

INTERIM REPORT

1 JANUARY – 31 MARCH 2018



FROM AB TRAV OCH GALOPP (ATG).

PUBLISHED 25 APRIL 2018

CONTINUED GROWTH AND POSITIVE EARNINGS

Q1 in Summary

- Betting turnover in Sweden amounted to MSEK 3,197.3 (3,118.7).
- Net turnover amounted to MSEK 990.4 (962.1).
- Funds to trotting and thoroughbred racing amounted to MSEK 399.6 (363.1).
- Lottery tax for the period was MSEK 347.3 (337.9).
- Profit for the period amounted to MSEK 11.4 (13.1).

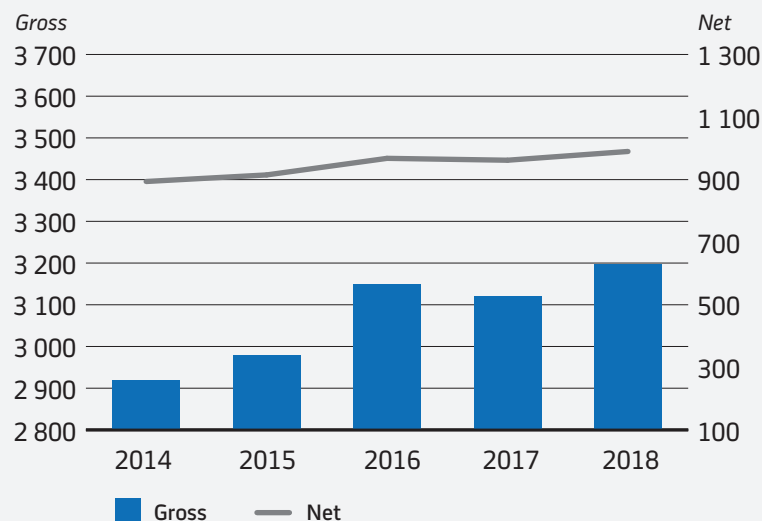
Key events during the quarter

- The V75 Spring Race with four V75 meetings over four days was held for the first time over the Easter weekend. It concluded with a multijackpot on the first day of the second quarter, 1 April.
- The Harry Boy offering was expanded with Favorit-Harry and Chans-Harry.
- Per Gutesten was appointed as the new IT Manager effective 22 January.

Key financial performance measures, Group	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Net turnover	990.4	962.1	4,209.4
Operating result, MSEK	771.1	727.1	3,372.1
Operating margin, %	77.9%	75.6%	80.1%
Funds to trotting and thoroughbred racing, MSEK	399.6	363.1	1,757.9
Lottery tax, MSEK	347.3	337.9	1,466.3
Profit after tax, MSEK	11.4	13.1	99.0
Total assets, MSEK	1,671.5	1,409.3	1,746.7
Shareholders' equity, MSEK	682.5	585.2	671.1
Shareholders' equity per share, SEK	1,706.2	1,463.0	1,677.8
Equity/assets ratio, %	40.8%	41.5%	38.4%
Cash flow from operating activities, MSEK	-8.6	-58.3	101.2

ATG's TURNOVER

Q1, 2014–2018, MSEK





Q1 2018 – A GOOD START OF A NEW YEAR

Comments from the CEO

The positive trend we have experienced for betting on horse racing is continuing and, once more, we can note — that the interest in betting on horse racing has never been greater.

In terms of turnover, Q1 2018 was the best ever first quarter in ATG's history, up 2.5 per cent year-on-year. A pleasing figure given that ATG is the engine for the Swedish horse industry, and almost 90 per cent of the total revenue for trotting and thoroughbred racetracks comes from ATG and betting on horses.

Our customers won BSEK 2.2. Once again, the highest figure for a first quarter in ATG's history.

In the first quarter, funds to our owners, the Swedish Trotting Association and Swedish Jockey Club, increased 10 per cent — to a record of MSEK 400 — at the same time as we topped up our retained earnings with MSEK 11.4 to a total of MSEK 682.2. In 2018, we will distribute just over BSEK 2 to trotting and thoroughbred racing.

