, University of Stockholm.

**Employed:** 2014

**Other commissions:** —

**Background:** Business Area Manager Windows, Microsoft Central and Eastern Europe HQ, 2012–2014, Operational Manager and Marketing Director, Microsoft AB, 2008–2012, Director of Sales Public Sector, Microsoft AB, 2006–2008.



Group

# Consolidated statement of comprehensive income

1 January–31 December SEK million	Note	2017	2016
Net gaming revenue	2, 3	8,980	8,993
Other revenue	2, 3	268	295
Direct costs in gaming operations, etc.		-1,475	-1,546
<b>Net revenues from gaming operations, etc.</b>		<b>7,774</b>	<b>7,742</b>
Capitalised work for own account		17	31
Employee expenses	4	-1,095	-1,053
Other external expenses	5, 22	-1,764	-1,619
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	3, 8, 9	-226	-249
<b>Operating profit/loss</b>		<b>4,705</b>	<b>4,851</b>
<b>Profit on financial investments</b>			
Interest and other financial income	6	8	86
Interest expense and other financial costs	6	-9	-72
<b>Total financial items</b>		<b>-1</b>	<b>14</b>
<b>Profit after financial items</b>		<b>4,705</b>	<b>4,866</b>
Tax	7	4	0
<b>INCOME FOR THE YEAR</b>		<b>4,709</b>	<b>4,866</b>
<b>Other comprehensive income</b>		<b>—</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4,709</b>	<b>4,866</b>
Attributable to equity holders of the Parent Company		4,709	4,866
<b>Earnings per share</b>	16		
Number of shares		2,000	2,000
Earnings per share, SEK 000s		2,354	2,433

# Group Balance sheet

SEK million	Note	31 December 2017	31 December 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	8	156	221
Property, plant and equipment	9	842	756
Financial assets	10, 11	1,520	1,744
<b>Total non-current assets</b>		<b>2,518</b>	<b>2,721</b>
<b>Current assets</b>			
Trade receivables	10, 11, 12	323	305
Set off, National Debt Office	10, 11, 24	1,150	1,050
Other current receivables	10, 11, 12	303	279
Prepaid expenses and accrued income	13	177	162
Current investments	10, 11	442	659
Cash and cash equivalents	10, 11, 14	3,517	3,150
<b>Total current assets</b>		<b>5,913</b>	<b>5,604</b>
<b>TOTAL ASSETS</b>		<b>8,431</b>	<b>8,325</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	15		
Share capital		0	0
Reserves		0	0
Retained earnings		4,752	4,866
<b>Total equity</b>		<b>4,752</b>	<b>4,866</b>
<b>Non-current liabilities</b>			
Unpaid winnings	10, 11, 17	1,240	1,329
Other non-current liabilities	10, 11, 18	10	11
<b>Total non-current liabilities</b>		<b>1,249</b>	<b>1,340</b>
<b>Current liabilities</b>			
Trade payables	10, 11, 19	176	153
Unpaid winnings	10, 11, 17	647	615
Settlement fund	10, 11, 20	126	185
Funded winnings	10, 11, 20	822	536
Other current liabilities	10, 11, 19	371	352
Accrued expenses and deferred income	21	287	278
<b>Total current liabilities</b>		<b>2,430</b>	<b>2,119</b>
<b>Total liabilities</b>		<b>3,679</b>	<b>3,459</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,431</b>	<b>8,325</b>

## Group Cash-flow statement

1 January–31 December SEK million	Note	2017	2016
<b>Operating activities</b>			
Net profit for the year		4,709	4,866
Adjustments for non-cash items			
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	8, 9	226	249
Proceeds from the disposal of non-current assets		7	2
Change in pension provision	18	0	-1
Other adjustments		-1	-10
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>		<b>4,941</b>	<b>5,106</b>
<b>Cash flow from changes in operating assets and liabilities</b>			
Change in trade and other receivables		-43	73
Change in other current assets		-15	-6
Change in trade payables and other liabilities		42	48
Change in other operating liabilities		170	-246
<b>Cash flow from operating activities</b>		<b>5,095</b>	<b>4,975</b>
<b>Investing activities</b>			
Investments in intangible assets	8	-23	-53
Purchases of property, plant and equipment	9	-231	-147
Disposals of property, plant and equipment		0	0
Investments in financial assets		-100	-151
Divestment of financial assets		550	187
<b>Cash flow from investing activities</b>		<b>195</b>	<b>-164</b>
<b>Financing activities</b>			
Dividends to the owner, the Swedish State	15	-4,923	-4,703
<b>Cash flow from financing activities</b>		<b>-4,923</b>	<b>-4,703</b>
<b>Cash flow for the year</b>		<b>367</b>	<b>108</b>
<b>Cash and cash equivalents at beginning of the year</b>	14	<b>3,150</b>	<b>3,042</b>
<b>Cash and cash equivalents at end of the year</b>	14	<b>3,517</b>	<b>3,150</b>

## Group Statement of changes in equity

SEK million	Note	Share capital	Statutory reserve	Retained earnings	Total equity attributable to equity holders of the Parent Company
<b>Opening balance, 1 January 2016</b>	15	<b>0.2</b>	<b>0.1</b>	<b>4,803</b>	<b>4,803</b>
<b>Transactions with equity holders</b>					
Dividends to the owner, 2015				-4,803	-4,803
<b>Total transactions with equity holders</b>				<b>-4,803</b>	<b>-4,803</b>
<b>Comprehensive income</b>					
Net profit for the year				4,866	4,866
Other comprehensive income				—	—
<b>Total comprehensive income</b>				<b>4,866</b>	<b>4,866</b>
<b>Opening balance, 1 January 2017</b>		<b>0.2</b>	<b>0.1</b>	<b>4,866</b>	<b>4,866</b>
<b>Transactions with equity holders</b>					
Dividends to the owner, 2016				-4,823	-4,823
<b>Total transactions with equity holders</b>				<b>-4,823</b>	<b>-4,823</b>
<b>Comprehensive income</b>					
Net profit for the year				4,709	4,709
Other comprehensive income				—	—
<b>Total comprehensive income</b>				<b>4,709</b>	<b>4,709</b>
<b>Closing balance, 31 December 2017</b>		<b>0.2</b>	<b>0.1</b>	<b>4,752</b>	<b>4,752</b>

## Parent Company

# Income statement

1 January–31 December SEK million	Note	2017	2016
Net gaming revenue	2, 3	7,852	7,821
Other revenue	2, 3	168	192
Direct costs in gaming operations		-1,450	-1,520
<b>Net revenues from gaming operations, etc.</b>		<b>6,569</b>	<b>6,493</b>
Capitalised work for own account		17	31
Employee expenses	4	-600	-565
Other external expenses	5, 22	-1,566	-1,425
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	8, 9	-168	-187
<b>Operating profit/loss</b>		<b>4,252</b>	<b>4,347</b>
<b>Profit on financial investments</b>			
Profit from participations in Group companies	26	443	495
Interest and other financial income	6	9	86
Interest expense and other financial costs	6	-9	-72
<b>Total financial items</b>		<b>442</b>	<b>510</b>
<b>Profit after financial items</b>		<b>4,695</b>	<b>4,857</b>
Tax	7	—	—
<b>INCOME FOR THE YEAR</b>		<b>4,695</b>	<b>4,857</b>

The Parent Company had no items recognised in other comprehensive income in 2017 or 2016. Thus the Parent Company's income for the year is also the comprehensive income for the year. Accordingly, the Parent Company does not present a Statement of Comprehensive Income.



Parent Company  
**Balance sheet**  
**Assets**

SEK million	Note	31 December 2017	31 December 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	8	156	220
Property, plant and equipment	9		
Buildings and land		17	17
Construction and extension		59	43
Construction in progress		—	1
Equipment and computers		304	225
Financial assets			
Participations in Group companies	25, 26	71	71
Non-current receivables, Group companies		350	364
Other holdings of non-current securities		1,513	1,741
<b>Total non-current assets</b>		<b>2,470</b>	<b>2,683</b>
<b>Current assets</b>			
Trade receivables	12	320	302
Receivables from Group companies		445	497
Set off, National Debt Office	24	1,150	1,050
Other current receivables	12	291	270
Prepaid expenses and accrued income	13	146	130
Current investments		442	659
Cash and bank	14	3,366	2,992
<b>Total current assets</b>		<b>6,160</b>	<b>5,900</b>
<b>TOTAL ASSETS</b>		<b>8,630</b>	<b>8,583</b>

Parent Company

# Balance sheet

## Equity and liabilities

SEK million	Note	31 December 2017	31 December 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	15		
Restricted equity			
Share capital		0	0
Statutory reserve		0	0
Development expenditure reserves		41	37
Non-restricted equity	25, 27		
Retained earnings		0	3
Change in development expenditure reserves		-3	-37
Net profit for the year		4,695	4,857
<b>Total equity</b>		<b>4,732</b>	<b>4,861</b>
<b>Non-current liabilities</b>			
Unpaid winnings	17	1,240	1,329
Other non-current liabilities	18	9	11
<b>Total non-current liabilities</b>		<b>1,249</b>	<b>1,340</b>
<b>Current liabilities</b>			
Trade payables	19	149	126
Liabilities to Group companies		334	376
Unpaid winnings	17	647	615
Settlement fund	20	126	185
Funded winnings	20	807	521
Other current liabilities	19	338	321
Accrued expenses and deferred income	21	247	238
<b>Total current liabilities</b>		<b>2,649</b>	<b>2,383</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,630</b>	<b>8,583</b>

## Parent Company

# Cash-flow statement

1 January–31 December SEK million	Note	2017	2016
<b>Operating activities</b>			
Net profit for the year		4,695	4,857
Adjustments for non-cash items			
Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	8, 9	168	187
Proceeds from the disposal of non-current assets		7	2
Anticipated dividend Casino Cosmopol AB	26	-443	-495
Change in pension provision	18	-0	-0
Other adjustments		3	-10
Dividends received from subsidiaries	26	495	522
<b>Cash flow from operating activities before changes in operating assets and liabilities</b>		<b>4,925</b>	<b>5,062</b>
<b>Cash flow from changes in operating assets and liabilities</b>			
Change in trade and other receivables		-39	74
Change in other current assets		-17	-3
Change in trade payables and other liabilities		40	49
Change in other operating liabilities		127	-343
<b>Cash flow from operating activities</b>		<b>5,036</b>	<b>4,839</b>
<b>Investing activities</b>			
Investments in intangible assets	8	-23	-53
Purchases of property, plant and equipment	9	-180	-102
Disposals of property, plant and equipment		0	0
Investments in financial assets		-100	-151
Divestment of financial assets		550	187
Change in long-term receivable to subsidiaries		14	40
<b>Cash flow from investing activities</b>		<b>260</b>	<b>-79</b>
<b>Financing activities</b>			
Dividends to the owner, the Swedish State	15	-4,923	-4,703
<b>Cash flow from financing activities</b>		<b>-4,923</b>	<b>-4,703</b>
<b>Cash flow for the year</b>		<b>374</b>	<b>57</b>
<b>Cash and cash equivalents at beginning of the year</b>	14	<b>2,992</b>	<b>2,935</b>
<b>Cash and cash equivalents at end of the year</b>	14	<b>3,366</b>	<b>2,992</b>

Parent Company

## Statement of changes in equity

SEK million	Note	Restricted equity			Non-restricted equity	Total equity
		Share capital	Statutory reserve	Development expenditure reserves	Retained earnings and income for the year	
<b>Equity, 1 January 2016</b>	15	<b>0.2</b>	<b>0.1</b>	—	<b>4,806</b>	<b>4,806</b>
<b>Transactions with equity holders</b>						
Dividends to the owner, 2015				—	–4,803	–4,803
<b>Total transactions with equity holders</b>				—	<b>–4,803</b>	<b>–4,803</b>
<b>Comprehensive income</b>						
Net profit for the year				—	4,857	4,857
<b>Total comprehensive income</b>				—	<b>4,857</b>	<b>4,857</b>
Expenses for the year for own development projects				42	–42	—
Dissolution following depreciation/amortisation				–5	5	—
<b>Equity, 1 January 2017</b>	15	<b>0.2</b>	<b>0.1</b>	<b>37</b>	<b>4,823</b>	<b>4,861</b>
<b>Transactions with equity holders</b>						
Dividends to the owner, 2016				—	–4,823	–4,823
<b>Total transactions with equity holders</b>				—	<b>–4,823</b>	<b>–4,823</b>
<b>Comprehensive income</b>						
Net profit for the year				—	4,695	4,695
<b>Total comprehensive income</b>				—	<b>4,695</b>	<b>4,695</b>
Expenses for the year for own development projects				18	–18	—
Dissolution following depreciation/amortisation				–14	14	—
<b>Closing balance, 31 December 2017</b>		<b>0.2</b>	<b>0.1</b>	<b>41</b>	<b>4,691</b>	<b>4,732</b>

The number of shares outstanding is 2,000 and did not change during the financial year.



# Notes

## Note 1 Accounting and valuation policies

### Conformity with standards and legislation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as endorsed by the European Union (EU) for application within the EU, subject to the exceptions indicated below. Also, the Annual Accounts Act and the recommendations of the Swedish Financial Reporting Board entitled RFR 1 "Additional Accounting Regulations for Groups", have been applied. The Parent Company applies RFR 2 "Accounting for Legal Entities" and applies the same accounting policies as the Group except as specified under "Parent Company's accounting policies".

The European Securities and Market Authority's (ESMA) guidelines for alternative performance measures (APMs) are applied. The guidelines entail disclosure requirement concerning financial measures not defined in accordance with IFRS.

### Assumptions underlying preparation of the Parent Company and consolidated financial statements

The reporting currency of the Group and the functional currency of the Parent Company is SEK. All amounts, unless otherwise stated, are rounded to the nearest million Swedish krona.

### Consolidated financial statements

The consolidated financial statements comprise the Parent Company AB Svenska Spel and all companies in which the Parent Company directly or indirectly holds all of the voting rights.

A subsidiary's income and expenses and its assets and liabilities are recognised in the consolidated financial statements as of the date when the Parent Company gains a controlling influence over the company until the time that the controlling influence ceases.

All Group companies have a calendar-based financial year and apply uniform accounting policies. Inter-company receivables and liabilities, inter-company transactions and related profits and losses are eliminated in their entirety in the preparation of the consolidated financial statements.

Deliveries of services and products among Group companies are subject to commercial terms and conditions and market pricing.

Svenska Spel's 2017 Annual Report was approved for publication by the Board of Directors on 15 March 2018.

### Segment reporting

Operations are controlled by set targets, which are followed in line with the organisation's business areas: Sales & Marketing (Games of chance, Sports games and poker at svenskaspel.se) and Casino Cosmopol & Vegas, which correspond to operating segment reporting. The Group management is Svenska Spel's highest decision-making body.

### Uncertainty in estimates and assessments

The Group management has identified the following risk factors as regards uncertainty in estimates and assessments that could affect Svenska Spel's financial position and profit.

### Recoverability of capitalised development expenditure

At year-end, the Svenska Spel Group had capitalised development expenditure totalling SEK 156 million (220). The expenditure pertained primarily to the Group's development of gaming systems and gaming products. If the assessed lifetime and forecast revenue for these investments should not prove reasonable, this could significantly impact their carrying amounts.

### Provision for future profit

Certain products have winnings schedules based on statistical probability calculations for the pay-out of winnings. Chance is a factor that affects the actual outcome. The follow-up of outcomes is conducted continuously, and the statistical calculations are scrutinised in the event of the emergence of major deviations.

### Revenue recognition

The Group's net gaming revenue comprises a net amount (net gaming revenue) based on the amounts staked by players (gross gaming revenue) less winners' shares.

Net gaming revenue from video lottery terminals (VLTs) and games is generated virtually at the time the stakes are paid. In certain cases, multi-week games occur, whereby the revenue is allocated to the week to which it pertains.

Net gaming revenue from lottery tickets arises when a retailer activates tickets for sale.

Casino net gaming revenue arises when gaming tables or slot machines are closed.

All net gaming revenue is reported on a daily basis. Poker revenue comprises the percentage share of the stakes credited to Svenska Spel, known as the rake, which is also settled on a daily basis.

All net gaming revenue is reported in accordance with IAS 18. The products Mixen and Lången have the nature of derivative instrument as Svenska Spel takes an open position to the customer. These games are reported as net gaming revenue in the period that the game is decided.

Other revenue consists mainly of sales revenue from restaurants, leasing income for equipment to retailers, store registration fees, revenue from unclaimed winnings and payment rounding amounts, as well as casino entrance fees. These revenues are recognised in the period to which they pertain.

Net gaming revenue together with the Group's other revenue less direct sale-related costs are reported in the income statement under "Net revenues from gaming operations, etc."

As of 2017, net revenues from gaming operations, etc., is recognised in the income statement divided among net gaming revenue, other revenue and direct costs in gaming operations, etc.

### Direct costs in gaming operations, etc.

Direct costs in gaming operations, etc., comprises primarily all commissions and remuneration for winnings payments to the Group's retailers and business partners.

Other revenue-related expenses refer to raw material costs in the Group's restaurant operations.

### Classification

Assets and liabilities are recognised at cost, with the exception of inflation-indexed bonds, treasury bonds, currency futures and unpaid winnings pertaining to Triss Månadsklöver, which are measured at fair value.

### Intangible assets

The Group's intangible assets consist primarily of capitalised development expenditure for new gaming products and new gaming systems that are considered to be of material economic value for the business in future years.

The carrying amount in the balance sheet includes material costs, direct salary costs and external consultant costs and other direct costs that can be attributed to the asset. Other development costs are recognised in profit and loss as incurred. Activities during feasibility study phases, as well as entertainment, support and education initiatives, are expensed on an ongoing basis. Other intangible assets pertain to licences.

Capitalised development expenditure and licences are reported at cost less deductions for amortisation and impairment.

## Note 1 cont.

### Amortisation and impairment policies for intangible assets

Depreciation is applied on a straight-line basis over the expected useful life of the asset, starting from the date the asset is first put into use. The useful life and any residual value of assets are tested each year. Impairment is recognised in profit and loss when the carrying amount of an asset exceeds the estimated recoverable amount. The recoverable amount represents value in use and is calculated by discounting future estimated cash flows. For assets that do not generate a direct cash flow, the recoverable amount is calculated for the cash-generating unit (CGU) to which the asset belongs. In the event of any change in the assumptions underlying the calculation of the recoverable amount, the impairment is reversed.

Depreciation periods	Number of years
New applications for gaming products	3
System platforms	3–10
Licences	5

### Property, plant and equipment

Property, plant and equipment is recognised at cost with deductions for accumulated depreciation as well as any impairment loss. The cost includes the purchase price and any costs directly attributable to the asset.

Additional costs are added to the carrying amount of the asset or recognised as a separate asset. If an additional cost pertains to payment for an already existing component, the carrying amount for the replaced component is derecognised from the balance sheet. Repairs and maintenance are recognised as costs in profit and loss for the period to which they pertain.

Property, plant and equipment comprising parts with different useful lives are treated as separate items.

The carrying amount for an item of property, plant and equipment is derecognised from the balance sheet on disposal or sale. Profit or loss arising from the sale or disposal of an asset represents the difference between the selling price and the carrying amount of the asset, less direct selling costs.

### Depreciation and impairment policies for property, plant and equipment

Depreciation is applied on a straight-line basis over the expected useful life of the asset's components, starting from the date the asset is first put into use.

The carrying amounts and useful life of the Group's assets are tested at each balance-sheet date to establish whether there are any indications of impairment. Impairment is recognised in profit and loss when the carrying amount of an asset exceeds the estimated recoverable amount. In the event of any change in the assumptions underlying the calculation of the recoverable amount, the impairment is reversed.

Depreciation periods	Number of years
Buildings	50–100
Freehold improvements	5–50
Leasehold improvements	5–30
Land	No depreciation
Land improvements	20
Retailer and lottery terminals	5
Equipment	3–10
Servers	3–5

### Corporate acquisitions

The acquisition of subsidiaries is reported according to the acquisition method. The purchase price for the acquired operation is valued at fair value on the acquisition date. Acquisition-related expenses are recognised in profit and loss as they arise. In conjunction with corporate acquisitions in which the purchase price exceeds the fair value of the assets acquired and liabilities assumed on the acquisition date, the difference is reported as goodwill.

### Leased assets

All leasing agreements entered into by the Svenska Spel Group are operating leases. Leasing fees related to operating leasing agreements are recognised as an income/expense in profit and loss in the period to which they belong.

Leasing agreements under which the Group is the lessee relate essentially to leased premises. Leasing agreements under which the Group is the lessor relate primarily to leasing of retailer and lottery terminals.

### Financial instruments

Financial instruments are every form of contract that causes a financial asset or liability to arise. Financial instruments recognised on the asset side of the balance sheet include cash and cash equivalents, trade receivables, investments, loan receivables and any currency futures.

Liabilities include trade payables, unpaid or funded winnings and other liabilities.

### Recognition and classification of financial instruments

Financial instruments are initially recognised at cost, representing the fair value of the instrument with transaction costs added, for all financial instruments except those defined as financial instruments measured at fair value in profit and loss with transaction costs recognised in profit and loss.

A financial asset or financial liability is recognised in the balance sheet when the Company becomes party to the contractual conditions of the instrument. Financial assets are derecognised from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred all risks and benefits connected with the right of ownership. A financial liability is derecognised from the balance sheet when the contractual undertakings have been fulfilled or are otherwise extinguished.

The Group's financial instruments are classified in the following categories:

#### 1) Financial assets and financial liabilities measured at fair value in profit and loss

This category consists of two sub-groups:

##### a) Financial assets and liabilities held for trading

Svenska Spel enters into currency future contracts in compliance with the Group's finance policy to hedge the flow of foreign currencies. Svenska Spel mainly employs currency future contracts to hedge purchases denominated in EUR and USD. Svenska Spel does not apply hedge accounting pursuant to IAS 39. Derivative instruments are recognised in the balance sheet on the contract date and are measured at fair value, both initially and in connection with subsequent remeasurement. Gains or losses arising from remeasurement are recognised in profit and loss under financial income or financial expenses, respectively.

##### b) Financial assets and liabilities that on initial recognition are deemed to belong to this category

Svenska Spel has financial investments in inflation-indexed and treasury bonds intended to provide funds for future payments of winnings in Triss Månadsklöver, these are shown in the balance sheet as "financial assets" and "current investments" respectively. Future payments to winners of Triss Månadsklöver are recognised as non-current and current liabilities, respectively, under unpaid winnings.

#### 2) Loan and trade receivables

Trade and other receivables are classified under this category since they have determined or determinable payments and are not quoted on an active market. Recognition is at amortised cost less any provision for any value decline. As the expected maturity is short, these assets are valued at the amount expected to be received. Individual testing is carried out if there is any impairment requirement. Impairment of trade receivables is recognised under operating costs.

Cash and cash equivalents are classified as loan receivables and consist of cash and immediately accessible bank balances and equivalent institutions.

## Note 1 cont.

### 3) Investments intended to be held to maturity

This category comprises financial assets with determined or determinable payments and determined maturity, which are held with the intention of being held to maturity. Recognition is at amortised cost.

In accordance with the Group's finance policy, surplus liquidity can be invested short term in zero-coupon bonds and commercial paper. The Group's other current investments are classified under this category in cases where they are intended to be held to maturity and none of the investments have a maturity of less than three months at the acquisition date.

### 4) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets. Assets in this category are measured at fair value with changes in value charged to equity. The Group has no financial assets in this category.

### 5) Other financial liabilities measured at accrued cost

Trade and other payables have short expected due dates and are measured without discounting at the nominal amount. All Group funds are measured at accrued cost. Funds are accumulated under the framework of the winnings schedules to boost various winning categories in conjunction with win guarantees, jackpots and campaigns. Funded winnings may vary greatly over time depending on when winnings are actually paid.