Our three major betting days — Wednesdays (V86), Saturdays (V75) and Sundays (Grand Slam 75) — continue to attract numerous customers. We have also grown 5.6 per cent year-on-year in terms of membership numbers to a total of just over 510,000 members.

With regard to the new licence market for gambling and betting, a major milestone was passed when the Minister for Public Administration Ardalan Shekarabi submitted a new bill to the government for a new betting and gambling act early April. On 7 June 2018, the Swedish parliament is expected to approve the act of legislation and the new licence market is planned to be in place by 1 January 2019. We are looking forward to this coming to fruition. At the moment, we are working flat out at ATG to be ready to meet new and old customers at midnight on New Year's Eve.

Now it's full speed ahead in our daily operations to fulfill our vision of becoming the Nordic region's largest and most profitable betting company in a global market. ATG's vision is to promise the most engaging betting experience and meeting place to our customer.

The first quarter numbers indicate that we are well on our way.

Hans Skarplöth
Managing Director and Group CEO



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Q1 2018

Turnover

Swedish turnover in Q1 was MSEK 3,197 (3,119), up 2.5%. In terms of sales, this was the best quarter ever. The quarter included four more V75 jackpots than the comparative quarter.

Q1 turnover by betting product

MSEK	
V-Bets (V75, V86, V64, V5, V4, V3 and Grand Slam 75)	2,121 (1,989)
Other horse racing products (Win, Show, Daily Double, Lunch Double, Trifecta, Quinella, Exacta and Top 7)	1,022 (1,076)
Games of chance (VR and Boost)	54 (54)
SWEDISH BETTING TURNOVER	3,197 (3,119)

Net turnover in Q1 was MSEK 990 (962), which represents an increase of 2.9% compared to the same period last year. International turnover amounted to MSEK 525 (558), down 5.9%. The decline was mainly attributable to gambling in Norway.

Total turnover for Swedish and international betting was MSEK 3,722 (3,677), up 1.2%. An improved customer offering has also resulted in an increase in the number of members of 5.6% to 510,000 members.

The growth resulted in the highest ever total pools and winnings payouts to customers.

Expenses

Expenses for the quarter totalled MSEK 363 (380), which represents a decrease of MSEK 17. Personnel expenses increased slightly, which is in line with our plan for continued growth. Other expense items remain flat compared to the same period last year. Capitalised work for own account is included as part of investing activities. The increase in our intangible investments has a positive effect on the expenses.

Net expenses for the quarter amounted to MSEK 219 (235), which corresponded to 22.1% (24.4) of net turnover.

Funds to the sport, commitment pursuant to agreement with the State and lottery tax

ATG's expense for Funds to trotting and thoroughbred racing in the quarter amounted to MSEK 400 (363). The increase was in line with the agreed contribution for the year.

In Q1, ATG paid MSEK 12.5 (12.5) to the Swedish Horse Industry Foundation and Lottery tax for the period amounted to MSEK 347 (338). The tax rate is 35% of net turnover.

Earnings

Earnings for the period amounted to MSEK 11.4 (13.1)

Investments

Investments during the period mainly consists of exchange and development of technical existing betting products and new development of digital channels. The pace of investment has increased and during the quarter, the Group invested MSEK 68 (40).

Cash flow

Cash flow from operating activities amounted to MSEK -9 (-58). Cash flow from investing activities amounted to MSEK -75 (-40). Cash flow for the period amounted to MSEK -85 (-100). The change was mainly attributable to an increase in the investment volume. Total cash and cash equivalents at the end of the period amounted to MSEK 403 (488).

Financial position

At 31 March, the Group's net loan receivables totalled MSEK 531 (615). ATG's undrawn credit facility amounted to MSEK 15 (15). The Group's total assets amounted to MSEK 1,672 (1,409).