Of the lottery winnings that are not claimed within the set period, 50% are transferred to Svenska Spel's settlement fund. The funds in the settlement fund are used to cover the future payments of winnings for approved claims, and to return funds to winning participants by, for example, increasing the frequency of winnings or topping up certain winning categories during campaigns.

### Transactions in foreign currencies

Foreign currency transactions are translated using the exchange rates prevailing on the transaction dates. At the end of the month, assets and liabilities in foreign currencies are translated at the closing exchange rate. Exchange-rate differences on operating receivables and liabilities are included in operating profit, while exchange-rate differences on financial assets and liabilities are recognised among financial items. Payment flows in foreign currencies are limited.

### Taxes

The Parent Company, AB Svenska Spel, and its subsidiary, Casino Cosmopol AB, are exempt from corporate tax, lottery tax and, largely, value added taxes. However, all companies in the sub-group Svenska Spels Förvaltnings AB have a tax liability and are also largely required to pay value added tax.

Income tax is recognised directly in profit and loss and comprises current and deferred tax. Deferred tax is calculated using the temporary differences between the recognised and taxable values of assets and liabilities. Deferred income tax is calculated based on application of the tax rates in effect on the balance-sheet date. Deferred tax assets relating to tax deductible temporary differences and loss carry-forwards are recognised only insofar as it is probable that they will be utilised.

### Provisions

The Group's provisions pertain mainly to pensions. Provisions are recognised in the balance sheet when the Group has a future obligation that can be calculated in a reliable manner and when it is probable that payment will be required to settle the obligation. When the effect of the payment timing is significant, provisions are calculated through the discounting of the anticipated future cash flow.

### Employee benefits

Employees in the Svenska Spel Group receive remuneration in the form of basic salary, benefits and occupational pension. Variable remuneration is paid to employees for work performed during, for example, unsociable working hours. Bonus-based remuneration or remuneration in the form of financial instruments is not paid.

In addition to salary, employees receive benefits, which depend to some extent on the position in the Company held by the employee. All employees are entitled to a subsidised lunch and to certain compensation for fitness care and healthcare. Group management and sales representatives are also entitled to a benefit in the form of access to a company car and subsidised fuel.

### Pension plans

Salaried employees in the Svenska Spel Group are covered by the ITP plan administered by Collectum. Pension obligations pertaining to remuneration from the ITP plan after terminated employment are classified as either defined-contribution or defined-benefit. According to a statement from the Swedish Financial Reporting Board UFR 10, pension plans secured in accordance with the ITP plan are to be classified as defined-benefit plans. However, Collectum, which insures the ITP plan, has not been able to provide Svenska Spel or other companies with sufficient information to be able to determine the Company's share of the plan's total assets and liabilities. This information can only be provided to the insured beneficiaries. Accordingly, these obligations are recognised under UFR 3 as a defined-contribution pension plan.

The Svenska Spel Group's employees who are collectively covered by agreements in the LO agreement area are affiliated to the defined-contribution pension plan named the SAF-LO Pension Agreement, which is administered by Fora.

Within the Parent Company Svenska Spel, there are a few older pension obligations to former employees. These obligations amount to insignificant sums and are secured in part through allocations to the Company's pension liability and in part through Svenska Spel's Pension Foundation. AB Svenska Spel makes ongoing pension payments pursuant to these obligations, whereupon annual crediting from Svenska Spel's Pension Foundation occurs.

### Termination benefits

A provision is recognised in conjunction with termination of employment only if the Company is demonstrably committed to terminating the employment of an employee before the retirement date. The provision is recognised when no service is required in return from the employee.

### Government grants

Svenska Spel does not receive any Government or other financial grants.

### Cash-flow statement

The cash-flow statement is prepared pursuant to the indirect method. Cash and cash equivalents in the cash-flow statement consist of cash and bank balances.

### Parent Company

AB Svenska Spel is a limited liability company registered in Sweden with Corporate Reg No. 556460-1812. Its registered office is in Visby, Sweden. The Ministry of Enterprise and Innovation manages the shares in the Parent Company. The address of the head office is Norra Hanségatan 17, SE-621 80 Visby, Sweden. The Parent Company has prepared its annual financial statements in conformity with the Annual Accounts Act (1995:1554) and the Recommendations of the Swedish Financial Reporting Board in RFR 2 Accounting for Legal Entities. This implies that in the annual financial statements of the legal entity, the Parent Company is to apply all EU-approved IFRSs and statements from IFRIC to the extent possible within the framework of the Annual Accounts Act and the Pension Obligations Vesting Act, and in consideration of the relationship between accounting and taxation. The recommendations state the exceptions to be made from, and supplements to, IFRS. The Parent Company applies the same accounting policies as the Group except as specified below.

### Changes in RFR 2

Changes in RFR 2 Accounting for Legal Entities applicable for the financial year 2017 have not had an impact on the Parent Company's financial statements. The changes that take effect as of 1 January 2018 are not expected to have any significant impact on the Parent Company's financial statements. Analyses of the changes concerning IFRS 9 and IFRS 15 indicate there will be no differences between the Parent Company's and the Group's recognition of revenues and financial instruments.

## Note 1 cont.

### Dividends

Dividends to the shareholders of the Parent Company are recognised as a liability in the financial reports of the Parent Company and the Group after the shareholders of the Parent Company adopt the distribution. The Parent Company anticipates dividends from the subsidiary Casino Cosmopol AB.

### Intangible assets

Expenses for the Company's own development projects are recorded as intangible assets only under the condition that the equivalent amount is transferred from non-restricted equity to a development expenditure reserve.

### Participations in subsidiaries

Participations in subsidiaries are reported at cost in the Parent Company's financial reporting.

### Amendments to the Group's accounting policies

There have been no changes to accounting policies compared with the preceding financial year.

### New and amended standards and interpretations

The new and amended standards and interpretations that have been issued but which become effective for financial years starting after 1 January 2018 have not yet been applied by the Group. New and amended standards and interpretations deemed relevant to the Group's operations are described in the table below. These will be applied as and when they become effective. It is the assessment of executive management that other new or amended standards and new interpretations that have not become effective will have no significant impact on the Group's financial statements when applied for the first time.

Standard	Becomes effective	Change and impact on the Group
IFRS 9 – Financial Instruments	1 January 2018	The standard replaces IAS 39 – Financial Instruments. The new standard classifies assets into three categories instead of the previous four. The standard also contains amended requirements for the impairment of expected credit losses and hedge accounting. Analysis indicates that the Group largely fulfils the requirements in IFRS 9. Efforts concerning possible effects of expected credit losses are in progress. At present, the effects are deemed very limited.
IFRS 15 – Revenues from Contracts with Customers	1 January 2018	The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 is a revenue recognition model (five-step model) that is based on when control of goods or services is transferred to the customer. The core principle is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Analysis of the Group's cash flows has been conducted to ensure that the requirement in the new standard is fulfilled. The analysis indicates that the current recognition of revenue coincides with IFRS 15. Consequently, IFRS 15 will have no effect on the consolidated financial statements in the period it is applied for the first time. The changes in the regulation that refer to disclosures will be reviewed and supplemented in future statements.
IFRS 16 – Leases	1 January 2019	IFRS 16 – Leases replaces IAS 17 Leasing agreements. IFRS 16 introduces the right-of-use model and, for the lessee, means that essentially all leases are to be recognised in the balance sheet, making it unnecessary to classify leases as either finance leases or operating leases. IFRS 16 is applicable for the financial year beginning 1 January 2019 with earlier application permitted if IFRS 15 is applied simultaneously. Analysis of the Group's leasing agreements are underway to ensure that the requirement in the new standard is fulfilled. The largest leasing agreements in the Group concerning leasing of office and casino premises as well as data centre. Costs for these agreements amounted in 2017 to SEK 62.7 million (64.6) and are currently recognised solely as operating leases. Group management's comprehensive analysis on the effects of the new standard is in progress and is thus unable to assess the scope of the amendment.

## Note 2 Net gaming revenue and other revenue

SEK million	Group		Parent Company	
	2017	2016	2017	2016
Games of chance	4,845	4,807	4,845	4,807
Sports games	1,790	1,690	1,790	1,690
Casino games	2,344	2,495	1,216	1,323
<b>Total net gaming revenue</b>	<b>8,980</b>	<b>8,993</b>	<b>7,852</b>	<b>7,821</b>
Other revenue	268	295	168	192

Other revenue consists sales revenue from restaurants, leasing income for equipment to retailers, store registration fees, revenue from unclaimed winnings and payment rounding amounts, as well as casino entrance fees.



### Note 3 Reporting per business area

Operations are controlled by set targets, which are followed in line with the organisation's division into the business areas: Sales & Marketing and Casino Cosmopol & Vegas, which correspond to operating segment reporting. Activities within Sales & Marketing comprise games of chance, sports games and poker at svenskaspel.se (casino games). Revenue at Casino Cosmopol & Vegas consists of revenue from casino games and restaurant sales as well as the video lottery terminal Vegas.

Internal items and other operations includes internal items from the Sales & Marketing and Casino Cosmopol & Vegas segments as well as operations that are pursued in the Group's other subsidiaries. Casino Cosmopol Fastighets AB owns the casino property in Stockholm, which is leased to another Group Company. Svenska Spels Förvaltnings AB has limited operations.

SEK million	Sales & Marketing		Casino Cosmopol & Vegas		Internal items, other operations and eliminations		Svenska Spel Group	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>Gross gaming revenue</b>	<b>15,884</b>	<b>15,622</b>	<b>5,467</b>	<b>5,903</b>	—	—	<b>21,350</b>	<b>21,525</b>
Net gaming revenue	6,736	6,615	2,244	2,378	—	—	8,980	8,993
Other revenue	143	163	115	118	10	14	268	295
Direct costs in gaming operations, etc.	-951	-996	-515	-546	-8	-4	-1,475	-1,546
<b>Net revenues from gaming operations, etc.</b>	<b>5,928</b>	<b>5,781</b>	<b>1,844</b>	<b>1,950</b>	<b>2</b>	<b>10</b>	<b>7,774</b>	<b>7,742</b>
Capitalised work for own account	13	31	4	—	—	—	17	31
Operating costs	-1,820	-1,665	-955	-945	-84	-62	-2,859	-2,672
Amortisation, depreciation and impairment	-122	-122	-90	-110	-14	-17	-226	-249
<b>Operating profit/loss</b>	<b>3,998</b>	<b>4,025</b>	<b>803</b>	<b>895</b>	<b>-96</b>	<b>-68</b>	<b>4,705</b>	<b>4,851</b>

### Note 4 Employees, employee expenses and benefits

Average number of employees per location, for the year	2017		2016	
	Number of employees	of whom men, %	Number of employees	of whom men, %
<b>Parent Company</b>				
Visby	366	65	359	64
Solna	288	66	274	66
Rest of Sweden	41	80	44	80
<b>Total – Parent Company</b>	<b>695</b>	<b>66</b>	<b>677</b>	<b>66</b>
<b>Other Group companies</b>				
Sundsvall	80	64	79	61
Malmö	186	51	177	51
Gothenburg	300	57	298	54
Stockholm	433	59	442	57
<b>Total – Group</b>	<b>1,694</b>	<b>61</b>	<b>1,653</b>	<b>60</b>

No. of employees by location and form of employment at 31 December	2017				2016			
	Open-ended contracts <sup>1</sup>	Fixed-term employment <sup>2</sup>	Total	of whom men, %	Open-ended contracts <sup>1</sup>	Fixed-term employment <sup>2</sup>	Total	of whom men, %
<b>Parent Company</b>								
Visby	370	25	395	66	363	32	395	63
Solna	292	8	300	67	270	12	282	67
Rest of Sweden	40	—	40	80	41	2	43	81
<b>Other Group companies</b>								
Sundsvall	79	67	146	55	80	69	149	57
Malmö	192	102	294	56	179	114	293	54
Gothenburg	296	82	378	56	308	73	381	54
Stockholm	426	96	522	57	420	116	536	56
<b>Total – Group</b>	<b>1,695</b>	<b>380</b>	<b>2,075</b>	<b>60</b>	<b>1,661</b>	<b>418</b>	<b>2,079</b>	<b>59</b>

1. Employees under open-ended employment contracts includes probationary contracts for 80 (76) employees

2. Fixed-term contracts includes both temporary contracts and other fixed-term contracts

## Note 4 cont.

Board, CEO and Group management at 31 December	2017		2016		Age distribution of the total number of employees at 31 December, %	2017	2016
	Number	of whom men	Number	of whom men			
Board of Directors	10	3	10	5			
CEO	1	1	1	1			
Group management, excluding CEO	7	4	7	3			
<b>Parent Company</b>							
						11	8
						59	63
						30	29
<b>Other Group companies</b>							
						40	42
						52	51
						8	7

Pay, remuneration, social security and pension costs, SEK 000s	2017			2016		
	Board, CEO and Group management	Other employees	Total	Board, CEO and Group management	Other employees	Total
<b>Parent Company</b>						
Pay and remuneration	20,343	363,972	384,315	15,117	345,022	360,139
Social security expenses	7,737	126,880	134,617	5,798	120,518	126,316
Pension costs	5,747	46,579	52,326	4,349	46,503	50,852
<b>Total</b>	<b>33,827</b>	<b>537,431</b>	<b>571,258</b>	<b>25,264</b>	<b>512,043</b>	<b>537,307</b>
<b>Other Group companies</b>						
Pay and remuneration	1,811	342,758	344,569	1,616	339,270	340,886
Social security expenses	736	113,446	114,182	666	110,784	111,450
Pension costs	574	20,663	21,237	538	20,170	20,708
<b>Total</b>	<b>3,121</b>	<b>476,867</b>	<b>479,988</b>	<b>2,820</b>	<b>470,224</b>	<b>473,044</b>
<b>Group</b>						
Pay and remuneration	22,154	706,730	728,884	16,733	684,292	701,025
Social security expenses	8,473	240,326	248,799	6,464	231,302	237,766
Pension costs	6,321	67,242	73,563	4,887	66,673	71,560
<b>Total</b>	<b>36,948</b>	<b>1,014,298</b>	<b>1,051,246</b>	<b>28,084</b>	<b>982,267</b>	<b>1,010,351</b>

## Directors' emoluments

Fees and other remuneration paid to the Board, SEK 000s	Board fees		Audit Committee		Remuneration Committee		
	2017	2016	2017	2016	2017	2016	
Erik Strand, Board Chairman	350	290	—	—	15	15	
Eivor Andersson, Board member	155	140	—	—	8	8	
Eva-Britt Gustafsson, Board member	155	140	40	20	—	—	
Carina Olson, Board member	155	140	25	10	—	—	
Johan Strid, Board member	155	140	25	10	—	—	
Hélène Westholm, Board member	—	—	—	—	—	—	Appointed owner rep.
Fredrik Åhlberg, Board member	155	140	25	10	—	—	
Martina Ravn, Board member, employee rep.	—	—	—	—	—	—	
Lina Viik, Board member, employee rep.	—	—	—	—	—	—	
Maria Schubert, Board member, employee rep.	—	—	—	—	—	—	
Yvonne Lovén, Deputy Board member, employee rep.	—	—	—	—	—	—	
Urban Sahlin, Deputy Board member, employee rep.	—	—	—	—	—	—	From 26 April 2017
Mathias Wennberg, Deputy Board member, employee rep.	—	—	—	—	—	—	From 26 April 2017
Patrik Lindell, Board member, employee rep.	—	—	—	—	—	—	Until 26 April 2017
Jonas Ringqvist, Board member, employee rep.	—	—	—	—	—	—	Until 26 April 2017
<b>Total</b>	<b>1,125</b>	<b>990</b>	<b>115</b>	<b>50</b>	<b>23</b>	<b>23</b>	

## Note 4 cont.

The Chairman and Directors of the Board receive fees in accordance with the resolution by the Annual General Meeting (AGM). The same applies to the Chairman and Directors on the Audit Committee and the Remuneration Committee. Under the AGM resolution, Board members can invoice their fees as business activities carried out under the respective Board member's sole trader status or as a company with an additional amount corresponding to the social security expenses that AB Svenska Spel does not have to pay. Board

members, employees of the Government Offices of Sweden, and employee representatives and their deputies are not paid Board or committee fees.

The remuneration presented above pertains to the Parent Company AB Svenska Spel. No fees are paid to the directors of subsidiaries and sub-subsidiaries if the directors are employed in companies in the Svenska Spel Group, that is, executive directors.

### Remuneration and terms for senior executives

Salary and other remuneration to senior executives in Group management, SEK 000s	Salary/remuneration		Benefits		Pension costs <sup>1</sup>		
	2017	2016	2017	2016	2017	2016	
Lennart Käll, CEO and President	4,127	4,104	88	66	1,239	1,201	
Marie Loob, CFO and Executive Vice President	1,911	1,597	61	56	509	478	
Kristina Askstedt, Manager Business Area Sales & Marketing	2,003	1,782	93	80	596	565	
Per Jaldung, Manager Business Area Casino Cosmopol & Vegas	1,811	1,616	87	93	574	538	
Jörgen Olofsson, IT Manager	1,622	1,548	73	68	568	532	
Maria Z Furenmo, HR Director	1,677	622	86	20	692	283	From 15 Aug 2016
Joakim Mörnefält, Communication Director	1,656	—	9	—	762	—	From 23 Jan 2017
Fredrik Wastenson, VP Product & Services	1,110	—	2	—	298	—	From 1 May 2017
Peter Zäll, Marketing Director	4,897 <sup>2</sup>	2,126	69	83	479	595	Until 30 April 2017
Marie Avander, Acting Communication Director	89	595	5	32	30	177	From 6 Aug 2016 until 22 Jan 2017
Anna Björklund, HR Director	—	508	—	18	—	126	Until 31 March 2016
Monica Forsman, Acting HR Director	—	333	—	3	—	98	From 1 April 2016 until 14 Aug 2016
Martin Hedensiö, Communication Director	—	888	—	33	—	294	Until 5 Aug 2016
<b>Total</b>	<b>20,903</b>	<b>15,719</b>	<b>573</b>	<b>552</b>	<b>5,747</b>	<b>4,887</b>	

1. Pension costs include possible salary sacrifice to pension.

2. The amount includes severance pay.

### Senior executives

Those who at any time are part of the team of "senior executives" are determined by the Remuneration Committee. This team includes the President of the Parent Company and all members of Group management, managers who are not members of Group management, but report directly to the President of the Parent Company, the presidents of the subsidiaries. The members of the subsidiaries' management teams are recognised in each subsidiary's annual report.

### Guidelines, nomination process, decisions and monitoring

Remuneration principles for executives were adopted by the AGM on 26 April 2017 and are applied throughout the Group. These guidelines are based on the guidelines issued by the government on 20 April 2009 regarding employment terms for senior executives in state-owned companies. The guidelines specify that total remuneration to senior executives should be reasonable and well balanced. Remuneration should be competitive, have a ceiling, be appropriate and contribute to sound ethics and corporate culture.

The decision on employment terms for the President of the Parent Company is prepared by the Remuneration Committee and decided by the Board. Employment terms for other senior executives who report to the CEO are decided by the CEO after consultation with the Remuneration Committee. Before decisions are made regarding individual remuneration, written documentation is to be presented showing the Company's overall costs. The Board's Remuneration Committee ensures that employment terms comply with government guidelines by comparing remuneration for equivalent roles in other state-owned and private companies that are comparable to Svenska Spel in terms of size, complexity and revenue.

Remuneration of the CEO and the Company's senior executives consists of fixed basic salaries, benefits and pensions. Benefits primarily comprise company cars. Senior executives who do not have a company car benefit receive monthly compensation equivalent in value to the company car. Pension costs pertain to the cost that impacted earnings in 2017. Senior executives have the option of exchanging part of their gross salary for extra pension deposits, which are included in the recognised pension amount. Pensions for senior executives that follow a pension plan under collective agreement where the contribution is determined by the terms of the pension plan can in some cases exceed 30% of the fixed salary. Svenska Spel does not compensate senior executives with variable or bonus-based remuneration or any remuneration in the form of financial instruments.

Decisions concerning employment terms and conditions for senior executives of subsidiaries are made by the presidents of the subsidiaries following consultations with the subsidiaries' Boards. Remuneration to senior executives of the subsidiaries is recognised in the annual reports for the subsidiaries.

### President and CEO

Lennart Käll, the President and CEO of AB Svenska Spel, received salary and benefits of SEK 4,215,000 in 2017. Lennart Käll's pension premiums amounted to SEK 1,239,000 in 2017. Lennart Käll is not part of the ITP plan and is entitled to pension premiums corresponding to 30% of his pensionable monthly salary in accordance with his agreement.

On notice of termination, a mutual notice period of six months applies. In the event that notice is given by the Company, severance pay is paid out for a maximum of 18 months. The severance is paid on a monthly basis with no supplement for pension or benefits. When new employment has been secured or on receipt of income from business activities, severance pay from

**Note 4 cont.**

the Company that initiated the termination will be reduced in the amount of the new income during the period in which severance pay is paid. Severance pay is never paid past the age of 65.

**Other senior executives within the Group management**

For other senior executives within the Group management, pensions are paid in line with the ITP plan, with a retirement age of 65. On notice of termination, a mutual notice period of six months applies. In the event that notice is given by the Company, severance pay corresponding to a maximum of 12 months' salary is paid. The severance pay is paid monthly with no supplement for pension or benefits. When new employment has been secured or

on receipt of income from business activities, severance pay from the Company that initiated the termination will be reduced in the amount of the new income during the period in which severance pay is paid. Severance pay is never paid past the age of 65.

**Other employees**

Employees of the Svenska Spel Group receive remuneration in the form of fixed basic salaries, benefits and pensions under collective agreements. Variable remuneration is paid to employees for work performed during, for example, unsociable working hours. Bonus-based remuneration or remuneration in the form of financial instruments is not paid.

**Note 5** Auditors' fees

SEK million	Group		Parent Company	
	2017	2016	2017	2016
<b>Deloitte AB</b>				
Audit assignments	1	1	1	1
Auditing activities other than audit assignments	0	0	0	0
Other services	3	—	3	—
<b>Total</b>	<b>5</b>	<b>2</b>	<b>5</b>	<b>1</b>

Audit assignments pertain to auditing of the annual report and accounts as well as the administration of the Board and President. Other services refer mainly to advice concerning modification to the new Anti-Money Laundering Act.

**Note 6** Financial income and expenses

Financial income, SEK million	Group		Parent Company	
	2017	2016	2017	2016
Interest income from bank balances	0	0	0	0
Exchange-rate gains	0	5	0	5
Change in value of assets, Triss Månadsklöver	6	78	6	78
Other financial income	2	4	2	4
<b>Total</b>	<b>8</b>	<b>86</b>	<b>9</b>	<b>86</b>

Financial expenses, SEK million	Group		Parent Company	
	2017	2016	2017	2016
Interest expense	-0	-0	-0	-0
Exchange-rate losses	—	-4	—	-4
Change in value of liabilities, Triss Månadsklöver	-8	-67	-8	-67
Other financial expenses	-1	—	-1	—
<b>Total</b>	<b>-9</b>	<b>-72</b>	<b>-9</b>	<b>-72</b>

Net gains/losses, SEK million	Group		Parent Company	
	2017	2016	2017	2016
Result from changes in exchange rates	0	0	0	0
Triss Månadsklöver, financial assets and liabilities measured at fair value in profit and loss	-2	10	-2	10
Investments held to maturity	1	4	1	4
Loan and trade receivables	0	0	0	0
<b>Total</b>	<b>-1</b>	<b>14</b>	<b>0</b>	<b>15</b>

The Parent Company's interest income includes intra-Group income in the amount of SEK 0.4 million (0.4).