OTHER DISCLOSURES

Personnel

The average number of employees in the period was 343 (305). ATG is in the middle of a growth phase, which is reflected in the need to recruit more staff.

Seasonal effects

Sales have historically shown certain seasonal variations. There are a number of reasons for this variation, including planning of the trotting and thoroughbred racing calendar, the number of V75 Saturdays, national holidays and ATG's offering to the market.

Number of scheduled V75 in the quarter

	Q1	Q2	Q3	Q4	TOTAL
2018	12	14	13	14	53
2017	12	13	14	13	52
2016	13	13	13	14	53
2015	13	13	13	13	52



Related-party transactions

No transactions that significantly affected the company's position and income have taken place during the period.

Events after the reporting period

On 5 April 2018, the government decided to submit Bill 2017/18:220, a re-regulated gambling market, to the Swedish parliament for decision in June 2018. In all material respects the bill corresponds to ATG's expectations and purposes.

Parent Company

The Group consists of the Parent Company, Aktiebolaget Trav och Galopp (556180-4161), and the wholly owned subsidiary Kanal 75 AB (556578-3965). 100% (100) of the consolidated net turnover was generated by the Parent Company.

Outlook

ATG expects the Swedish betting market to continue to grow in 2018. The strongest factor that correlates with the gambling market's increased turnover is the rise in disposable household income.

New legislation governing the Swedish betting and gambling market is being formulated and is expected to enter force on 1 January 2019.

Significant risks and uncertainties

ATG's operations entail risks and uncertainties that, to varying degrees, can impact the company negatively. In the short and the long term, operational, financial and compliance-related risks can impact the possibility of achieving the goals under the business plan. By working with risk management, the risks can be identified and good internal governance and

control can be ensured. Risk management is an integral part of the processes for planning and analyzing operations within ATG. The material risks and uncertainties are assessed as corresponding to those described in the last annual report. For a comprehensive description of ATG's risks and uncertainties and the management of these, refer to pages 14-16 of the 2017 Annual Report.

The Board of Directors and the CEO hereby give their assurance that this interim report provides a fair overview of the Parent Company's and the Group's operations, financial position and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, 25 April 2018

Mats Denninger, Chairman of the Board
Hans Ljungkvist, Deputy Chairman
Marjaana Alaviuhkola, Board member
Arendt Cederqvist, Board member
Petra Forsström, Board member
Bo Netz, Board member
Mats Norberg, Board member
Lars Nordström, Board member
Susanna Rystedt, Board member
Karin Strömberg, Board member
Anne Wartin, Board member
Marianne Martinsson, Board member employee representative
Hans Skarplöth, Managing Director and Group CEO

This interim report has not been subject to review by the company's auditors.

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FROM AB TRAV OCH GALOPP (ATG).

PUBLISHED 25 APRIL 2018

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

MSEK	Note	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Net turnover	3	990.4	962.1	4,209.4
Other income		143.9	144.6	623.3
Capitalised work for own account		26.1	7.2	47.7
Personnel expenses		-77.3	-67.0	-292.7
Other external expenses		-259.7	-268.6	-1,020.3
Other expenses		-24.5	-23.7	-97.7
Depreciation, amortisation and impairment of PPE and intangible assets		-27.8	-27.5	-97.6
Operating result		771.1	727.1	3,372.1
Result from financial items		-0.3	-0.5	1.2
Result before tax and funds to horse racing		770.8	726.6	3,373.3
Funds to trotting and thoroughbred racing		-399.6	-363.1	-1,757.9
Commitment pursuant to agreement with the State		-12.5	-12.5	-50.0
Result before tax		358.7	351.0	1,565.4
Income tax		-	-	-0.1
Lottery tax		-347.3	-337.9	-1,466.3
Result for the period		11.4	13.1	99.0
Other comprehensive income for the period		-	-	-
Other comprehensive income for the period, net after tax		-	-	-
Total comprehensive income for the period attributable to Parent Company shareholders		11.4	13.1	99.0
Earnings per share, SEK				
Before and after dilution ¹⁾		28.6	32.8	247.5
Number of shares, thousand				
Average number of shares outstanding		400	400	400

1) No dilution occurred during the reporting period.