**Note 7** Taxes

Recognised in profit and loss, SEK million	Group		Parent Company	
	2017	2016	2017	2016
<b>Deferred tax (-)/tax income</b>				
Deferred tax pertaining to temporary differences	4	0	—	—
<b>Total reported tax charge</b>	<b>4</b>	<b>0</b>	<b>—</b>	<b>—</b>

The Svenska Spel Group has tax loss carry-forwards of SEK 71 million (86).

**Note 8** Intangible assets

Group, SEK million	Capitalised development projects	Ongoing projects	Total Parent Company	Licences	Total Group
<b>Accumulated cost</b>					
Opening balance, 1 January 2016	754	100	854	19	873
Acquisitions	44	10	53	—	53
Reversals	55	-55	—	—	—
Sales/disposals	-27	—	-27	-1	-28
<b>Closing balance, 31 December 2016</b>	<b>825</b>	<b>55</b>	<b>880</b>	<b>19</b>	<b>899</b>
Opening balance, 1 January 2017	825	55	880	19	899
Acquisitions	16	7	23	—	23
Reversals	10	-10	—	—	—
Sales/disposals	-28	—	-28	—	-28
<b>Closing balance, 31 December 2017</b>	<b>823</b>	<b>52</b>	<b>876</b>	<b>19</b>	<b>894</b>
<b>Accumulated amortisation and impairment</b>					
Opening balance, 1 January 2016	-567	-45	-613	-19	-632
Amortisation for the year	-73	—	-73	-0	-73
Impairment for the year	—	—	—	—	—
Sales/disposals	26	—	26	1	26
<b>Closing balance, 31 December 2016</b>	<b>-614</b>	<b>-45</b>	<b>-660</b>	<b>-19</b>	<b>-678</b>
Opening balance, 1 January 2017	-614	-45	-660	-19	-678
Amortisation for the year	-81	—	-81	-0	-81
Impairment for the year	—	—	—	—	—
Sales/disposals	21	—	21	—	21
<b>Closing balance, 31 December 2017</b>	<b>-674</b>	<b>-45</b>	<b>-720</b>	<b>-19</b>	<b>-738</b>
<b>Carrying amount, 31 December 2016</b>	<b>211</b>	<b>10</b>	<b>220</b>	<b>0</b>	<b>221</b>
<b>Carrying amount, 31 December 2017</b>	<b>149</b>	<b>7</b>	<b>156</b>	<b>0</b>	<b>156</b>

**Impairment assessments**

Continuous analyses are carried out of the Group's intangible assets to ascertain if indications exist of a need for impairment. If indications exist, the intangible asset's recoverable amount is measured based on future estimated cash flows. The estimated cash flows are primarily estimated sales and expenses for each respective asset. The sales assessment is completed by means of internal analyses of the available market and the market penetration attained for the games and lotteries of the particular assets.

The analyses indicate no impairment requirement exists. No impairment was performed for intangible assets during the current or preceding year.



## Note 9 Property, plant and equipment

Group, SEK million	Buildings and land	Freehold improvements	Leasehold improvements	Construction in progress	Equipment and computers	Ongoing projects, equipment	Total
<b>Accumulated cost</b>							
Opening balance, 1 January 2016	238	255	290	9	1,779	41	2,611
Acquisitions	—	—	10	9	94	35	147
Reversals	—	—	5	-5	4	-4	—
Disposals	—	-11	-6	—	-204	—	-221
<b>Closing balance, 31 December 2016</b>	<b>238</b>	<b>244</b>	<b>299</b>	<b>12</b>	<b>1,673</b>	<b>71</b>	<b>2,537</b>
Opening balance, 1 January 2017	238	244	299	12	1,673	71	2,537
Acquisitions	—	3	2	16	107	103	231
Reversals	—	6	5	-12	34	-34	—
Sales/disposals	-9	—	-0	—	-68	—	-77
<b>Closing balance, 31 December 2017</b>	<b>229</b>	<b>254</b>	<b>306</b>	<b>16</b>	<b>1,746</b>	<b>141</b>	<b>2,691</b>
<b>Accumulated depreciation and impairment</b>							
Opening balance depreciation, 1 January 2016	-45	-92	-144	—	-1,470	—	-1,751
Depreciation for the year	-5	-8	-15	—	-149	—	-176
Sales/disposals	—	11	6	—	203	—	220
<b>Closing balance, 31 December 2016</b>	<b>-50</b>	<b>-89</b>	<b>-153</b>	<b>—</b>	<b>-1,416</b>	<b>—</b>	<b>-1,708</b>
Opening balance, impairment, 1 January 2016	—	—	-67	—	-6	—	-73
Impairment for the year	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	—	—
<b>Closing balance, 31 December 2016</b>	<b>—</b>	<b>—</b>	<b>-67</b>	<b>—</b>	<b>-6</b>	<b>—</b>	<b>-73</b>
Opening balance depreciation, 1 January 2017	-50	-89	-153	—	-1,416	—	-1,708
Depreciation for the year	-1	-8	-15	—	-121	—	-145
Sales/disposals	9	—	—	—	62	—	72
<b>Closing balance, 31 December 2017</b>	<b>-43</b>	<b>-97</b>	<b>-168</b>	<b>—</b>	<b>-1,474</b>	<b>—</b>	<b>-1,782</b>
Opening balance, impairment, 1 January 2017	—	—	-67	—	-6	—	-73
Impairment for the year	—	—	—	—	—	—	—
Disposals	—	—	—	—	6	—	6
<b>Closing balance, 31 December 2017</b>	<b>—</b>	<b>—</b>	<b>-67</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-67</b>
<b>Carrying amount, 31 December 2016</b>	<b>188</b>	<b>155</b>	<b>79</b>	<b>12</b>	<b>252</b>	<b>71</b>	<b>756</b>
<b>Carrying amount, 31 December 2017</b>	<b>186</b>	<b>157</b>	<b>71</b>	<b>16</b>	<b>272</b>	<b>141</b>	<b>842</b>

## Note 9 cont.

Parent Company, SEK million	Buildings and land	Freehold improvements	Leasehold improvements	Construction in progress	Equipment and computers	Ongoing projects, equipment	Total
<b>Accumulated cost</b>							
Opening balance, 1 January 2016	31	72	6	5	1,306	40	1,460
Acquisitions	—	—	10	1	59	33	102
Reversals	—	—	5	-5	4	-4	—
Disposals	—	-10	-6	—	-177	—	-193
<b>Closing balance, 31 December 2016</b>	<b>31</b>	<b>61</b>	<b>16</b>	<b>1</b>	<b>1,192</b>	<b>68</b>	<b>1,369</b>
Opening balance, 1 January 2017	31	61	16	1	1,192	68	1,369
Acquisitions	—	3	0	16	58	103	180
Reversals	—	—	1	-1	31	-31	—
Disposals	—	—	—	—	-20	—	-20
<b>Closing balance, 31 December 2017</b>	<b>31</b>	<b>64</b>	<b>17</b>	<b>16</b>	<b>1,261</b>	<b>141</b>	<b>1,529</b>
<b>Accumulated depreciation and impairment</b>							
Opening balance, 1 January 2016	-13	-39	-6	—	-1,102	—	-1,160
Depreciation for the year	-1	-3	-1	—	-110	—	-114
Sales/disposals	—	10	6	—	176	—	193
<b>Closing balance, 31 December 2016</b>	<b>-14</b>	<b>-32</b>	<b>-2</b>	<b>—</b>	<b>-1,035</b>	<b>—</b>	<b>-1,082</b>
Opening balance, 1 January 2017	-14	-32	-2	—	-1,035	—	-1,082
Depreciation for the year	-1	-3	-2	—	-82	—	-87
Sales/disposals	—	—	—	—	19	—	19
<b>Closing balance, 31 December 2017</b>	<b>-14</b>	<b>-34</b>	<b>-4</b>	<b>—</b>	<b>-1,097</b>	<b>—</b>	<b>-1,150</b>
<b>Carrying amount, 31 December 2016</b>	<b>17</b>	<b>30</b>	<b>14</b>	<b>1</b>	<b>157</b>	<b>68</b>	<b>287</b>
<b>Carrying amount, 31 December 2017</b>	<b>17</b>	<b>30</b>	<b>13</b>	<b>16</b>	<b>164</b>	<b>141</b>	<b>380</b>

No impairment was performed for property, plant and equipment during the current or preceding year.

## Note 10 Financial risk management

### Financial risk management

The Group is exposed to various financial risks through its operations: Currency risk, interest-rate risk, credit risk and liquidity risk. Ongoing risk management is managed by a central finance department pursuant to adopted policies and guidelines. The Board decides policies for overall risk management and financial management.

### Currency risk

The Group is active only in Sweden but is exposed to currency risks, such as those arising from currency exposures pertaining to the purchasing of specialised equipment and the printing of lottery tickets, international gaming partnerships (Vikinglotto and Eurojackpot) as well as the sale of licences for the responsible gaming tool Playscan. The exposure is to EUR, USD, CHF and GBP. Currency risk arises only through future business transactions since the Group does not have any assets or liabilities in currencies other than SEK.

Currency futures are used to manage the currency risk, which is in accordance with the Group's finance policy. The remaining currency risk is assessed as negligible.

The Group's transaction exposure, i.e. currency future contracts, is allocated across the following currencies:

Currency, SEK million	Net position 31 Dec. 2017	Value change -10%	Value change +10%	Net position 31 Dec. 2016
EUR	371.4	334.2	408.5	256.3
USD	4.2	3.8	4.6	3.9
CHF	1.0	0.9	1.1	1.0
GBP	4.0	3.6	4.4	3.4
<b>Total</b>	<b>380.6</b>	<b>342.6</b>	<b>418.7</b>	<b>264.6</b>

The Group gauges and follows up currency risks through the control and reporting of net exposure in each currency.

A sensitivity analysis of a temporary change in exchange rates by  $\pm 10\%$  on the balance-sheet date demonstrates that a decline in the exchange rate of 10% vis-à-vis SEK would entail a negative impact on earnings of about SEK 38 million.

## Note 10 cont.

### Interest-rate risk

The Group has no borrowings from any credit institution. The Group's interest-rate risks pertain to interest-rate fluctuations related to investments in inflation-indexed, mortgage-based and treasury bonds and surplus liquidity investments. Inflation-indexed and treasury bonds are used to hedge the Group's commitments to winners in the Triss Månadsklöver lottery. Svenska Spel pays a nonrecurring amount to an independent administrator for every win. This payment is based on a present value calculation of future winnings payments at the current rate of interest on the Swedish inflation-indexed bond market. The payment is adjusted to cover future payments to winners. The liability to winners until September 2012 is upwardly adjusted annually in line with the Consumer Price Index (CPI) trend. For winners from October 2012, this CPI adjustment is not made. To manage interest-rate risk relating to inflation-indexed, mortgage-based and treasury bonds, it is the responsibility of the manager to ensure that the interest-rate sensitivity of investments is the same as that of the liability to the winners, and that the portfolio's interest-rate sensitivity corresponds to that of the liability as far as possible.

A small portion of the Group's surplus liquidity is invested in financial instruments that largely comprise zero-coupon bonds, commercial paper and deposits. These investments have a prime rating and are held till maturity.

Taken together, the Group's interest-rate risk is assessed as relatively low.

### Credit risk

One area of the Group's credit risk pertains to funds generated on an ongoing basis at retailers and business partners who sell the Group's range of products on an assignment basis. There are detailed procedures for the approval of retailers and business partners, and they are based on stringent requirements for and the risk assessment of retailers. Funds are collected weekly by autogiro. Svenska Spel has well-functioning procedures for controlling abnormal cash flows among retailers. In the case of retailers who do not pay on time, measures are taken by requesting collateral during the period of the retailer agreement and imposing short invoice-to-payment periods on the retailer. As gaming may not be pursued using credit, which means consolidated revenue consists exclusively of cash transactions, credit risk in Group operations is limited.

For credit risk pertaining to the investment of surplus liquidity, there is a set limit structure under the Group's finance policy that entails that investments may be only made with counterparties with a credit rating equal to or higher than A according to Standard & Poor's credit rating. The policy also limits the size of the investment with each institution.