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FROM AB TRAV OCH GALOPP (ATG).

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Condensed consolidated statement of financial position

MSEK	Note	31 Mar 2018	31 Mar 2017	31 Dec 2017
Fixed assets				
Intangible assets		429.8	300.2	385.7
Property, plant and equipment		184.5	164.6	188.3
Financial assets	2	85.3	101.4	78.4
Total fixed assets		699.6	566.2	652.4
Current assets				
Accounts receivable		35.7	12.5	45.6
Receivables from Group companies		145.5	70.2	109.3
Other receivables		322.8	237.4	381.6
Prepaid expenses and accrued income		65.1	35.5	70.2
Cash and cash equivalents		402.8	487.5	487.6
Total current assets		971.9	843.1	1,094.3
TOTAL ASSETS		1,671.5	1,409.3	1,746.7
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity attributable to Parent Company shareholders				
Share capital		40.0	40.0	40.0
Other contributed capital		-39.7	-39.7	-39.7
Retained earnings		682.2	584.9	670.8
Total shareholders' equity		682.5	585.2	671.1
Long-term liabilities				
Liabilities to credit institutions	2	29.9	34.1	31.1
Deferred tax liability		0.1	0.1	0.1
Total long-term liabilities		30.0	34.2	31.2
Current liabilities				
Accounts payable		90.0	56.8	139.4
Liabilities to Group companies		128.2	67.6	88.8
Liabilities, account customers		287.6	226.7	271.4
Current tax liabilities		0.1	0.1	0.1
Lottery tax		123.2	112.8	147.6
Current provisions		13.4	31.9	11.4
Other current liabilities		182.3	138.5	239.3
Accrued expenses and deferred income		134.2	155.5	146.4
Total current liabilities		959.0	789.9	1,044.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,671.5	1,409.3	1,746.7

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Consolidated statement of changes in equity

MSEK	Share capital	Other contributed capital	Retained earnings	Total shareholders' equity
Shareholders' equity, 1 January 2017	40.0	-39.7	571.8	572.1
Result for the year			13.1	13.1
Other comprehensive income				
Shareholders' equity, 31 March 2017	40.0	-39.7	584.9	585.2
Shareholders' equity, 1 January 2018	40.0	-39.7	670.8	671.1
Result for the year			11.4	11.4
Other comprehensive income				
Shareholders' equity, 31 March 2018	40.0	-39.7	682.2	682.5

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Condensed consolidated statement of cash flow

MSEK	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Operating activities			
Operating result	771.1	727.1	3,372.1
Adjustments for non-cash items			
Depreciation, amortisation and impairment of PPE and intangible assets	27.8	27.5	97.6
Change in provision	2.0	2.7	-17.8
Other items	–	–	-10.8
Funds to trotting and thoroughbred racing	-422.7	-378.4	-1,758.3
Commitment pursuant to agreement with the State	-12.5	-12.5	-50.0
Interest received	0.4	0.1	3.5
Interest paid	-0.7	-0.6	-2.3
Income tax paid	–	–	-0.1
Lottery tax paid	-371.7	-365.4	-1,464.2
Cash flow from operating activities before changes in working capital	-6.3	0.5	169.7
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in receivables	37.6	159.6	-91.5
Increase (+)/Decrease (-) in liabilities	-39.9	-218.4	23.0
Cash flow from operating activities	-8.6	-58.3	101.2
Investing activities			
Purchase of intangible assets	-58.0	-24.2	-141.6
Purchase of PPE	-10.1	-15.6	-77.5
Increase/Decrease in long-term receivables	-6.9	0.2	23.2
Cash flow from investing activities	-75.0	-39.6	-195.9
Financing activities			
Repayment of loans	-1.3	-1.9	-7.7
Increase/Decrease in long-term liabilities	0.1	–	2.8
Cash flow from financing activities	-1.2	-1.9	-4.9
Cash flow for the period	-84.8	-99.8	-99.6
Opening cash and cash equivalents	487.6	587.3	587.3
Exchange-rate differences in cash and cash equivalents	–	–	-0.1
Closing cash and cash equivalents¹⁾	402.8	487.5	487.6

1) Of closing cash and cash equivalents, MSEK 261.4 (223.1) derived from funds held in trust that belong to account customers.