Exposure to the Swedish State arises in conjunction with the holding of Swedish inflation-indexed, mortgage-based and treasury bonds and in connection with the advance payment of forecast annual dividends to the Swedish National Debt Office.

Maximum credit exposure	31 December 2017	31 December 2016
Inflation-indexed, mortgage-covered and treasury bonds	1,554	1,648
Lending to credit institutions	3,517	3,150
Zero-coupon bond, commercial paper and deposits	401	755
Trade and other current receivables	626	583
Set off, National Debt Office	1,150	1,050
<b>Total</b>	<b>7,249</b>	<b>7,186</b>

### Liquidity risk

The Group's financial liabilities consist of unpaid winnings, funded winnings and trade payables. The liquidity risk pertaining to unpaid winnings is considered negligible as most games and lotteries are based on an allocation of funds among participants in the game. As gaming may not be pursued using credit, the funds to be allocated among participants comprise cash. Winnings in the Triss Månadsklöver lottery are paid for periods up to 50 years. These payments are administered by an external party and based on funds being paid for each win to the administrator to cover all future payments to the winner.

Liquidity risk has historically been low and each year the Group accumulates substantial amounts of cash and cash equivalents and non-restricted equity that are paid annually in their entirety to the owner. To minimise liquidity risk, the Group works proactively in matching the maturities of financial assets with anticipated pay-out dates.

The Group covers the below liabilities with working capital.

Maturity structure of financial liabilities at 31 Dec. 2017	Within 1 year	Within 1–5 years	Later than 5 years	Total
Unpaid winnings	647	610	630	1,887
of which Triss Månadsklöver	178	610	630	1,417
Trade payables and other current liabilities	547	—	—	547
Settlement fund	126	—	—	126
Funded winnings	822	—	—	822
Other non-current liabilities	—	10	—	10
<b>Total</b>	<b>2,143</b>	<b>620</b>	<b>630</b>	<b>3,392</b>

Maturity structure of financial liabilities at 31 Dec. 2016	Within 1 year	Within 1–5 years	Later than 5 years	Total
Unpaid winnings	616	624	705	1,945
of which Triss Månadsklöver	180	624	705	1,509
Trade payables and other current liabilities	506	—	—	506
Settlement fund	185	—	—	185
Funded winnings	536	—	—	536
Other non-current liabilities	—	11	—	11
<b>Total</b>	<b>1,842</b>	<b>635</b>	<b>705</b>	<b>3,182</b>

**Note 11** Financial instruments**Financial assets, Group**

SEK million, 31 Dec. 2017	Financial assets measured at fair value in profit and loss				Total fair value
	Holdings for trading	Classified on the initial recognition date	Investments held to maturity	Loan and trade receivables	
Inflation-indexed bonds	—	952	—	—	952
Treasury bonds	—	564	—	—	564
Mortgage-based bonds	—	38	—	—	38
Zero-coupon bonds, commercial paper and deposits	—	—	401	—	401
Trade and other current receivables	—	—	—	626	626
Set off, National Debt Office	—	—	—	1,150	1,150
Cash and cash equivalents	—	—	—	3,517	3,517
<b>Total</b>					<b>7,249</b>

SEK million, 31 Dec. 2016	Financial assets measured at fair value in profit and loss				Total fair value
	Holdings for trading	Classified on the initial recognition date	Investments held to maturity	Loan and trade receivables	
Inflation-indexed bonds	—	1,113	—	—	1,113
Treasury bonds	—	521	—	—	521
Mortgage-based bonds	—	14	—	—	14
Zero-coupon bonds, commercial paper and deposits	—	—	755	—	755
Trade and other current receivables	—	—	—	583	583
Set off, National Debt Office	—	—	—	1,050	1,050
Cash and cash equivalents	—	—	—	3,150	3,150
<b>Total</b>					<b>7,186</b>

Fair value hierarchy, SEK million	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets recognised at fair value</b>								
Inflation-indexed bonds	952	—	—	952	1,113	—	—	1,113
Treasury bonds	564	—	—	564	521	—	—	521
Mortgage-based bonds	38	—	—	38	14	—	—	14

For the Group's entire financial investments in the other financial liabilities category, the fair value is deemed to match the carrying amount. Svenska Spel measures its inflation-indexed, mortgage-based and treasury bonds at fair value in profit and loss. Inflation-indexed, mortgage-based and treasury bonds are classified under value hierarchy 1 since they are measured at market prices.

The Group's security holdings in inflation-indexed bonds, mortgage-based bonds and treasury bonds pertaining to investments for the Triss Månadsklöver lottery, amounted to SEK 1,554 million (1,648), of which SEK 1,513 million (1,339) comprises the non-current portion and SEK 42 million (309) the current portion. Investments and sales totalled an expense of SEK 99 million (expense: 37) and the change in value was SEK 6 million (78).

## Note 11 cont.

Interest-rate risk, SEK million	Nominal value	Maturity date	Coupon rate, %
<b>Inflation-indexed bonds</b>			
3,110	272	1 June 2019	0.13
3,102	120	1 Dec. 2020	4.00
3,108	164	1 June 2022	0.25
3,109	93	1 June 2025	1.00
3,112	63	1 June 2026	0.13
3,104	32	1 Dec. 2028	3.50
3,111	23	1 June 2032	0.13
<b>Total</b>	<b>768</b>		
<b>Mortgage-based bonds</b>			
5,529	37	20 June 2018	2.00
<b>Total</b>	<b>37</b>		
<b>Treasury bonds</b>			
1052	88	12 Mar. 2019	4.25
1,047	90	1 Dec. 2020	5.00
1,054	92	1 June 2022	3.50
1,057	66	13 Nov. 2023	1.50
1,058	39	12 May 2025	2.50
1,059	43	12 Nov. 2026	1.00
1,060	28	12 May 2028	0.75
1,056	33	1 June 2032	2.25
1,053	17	30 Mar. 2039	3.50
<b>Total</b>	<b>496</b>		
	Nominal value	Maturity date	Effective interest rate, %
<b>Investments in zero-coupon bonds, commercial paper and deposits</b>			
Zero-coupon bonds	200	15 Oct. 2018	Stibor 3M + 0.75
Zero-coupon bonds	200	19 Nov. 2018	Stibor 3M + 0.75
<b>Total</b>	<b>400</b>		
<b>Cash and cash equivalents</b>	<b>3,517</b>		0.00

**Financial liabilities, Group**

SEK million, 31 Dec. 2017	Financial liabilities measured at fair value in profit and loss			Total fair value
	Holdings for trading	Classified on the initial recognition date	Other financial liabilities	
Unpaid winnings	—	1,417	470	1,887
of which Triss Månadsklöver	—	1,417	—	1,417
Trade payables and other current liabilities	—	—	547	547
Settlement fund	—	—	126	126
Funded winnings	—	—	822	822
Other non-current liabilities	—	—	10	10
<b>Total</b>				<b>3,392</b>

SEK million, 31 Dec. 2016	Financial liabilities measured at fair value in profit and loss			Total fair value
	Holdings for trading	Classified on the initial recognition date	Other financial liabilities	
Unpaid winnings	—	1,509	436	1,945
of which Triss Månadsklöver	—	1,509	—	1,509
Trade payables and other current liabilities	—	—	506	506
Settlement fund	—	—	185	185
Funded winnings	—	—	536	536
Other non-current liabilities	—	—	11	11
<b>Total</b>				<b>3,182</b>



## Note 11 cont.

Fair value hierarchy, SEK million	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities recognised at fair value</b>								
Unpaid winnings, Triss Månadsklöver	—	1,417	—	1,417	—	1,509	—	1,509

The Group's unpaid winnings pertaining to Triss Månadsklöver are valued under value hierarchy 2 since they are measured using observable market data. Unpaid winnings pertain to liabilities to winners in the Triss Månadsklöver game for future payments that Svenska Spel is obliged to perform. Cash flow is discounted with a yield curve that is calculated based on existing liquid, market-valued nominal Swedish treasury bonds.

Where Svenska Spel has guaranteed winners in the Triss Månadsklöver lottery inflation-indexed payments, the future cash flow is indexed up by the actual consumer price index (CPI) and the discount curve used is an inflation-indexed curve calculated based on existing liquid, market-valued inflation-indexed Swedish treasury bonds.

Interest-rate risk, SEK million	Nominal value, SEK million	Present value weighted real discount rate, %
<b>Unpaid winnings, Triss Månadsklöver, debt portfolio 1</b>		
Within 1 year	117	-2.60
Within 1-5 years	350	-2.33
More than 5 years	331	-1.40
<b>Unpaid winnings, Triss Månadsklöver, debt portfolio 2</b>		
Within 1 year	59	-0.80
Within 1-5 years	234	-0.39
More than 5 years	283	0.62
<b>Total</b>	<b>1,374</b>	

## Note 12 Trade and other current receivables

SEK million	Group		Parent Company	
	2017	2016	2017	2016
<b>Trade receivables</b>				
Receivables, gaming and lottery retailers	289	270	289	270
Receivables, Vegas partners	25	21	25	21
Other trade receivables	10	13	6	10
<b>Total</b>	<b>323</b>	<b>305</b>	<b>320</b>	<b>302</b>
<b>Other current receivables</b>				
Current receivables, customers' gaming account	273	254	273	254
Other current receivables	30	25	18	16
<b>Total</b>	<b>303</b>	<b>279</b>	<b>291</b>	<b>270</b>
<b>Total trade and other current receivables</b>	<b>626</b>	<b>583</b>	<b>611</b>	<b>572</b>

All trade receivables are due within 30 days. Doubtful trade receivables amounted to SEK 4.9 million (6.0); costs for losses on trade receivables amounted to SEK 2.5 million (1.0).

## Note 13 Prepaid expenses and accrued income

SEK million	Group		Parent Company	
	2017	2016	2017	2016
Prepaid retailer commissions	7	7	7	7
Accrued receivables	146	133	136	120
Other interim receivables	24	23	3	3
<b>Total</b>	<b>177</b>	<b>162</b>	<b>146</b>	<b>130</b>

**Note 14** Cash and cash equivalents

SEK million	Group		Parent Company	
	2017	2016	2017	2016
Cash and cash equivalents/cash and bank	3,517	3,150	3,366	2,992
of which collateral on deposit from retailers	2	4	2	4

**Note 15** Equity**Group****Share capital**

The registered share capital was 2,000 ordinary shares at 31 December 2017, at a quotient value of SEK 100 per share. Holders of ordinary shares are entitled to dividends that are determined by resolution of the AGM.

**Statutory reserve**

The Group has statutory reserves amounting to SEK 80,000 (80,000), of which SEK 40,000 (40,000) pertains to the Parent Company.

**Parent Company**

AB Svenska Spel is 100% owned by the Swedish State and is under the administration of the Ministry of Enterprise and Innovation.

**Non-restricted equity**

Non-restricted equity in the Parent Company is the amount available for distribution to equity holders. Non-restricted equity comprises retained earnings and net profit for the year after provisions to development expenditure reserves.

**Dividends to the owner, the Swedish State**

The owner, the Swedish State, disposes of the Parent Company's non-restricted equity. The Company's profit for the financial year is loaned interest-free to the Swedish State. Payments are made on a quarterly basis 31 July, 31 October, 15 February and with a final account against paid dividend following a decision of Svenska Spel's AGM.

For the 2016 profit, SEK 4,823 million (4,803) was paid to the Swedish State following the decision of the 2017 AGM. Of the resolved dividend, SEK 1,050 million was paid in advance in 2016, and the remaining SEK 3,773 million was paid in 2017. Over the course of 2017, SEK 1,150 million, relating to the profit for 2017, was loaned in advance to the State. Over the course of 2017, SEK 4,923 million was paid to the Swedish State.

**Note 16** Earnings per share

The calculation of earnings per share for 2017 is based on consolidated profit for the year of SEK 4,709 million (4,866) divided by the average number of shares outstanding. Earnings per share for 2017 totalled SEK 2,354,000

(2,433,000). The number of shares outstanding did not change during the year. No equity instruments have been issued that could lead to dilution of equity.