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Condensed Parent Company income statement

MSEK	Note	Jan–Mar 2018	Jan–Mar 2017	Jan–Dec 2017
Net turnover	3	990.4	962.1	4,209.4
Other operating income		87.7	86.3	393.8
Capitalised work for own account		26.1	7.2	47.7
Personnel expenses		-66.2	-57.8	-252.3
Other external expenses		-222.5	-226.0	-857.3
Other operating expenses		-24.5	-23.6	-97.7
Depreciation, amortisation and impairment of PPE and intangible assets		-20.6	-21.7	-73.2
Operating result		770.4	726.5	3,370.4
Result from financial items		0.3	–	2.8
Result before tax and funds to horse racing		770.7	726.5	3,373.2
Funds to trotting and thoroughbred racing		-399.6	-363.1	-1,757.9
Commitment pursuant to agreement with the State		-12.5	-12.5	-50.0
Result before tax		358.6	350.9	1,565.3
Lottery tax		-347.3	-337.9	-1,466.3
Result for the period		11.3	13.0	99.0

The Parent Company had no items in 2018 and 2017 that were recognised in other comprehensive income. Profit for the year for the Parent Company is thus the same as comprehensive income for the year.

Accordingly, the Parent Company is not presenting a separate "Statement of comprehensive income"

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Condensed Parent Company balance sheet

MSEK	31 Mar 2018	31 Mar 2017	31 Dec 2017
Fixed assets			
Intangible assets	411.7	277.6	366.8
Property, plant and equipment	73.5	78.5	75.1
Financial assets	85.4	101.5	78.5
Total fixed assets	570.6	457.6	520.4
Current assets			
Accounts receivable	31.5	9.8	39.4
Receivables from Group companies	205.4	100.2	163.3
Other receivables	322.2	223.3	381.0
Prepaid expenses and accrued income	64.6	33.7	69.0
Cash and bank balances	402.8	487.5	487.6
Total current assets	1,026.5	854.5	1,140.3
TOTAL ASSETS	1,597.1	1,312.1	1,660.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity	198.7	113.8	203.2
Non-restricted equity	482.1	469.8	466.3
Total shareholders' equity	680.8	583.6	669.5
Current liabilities			
Accounts payable	73.3	39.6	109.6
Liabilities to Group companies	136.3	67.6	99.3
Liabilities, account customers	287.6	226.7	271.4
Lottery tax	123.2	112.8	147.6
Current provisions	13.4	31.9	11.4
Other current liabilities	168.5	115.3	226.4
Accrued expenses and deferred income	114.0	134.6	125.5
Total current liabilities	916.3	728.5	991.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,597.1	1,312.1	1,660.7

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GROUP KEY PERFORMANCE MEASURES

Key performance measures calculated in accordance with IFRS	Jan-Mar 2018	Jan-Mar 2017	Jan-Mar 2016	Jan-Mar 2015***	Jan-Dec 2017	Jan-Dec 2016
Net turnover, MSEK	990.4	962.1	968.1	915.1	4,209.4	4,085.8
Result for the period, MSEK	11.4	13.1	58.3	71.7	99.0	8.6
Earnings per share, SEK	28.6	32.8	145.8	179.3	247.4	21.6
Key performance measures not calculated in accordance with IFRS						
EBITDA, MSEK	798.9	754.6	781.3	786.1	3,469.7	3,301.8
Operating result, MSEK	771.1	727.1	760.1	762.5	3,372.1	3,203.3
Operating margin, %	77.9%	75.6%	78.5%	83.3%	80.1%	78.4%
Net loan receivables, MSEK	531.0	614.6	689.7	635.8	668.3	742.5
Debt/equity ratio, multiple	1.4	1.4	1.1	1.1	1.6	1.9
Profit before tax, MSEK	358.7	351.0	412.6	404.0	1,565.4	1,449.3
Equity/assets ratio, %	40.8%	41.5%	48.4%	47.2%	38.4%	34.5%
Shareholders' equity, MSEK	682.5	585.2	621.8	609.3	671.1	572.0
Shareholders' equity per share, SEK	1,706.2	1,463.0	1,554.5	1,523.3	1,677.8	1,430.0
Return on total capital, %	0.7%	0.9%	4.5%	5.6%	5.7%	0.5%
Return on equity, %	1.7%	0.6%	4.9%	6.3%	15.9%	1.5%
Cash flow from operating activities, MSEK	-8.6	-58.3	**	**	101.2	172.2
Cash flow from operating activities per share, SEK	-21.5	-145.8	**	**	252.9	430.5
Key operational performance measures						
Funds to trotting and thoroughbred racing, MSEK	399.6	363.1	346.9	357.1	1,757.9	1,705.3
Turnover, MSEK	3,197.3	3,118.7	3,147.6	2,995.5	13,651.0	13,277.4
Average number of employees	343	305	293	272	321	299

* Key performance measures from Q1 2016 and earlier are based on the previous accounting policies.

** No consolidated statement of cash flow was prepared for the period.

*** Key performance measures from 2015 are based on the previous accounting policies. Definitions are shown on page 14.



Note 1 Accounting policies

General information

Aktiebolaget Trav och Galopp (ATG), with company registration number 556180-4161, is the Parent Company of the ATG Group. Aktiebolaget Trav och Galopp AB has its registered office in Stockholm, under the address SE-161 89 Stockholm.

The operations of the Parent Company ATG are intended to safeguard the long-term development of trotting and thoroughbred racing through a responsible gambling offering. The mission has been formulated by the company's owner, trotting and thoroughbred racetracks, and the State, which regulates the company's operations. All amounts are stated in millions of Swedish kronor (MSEK), unless otherwise stated. Amounts within parentheses pertain to the preceding year.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. ATG applies the International Financial Reporting Standards (IFRS) as adopted by the EU, RFR 1 "Supplementary Accounting Rules for Groups" and the Annual Accounts Act. The Parent Company's financial statements are prepared in accordance with RFR 2, "Accounting for Legal Entities" and the Annual Accounts Act.

This interim report has been prepared pursuant to the accounting policies and calculation principles set out in the 2017 Annual Report on pages 37–45, together with the following exceptions.

New and amended accounting standards

Two new accounting standards became effective as of 1 January 2018: IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. ATG has analysed the effects of the new accounting standards and found that they have no material impact on the Group's financial position beyond the new disclosure requirements.

IFRS 9 Financial instruments

IFRS 9 replaces IAS 39. IFRS 9 brings together all aspects of the recognition of financial instruments and updates the classification, measurement and impairment of financial instruments. Under IFRS 9, the classification and measurement of financial assets is based on the company's business model and the asset's contractual cash flows. Impairment is based on expected credit losses instead of incurred credit loss events. ATG does not apply hedge accounting. For ATG, the most significant impact from the application of IFRS 9 is that impairment losses for accounts receivable will be calculated based on lifetime expected credit losses instead of, as per the previous standard, when objective information shows that the Group will not receive full payment. The transition to the new standard has not had any material impact