**Note 17** Unpaid winnings

Svenska Spel's liabilities to winners consist of current and non-current unpaid winnings. Winnings that are due within one year are current.

Non-current liabilities comprise unpaid winnings that belong to the winners of Triss Månadsklöver that are due after 1 year and may be paid out for up to 50 years.

SEK million	Group		Parent Company	
	2017	2016	2017	2016
<b>Current liabilities</b>				
Unpaid winnings, games and lotteries	470	436	470	436
Unpaid winnings, Triss Månadsklöver	178	180	178	180
<b>Total</b>	<b>647</b>	<b>615</b>	<b>647</b>	<b>615</b>
<b>Non-current liabilities</b>				
Unpaid winnings, Triss Månadsklöver 1–5 years	610	624	610	624
Unpaid winnings, Triss Månadsklöver >5 years	630	705	630	705
<b>Total</b>	<b>1,240</b>	<b>1,329</b>	<b>1,240</b>	<b>1,329</b>

**Note 18** Other non-current liabilities

SEK million	Group		Parent Company	
	2017	2016	2017	2016
Pension provisions	7	7	7	7
Retailer collateral	2	4	2	4
<b>Total</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>11</b>

**Retailer collateral**

In certain cases, AB Svenska Spel requires retailer collateral based on individual assessment of each retailer which is normally held for the duration the retailer is active, thereby making it a non-current liability.

**Pension provisions**

Pension provisions are calculated in the Parent Company according to the Pension Obligations Vesting Act and reported in the balance sheet as a non-current liability.

Commitments for defined-benefit old-age pensions and family pensions (alternative family pension) under the ITP 2 plan for salaried employees in Sweden are covered through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board UFR 10, Recognition of ITP 2 pension plan financed through insurance with Alecta, this is a multi-employer defined-benefit plan. For the 2017 financial year, the Company has not had access to the requisite information to allow reporting of its proportional share of the plan's obligations, plan assets and costs, which means that it was not possible to report the plan as a defined-benefit plan. Accordingly, the ITP 2 pension plan that is secured through an insurance in Alecta is reported as a defined-contribution plan. Premiums for the defined-benefit old-age pensions and family pensions are calculated on an individual basis and are influenced by items including salary, previously earned pension entitlements and remaining period of service. Expected fees for ITP 2 insurances with Alecta

for the next reporting period total SEK 30.7 million (30.0). The Group's share of total fees under the plan and the Group's share of the total number of active plan members amounted to 0.169% and 0.165% respectively (0.165 and 0.141 respectively).

Alecta manages large portions of the ITP plan, which are insured via Collectum. The collective consolidation level is determined as the market value of Alecta's assets as a percentage of insurance commitments calculated in line with Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective consolidation level is normally permitted to vary between 125% and 155%. If Alecta's collective consolidation level falls below 125% or exceeds 155%, measures must be taken to create the requisite conditions for the level of consolidation to return to normal. One possible measure with a low consolidation level is to raise the contractual price for new subscriptions and expansion of existing benefits. One possible measure with a high consolidation level is to lower premiums. At the end of 2017, Alecta's surplus in the form of the collective consolidation level was 1 preliminarily to 154% (148%). In 2017, costs for the Group's pension insurance amounted to SEK 73.6 million (71.2), of which those taken out with Alecta amounted to SEK 45.0 million (42.1).

Svenska Spel also has a smaller pension commitment through Svenska Spel's Pension Foundation. The funds at the disposal of the foundation do not fully cover the pension commitments. The difference is recognised as a non-current liability in the balance sheet.

**Note 19** Trade payables and other current liabilities

SEK million	Group		Parent Company	
	2017	2016	2017	2016
Trade payables	176	153	149	126
Current liabilities to gaming customers	273	254	273	254
Other current liabilities	98	99	65	68
<b>Total</b>	<b>547</b>	<b>506</b>	<b>487</b>	<b>447</b>

**Note 20** Settlement fund and funded winnings

50% of unclaimed winnings are placed in the settlement fund for games and lotteries and the remaining 50% are recognised as revenue. Withdrawals from the settlement fund are used for payment of unclaimed winnings (compensation claims) and repayments to winning participants in various games, for example to increase winnings frequency in lotteries for a specific campaign.

Funded winnings consist of winnings under the total winnings schedule per product and game but, which have yet to be won, for example, the build-up of a jackpot. Profits are allocated to the funds after the completion of games.

SEK million	Group		Parent Company	
	2017	2016	2017	2016
<b>Settlement fund</b>				
Opening provision	185	240	185	240
Change for the year	-59	-55	-59	-55
<b>Closing provision</b>	<b>126</b>	<b>185</b>	<b>126</b>	<b>185</b>
<b>Funded winnings</b>				
Opening provision	536	576	521	559
Change for the year	286	-41	286	-38
<b>Closing provision</b>	<b>822</b>	<b>536</b>	<b>807</b>	<b>521</b>

**Note 21** Accrued expenses and deferred income

SEK million	Group		Parent Company	
	2017	2016	2017	2016
Prepaid stakes for multi-week games	135	120	135	120
Employee-related expenses	88	83	49	47
Other interim liabilities	64	75	63	71
<b>Total</b>	<b>287</b>	<b>278</b>	<b>247</b>	<b>238</b>

**Note 22** Leasing**Operating lease agreements as lessee**

All lease agreements entered into by the Svenska Spel Group as a lessee are of an operational nature. The agreements mainly relate to the rental of office and casino premises as well as data centres. The Group's leasing costs amounted to SEK 72.6 million (68.4), of which SEK 62.7 million (64.6) pertained to rent on premises. The Parent Company's leasing costs for 2017 were SEK 42.2 million (38.4), of which SEK 35.7 million (33.1) pertained to rent on premises.

The lease for the casino in Sundsvall extends over a further 13 years, while the leases for the casinos in Gothenburg and Malmö extend over five years. The leases contain an indexing clause for the annual calculation of rental payments. The Parent Company's leasing costs pertain to office premises in Solna and office premises and data centres in Visby. The lease agreement in Solna extends for a further nine years and the agreements in Visby for a further four to eleven years.

Maturity structure of lease agreements for office and casino premises and data centres, SEK million	Group		Parent Company	
	2017	2016	2017	2016
Within 1 year	68	60	39	31
Within 1–5 years	271	227	155	111
More than 5 years	191	175	128	94
<b>Total</b>	<b>531</b>	<b>462</b>	<b>321</b>	<b>236</b>

**Operating lease agreements as lessor**

The Group's agreements as a lessor relate to the renting out of equipment to retailers. After five years, the annual revenue from operating lease agreements, pertaining to the renting out of equipment to retailers, is assessed to

amount to approximately SEK 65–70 million annually. Equipment comprising digital screens and retailer and lottery terminals are recognised as property, plant and equipment in Svenska Spel's balance sheet and have an estimated depreciation period of 3–5 years.

Maturity structure of digital screens and retailer and lottery terminals, SEK million	Group		Parent Company	
	2017	2016	2017	2016
Within 1 year	68	67	68	67
Within 1–5 years	272	269	272	269
<b>Total</b>	<b>340</b>	<b>336</b>	<b>340</b>	<b>336</b>

Carrying amounts of digital screens and retailer and lottery terminals, SEK million	2017	2016	2017	2016
	Opening cost	269	353	269
Purchases for the year and reversals	65	13	65	13
Sales for the year	–4	–97	–4	–97
<b>Closing cost</b>	<b>330</b>	<b>269</b>	<b>330</b>	<b>269</b>
Opening depreciation	–244	–319	–244	–319
Depreciation for the year	–22	–22	–22	–22
Sales for the year	4	97	4	97
<b>Closing depreciation</b>	<b>–262</b>	<b>–244</b>	<b>–262</b>	<b>–244</b>
<b>Carrying amount</b>	<b>68</b>	<b>25</b>	<b>68</b>	<b>25</b>

**Note 23** Pledged assets and future obligations

Pledged assets, SEK million	Group		Parent Company	
	2017	2016	2017	2016
Credit guarantees	30	30	30	30
<b>Total</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>

**Future obligations**

Company-specific contractual obligations in the Group primarily pertain to sponsorship agreements and television agreements and amounted to SEK 346 million (385) within one year, to SEK 289 million (440) within one to five years and no obligations extend for more than five years.

**Note 24** Affiliates**Group companies**

The delivery of services and products among Group companies is subject to commercial terms and conditions and market pricing. In 2017, the Parent Company purchased services from other Group companies at a value of SEK 0.0 million (0.0) and sold services to other Group companies at a value of SEK 4.8 million (6.4).

**State-owned companies**

During the year, the Group purchased services for substantial amounts from the following State-owned companies:

SEK million	2017	2016
PostNord AB	28.6	28.9
TeliaSonera AB	10.3	0.5
Vattenfall AB	8.0	8.1

**Swedish State**

According to a licence issued by the Government on 22 December 2004 to organise lotteries, under Other provisions, item 8.5, the Company's profit during the financial year shall be lent interest-free to the Swedish State (National Debt Office). Funds loaned are deducted from the dividend following a resolution by the Company's AGM. On 5 October 1998, Svenska Spel was granted exemption from the provisions in Chapter 21, Section 1 of the Swedish Companies Act with respect to the prohibition on loans. At year-end, funds on loan to the National Debt Office totalled SEK 1,150 million (1,050).

**Note 25** Participations in Group companies

Parent Company's participations in Group companies, SEK 000s	2017	2016
Opening cost	141,166	141,166
Acquisitions	200	—
<b>Closing accumulated cost</b>	<b>141,366</b>	<b>141,166</b>
Opening impairment <sup>1</sup>	-70,000	-70,000
Impairment for the year	—	—
<b>Closing accumulated impairment</b>	<b>-70,000</b>	<b>-70,000</b>
<b>Carrying amount</b>	<b>71,366</b>	<b>71,166</b>

1. Refers to the impairment of shares and participations in Svenska Spels Förvaltnings AB due to the carrying amount exceeding the consolidated net value.

Participations in subsidiaries	Corp. Reg. No.	Reg. office	Share of equity, %	Number of shares	Carrying amount, SEK 000s, Parent Company, 31 Dec. 2017	Carrying amount, SEK 000s, Parent Company, 31 Dec. 2016
Svenska Spels Förvaltnings AB	556597-7278	Visby	100	1,000	71,066	71,066
Casino Cosmopol AB	556485-4296	Stockholm	100	1,000	100	100
Svenska Spel Licens AB	559128-4731	Visby	100	2,000	200	—

Parent Company's participations in indirectly owned subsidiaries	Corp. Reg. No.	Reg. office	Share of equity, %	Number of shares
CC Casino Restaurang AB	556586-7016	Stockholm	100	1,000
Casino Cosmopol Fastighets AB	556598-3409	Stockholm	100	1,000

Profit from participations in Group companies, SEK million	Group		Parent Company	
	2017	2016	2017	2016
Anticipated dividend from Casino Cosmopol AB	—	—	443	495



## Note 26 Proposed distribution of profits

The following profit is at the disposal of the Annual General Meeting:

Non-restricted equity in the Parent Company, SEK	
Retained earnings	0
Change in development expenditure reserves	-3,127,284
Net profit for the year	4,694,546,376
<b>Total</b>	<b>4,691,419,092</b>

The Board of Directors and the CEO propose that the above amount be distributed as follows:

SEK	
To be paid for cultural purposes	87,898
To be paid to the shareholder	4,691,331,194
To be carried forward	0
<b>Total</b>	<b>4,691,419,092</b>

The Group's and Parent Company consolidated statement of comprehensive income and consolidated balance sheet will be presented for adoption at the AGM on 25 April 2018.

## Note 27 Events after the balance-sheet date

CEO Lennart Käll has announced his resignation from Svenska Spel. He will run his own business and take board assignments. Lennart Käll will remain as CEO until otherwise communicated, though no longer than to the summer of 2018.

## Annual Report signatures

The Board and CEO affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting standards (IFRS) as adopted by the EU and provide a fair and accurate overview of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting principles and provide a fair and accurate overview of the Parent Company's financial position and results.

The Directors' Report for the Group and Parent Company provides a fair and accurate overview of the Group and Parent Company's operations, position and results, and describes material risks and uncertainties faced by the Parent Company and the companies included in the Group.

The 2017 CSR Report has been approved for publication by the Board.

Visby, 15 March 2018

***Erik Strand***

Chairman of the Board

***Eivor Andersson***

Board member

***Eva-Britt Gustafsson***

Board member

***Carina Olson***

Board member

***Johan Strid***

Board member

***Hélène Westholm***

Board member

***Fredrik Åhlberg***

Board member

***Maria Schubert***

Board member/  
Employee representative

***Martina Ravn***

Board member/  
Employee representative

***Lina Vik***

Board member/  
Employee representative

***Lennart Käll***

President and CEO

Our Audit Report relating to this Annual Report was submitted on 15 March 2018

Deloitte AB

***Jonas Ståhlberg***

Authorised Public Accountant

# Auditor's Report

To the general meeting of the shareholders of AB Svenska Spel (publ) corporate identity number 556460-1812

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of AB Svenska Spel (publ) for the financial year 2017-01-01–2017-12-31 except for the corporate governance statement on pages 62–69. The annual accounts and consolidated accounts of the company are included on pages 46–100 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 62–69. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–45 and 101–108. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AB Svenska Spel (publ) for the financial year 2017-01-01–017-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our

opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

#### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 62–69 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm March 15 2018

Deloitte AB

*Jonas Ståhlberg*

Authorised Public Accountant



# Assurance Report

## AUDITOR'S LIMITED ASSURANCE REPORT ON AB SVENSKA SPEL'S SUSTAINABILITY REPORT

This is the translation of the auditor's report in Swedish.  
To AB Svenska Spel

### Introduction

We have been engaged by the Board of Directors of AB Svenska Spel to undertake a limited assurance engagement of AB Svenska Spel's Sustainability Report for the year 2017. The Company has defined the scope of the Sustainability Report on page 40.

### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT FOR THE SUSTAINABILITY REPORT

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 40 in the Sustainability Report, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

### Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance

engagement consists of making inquiries, primarily of individuals responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

### Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm March 15 2018

Deloitte AB

*Jonas Ståhlberg*  
Authorised Public Accountant

*Andreas Drugge*  
Expert member of FAR

## Five-year summary, Svenska Spel Group

Condensed income statement, SEK million	2017	2016	2015	2014	2013
Net gaming revenue	8,980	8,993	8,961	8,941	9,729
Other revenue	268	295	227	233	255
Direct costs in gaming operations, etc.	-1,475	-1,546	-1,583	-1,632	-1,917
<b>Net revenues from gaming operations, etc.</b>	<b>7,774</b>	<b>7,742</b>	<b>7,605</b>	<b>7,541</b>	<b>8,067</b>
Capitalised work for own account	17	31	38	62	50
Employee expenses	-1,095	-1,053	-1,024	-1,011	-995
Other external expenses	-1,764	-1,619	-1,521	-1,609	-1,674
Amortisation, depreciation and impairment intangible assets, property, plant and equipment	-226	-249	-307	-278	-246
<b>Operating profit/loss</b>	<b>4,705</b>	<b>4,851</b>	<b>4,791</b>	<b>4,705</b>	<b>5,202</b>
Interest and financial income	8	86	38	144	137
Interest, financial expenses and taxes	-5	-72	-26	-89	-72
<b>Net profit for the year</b>	<b>4,709</b>	<b>4,866</b>	<b>4,803</b>	<b>4,763</b>	<b>5,268</b>
<b>Key indicators</b>					
Customer satisfaction index (CSI)	68	68	67	69	64
Image, %	50	55	54	54	55
Awareness index, %	84	83	—	—	—
Operating margin, %	21.8	22.2	22.6	22.2	22.6
Earnings per share, SEK million	2.4	2.4	2.4	2.4	2.6
Equity ratio, %	56.4	58.4	57.2	57.2	61.5
Gaming and lottery retailers, number	5,118	5,213	5,248	5,423	5,742
Gaming locations with Vegas	1,640	1,695	1,802	1,952	2,287
<b>Other information</b>					
Proposed payment to the Swedish State	4,691	4,823	4,803	4,763	5,269

## Alternative performance measures

The Company presents financial measures not defined in accordance with IFRS. The Company feels that these measures provide valuable complementary information to the stakeholders and the Company's management as they enable assessment of sales and the owner's requirement that the operating margin should reach at least 22% over an economic cycle. Because not all companies calculate financial measures in the same way,

these are not always comparable with measures applied in other companies. Therefore, these financial measures should not be considered a replacement for measures defined in accordance with IFRS.

Financial measures not defined in accordance with IFRS are presented in the table.

Key indicators	Description	Application area
Gross gaming revenue	Customer stakes for all games and lotteries during the period, excluding stakes for multi-week games pertaining to future periods.	Revenue measure that shows the customers' stakes.
Net gaming revenue (no alternative performance measure)	Customers' stakes less winners' shares.	Revenue measure that shows the customers' stakes after paid-out winnings.
Direct costs in gaming operations, etc.	Commissions, compensation for paid-out winnings, cost of goods for restaurant operations and other revenue-related expenses.	Measure that shows the direct costs for the Group's products.
Net revenues from gaming operations, etc.	Net gaming revenue and other revenue less direct costs in gaming operations, etc.	Corresponds to gross profit and indicates the Company's surplus before operating expenses.
Operating margin	Operating profit as a percentage of total revenue (gross gaming revenue and other revenue).	The owner's goal is that operating margin should over the course of an economic cycle amount to at least 22%. Measure of cost-efficiency.
Equity ratio	Equity as a percentage of total assets.	Measure of the Company's solvency in the long term.

### Presentation alternative performance measures

SEK million	Group	
	2017	2016
Gross gaming revenue	21,350	21,525
Other revenue	268	295
<b>Total revenue</b>	<b>21,619</b>	<b>21,820</b>
Paid-out winnings	-12,371	-12,532
Direct costs in gaming operations, etc.	-1,475	-1,546
<b>Net revenues from gaming operations, etc.</b>	<b>7,774</b>	<b>7,742</b>
<b>Operating profit/loss</b>	<b>4,705</b>	<b>4,851</b>
<b>Operating margin</b> (operating profit/total revenue), %	<b>21.8</b>	<b>22.2</b>

SEK million	Group	
	2017	2016
Equity	4,752	4,866
Total assets	8,431	8,325
<b>Equity ratio</b> (equity/total assets), %	<b>56.4</b>	<b>58.4</b>

## Other terms

**Awareness index** Measures how large a proportion of Svenska Spel's customers are aware of their gaming behaviour and make conscious choices.

**Business partners** Restaurants and bingo halls offering gaming on Vegas VLTs on their premises in partnership with Svenska Spel.

**CSI** The customer satisfaction index measures Svenska Spel's level of customer satisfaction.

**EL – European Lotteries** An independent European association of State-owned gaming companies established in Europe.

**Employee Net Promoter Score (eNPS)** A measure to ascertain how willing the employees are to recommend their workplace to friends and acquaintances.

**GAM-GaRD** A tool used in the development of new products to identify the risks of problem gambling.

**Image rating** Percentage of Swedes who have expressed a positive view of Svenska Spel.

**Net gaming market** The total known Swedish gaming market in SEK, based on the total net gaming revenue of gaming companies.

**Net market share** The total known Swedish gaming market as a percentage, based on the total net gaming revenue of gaming companies.

**Player base** A term used in Svenska Spel's gaming survey that refers to the total underlying number of players.

**Playscan™** A tool on svenskaspel.se designed to proactively prevent problem gambling by identifying players at risk of developing gambling problems in the future.

**Promotion ban** Section 54 of the Swedish Lotteries Act states that those who unlawfully and in professional activities, or otherwise for acquisition purposes, intentionally promote participation in a lottery arranged outside Sweden, and if such promotion pertains to participation from Sweden, may be fined or imprisoned for a maximum of six months.

**PSI** The partner satisfaction index measures how satisfied our business partners/retailers are with Svenska Spel.

**Responsible gaming** Svenska Spel's responsible gaming requires that we pursue gaming operations that are enjoyable, safe and do not become excessive.

**Responsible gaming tools** Tools – such as Playscan™ – that help customers to maintain control of their gaming.

**Retailers** The retail chains, grocery stores, petrol stations, etc., that sell Svenska Spel's games and lotteries under agreement.

**SPER – The Ethical Council of the Gaming Industry** The Council wants all established gaming companies with permits to conduct gaming operations in Sweden to adopt a united approach on ethical matters.

**Sustainable development** A course of development that satisfies current needs without jeopardising future generations' abilities to satisfy their needs.

**Test purchases** Svenska Spel contracts an external supplier to make customer visits to retailers and business partners to check compliance with the rules related to age limits and identification checks. The customer visits are only conducted by individuals over the age of 18.

**UN's Global Compact** In brief, Global Compact aims to encourage companies to work with the issues of human rights and sustainable investments.

**WLA – World Lottery Association** A global industry organisation for State-owned lotteries and gaming companies from more than 80 countries on six continents.

**Work environment index** Includes measurement of health and workload, motivation, social climate and leadership as well as skills, resources and preconditions. If the employees are to perceive a good work environment and good preconditions for change and development, this requires a score of above 70 on a scale of 100.









# Info

## Calendar

### Interim reports in 2018

Q1 January–March	25 April 2018
Q2 January–June	19 July 2018
Q3 January–September	23 October 2018
Year-end report, January–December	Jan/Feb 2019

### Annual General Meeting

Svenska Spel's Annual General Meeting will be held on Wednesday 25 April 2018 in Visby on the island of Gotland, Sweden.

## 2017 Annual Report

For further information about the Annual Report, please contact Marie Loob, CFO and Executive Vice President  
Tel: +46 10 120 00 00

For other questions about Svenska Spel, please contact Lennart Käll, President and CEO  
Tel: +46 10 120 00 00

### About the Annual Report

The CSR report has been integrated into the sections in the Annual Report that describe operations. The Annual Report is also published on [www.svenskaspel.se](http://www.svenskaspel.se) under the "About Svenska Spel" tab, in English.

## Contact

### Svenska Spel's Customer Service

Open 24 hours each day  
Telephone +46 (0)770 11 11 11 (local call cost)  
[www.svenskaspel.se](http://www.svenskaspel.se)  
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### AB Svenska Spel's Head Office

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Visiting address: Norra Hansegatan 17, Visby

### AB Svenska Spel

SE-106 10 Stockholm  
Visiting address: Evenemangsgatan 17, Solna

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[sundsvall@casinocosmopol.se](mailto:sundsvall@casinocosmopol.se)

### Svenska Spel on social media

[facebook.com/svenskaspel](https://facebook.com/svenskaspel)  
[blogg.svenskaspel.se](http://blogg.svenskaspel.se)  
[linkedin.com/svenskaspel](https://linkedin.com/svenskaspel)  
[twitter.com/SvSpel\\_samhalle](https://twitter.com/SvSpel_samhalle)  
[twitter.com/svenskaspel](https://twitter.com/svenskaspel)  
[Instagram.com/viarsvenskaspel](https://Instagram.com/viarsvenskaspel)  
[Instagram.com/svenskaspel](https://Instagram.com/svenskaspel)

### Press

Newsroom: [media.svenskaspel.se](mailto:media.svenskaspel.se)

## *Svenska Spel's customer promise*

We are convinced that the best gaming experience is entertaining, safe and secure. We are available on all modern platforms and our customer service is open and staffed 24 hours a day. **We call this accessibility.**

With our broad range of unique games, we promise a moment of entertainment, dreams, thrills and the chance to win. Together with others, if you want. **We call this gaming enjoyment.**

We will support you and give you the tools you need to monitor your gaming behaviour. We put your questions and your gaming security ahead of our own profits. **We call this responsible gaming.**