on earnings or shareholders' equity for the period. ATG has made the assessment that an exception for retroactive application is possible and, accordingly, the comparative figures in the financial reports for 2018 are based on previous policies.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is a comprehensive policy-based standard for all revenue recognition regardless of the type of transaction or industry, which replaces all previously issued standards and interpretations that apply to revenue recognition. According to IFRS 15, revenue is recognised when the customer gains control of the sold product or service instead of when significant risks and benefits have been transferred to the customer. ATG has analysed the Group's revenue streams based on a five-step model to document the transition, to describe the effect on the financial accounts and to establish how revenue should be recognised. ATG's revenue derives from betting on horses and is recognised when the results of trotting and thoroughbred races have been confirmed following the completion of races. ATG acts as an agent and recognises net revenue, based on the stakes placed by gamblers (Swedish betting turnover) less winners' shares plus an amount for rounding-off to the nearest whole krona and winnings not redeemed by customers. Under IFRS 15, a customer of ATG is a party that has entered into a contract with ATG for betting services. Customers mainly comprise private individuals in Sweden. The transition to IFRS 15 has been conducted with a prospective/retrospective transition approach and the comparative figures in the financial reports for 2018 have not been restated. The implementation has not resulted in any impact on ATG's revenue recognition.

Forthcoming accounting standards

IFRS 16 Leases

The new lease standard IFRS 16 replaces IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease and related rules. The standard will apply from 1 January 2019. The new standard means that the lessee must recognise all contracts that meet the definition of a lease, except lease contracts for less than 12 months and contracts for assets of individually low value, under assets and liabilities in the statement of financial position. Accordingly, contracts that are currently recognised as operating leases will be recognised in the balance sheet and, as a consequence, the current operating expense (lease fees for the period) will be replaced by depreciation and interest expense in the income statement. IFRS 16 is expected to effect ATG's financial reports. Operating result will improve, net financial items will deteriorate and total assets will increase. Cash flow from leases will be transferred from operating activities to financing activities. ATG has started making an inventory and an analysis of existing leases, and is reviewing any need for system support. ATG will not apply the standard in advance.

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Note 2 Financial instruments

Disclosures pertaining to the fair value of lending and borrowing as follows:

	CARRYING AMOUNT			FAIR VALUE		
	31 MAR 2018	31 MAR 2017	31 DEC 2017	31 MAR 2018	31 MAR 2017	31 DEC 2017
Other long-term receivables	85.3	101.4	78.4	85.3	101.4	78.4
Liabilities to credit institutions	29.9	34.1	31.1	29.9	34.1	31.1
Total long-term lending and borrowing	115.2	135.5	109.5	115.2	135.5	109.5

Current assets and liabilities have short remaining maturities, which means that the difference between recognised value and fair value is not material.

Note 3 Net and gross turnover

Turnover is allocated as follows:

	Jan-Mar 2018	Jan-Mar 2017	Jan-Dec 2017
Gross turnover by betting product			
V-Bets (V75, V86, V64, V5, V4, V3 and Grand Slam 75)	2,121.4	1,988.7	8,588.0
Other products involving horse racing (Win, Show, Daily Double, Lunch Double, Trifecta, Quinella, Exacta and Top 7)	1,021.8	1,076.2	4,842.4
Games of chance (VR and Boost)	54.1	53.9	220.6
Swedish betting turnover	3,197.3	3,118.7	13,651.0

Net turnover by sales channel	Jan-Mar 2018				Jan-Mar 2017			
	Store*	E-channel	Other	Total	Store*	E-channel	Other	Total
Swedish betting turnover	1,219.2	1,978.1		3,197.3	1,329.5	1,789.2		3,118.7
Pay-out to customers	-835.2	-1,382.5		-2,217.7	-913.6	-1,254.6		-2,168.2
Unredeemed	10.0			10.0	10.3			10.3
Rounding-off to the nearest whole krona			0.8	0.8			1.3	1.3
Net turnover	394.0	595.6	0.8	990.4	426.2	534.6	1.3	962.1

* Including racetrack.

No single customer accounts for more than 10% of turnover.

Turnover pertains in its entirety to the Swedish market.

INTERIM REPORT

1 JANUARY – 31 MARCH 2018

FROM AB TRAV OCH GALOPP (ATG).

PUBLISHED 25 APRIL 2018



DEFINITIONS

Performance measures

ATG prepares its financial statements according to IFRS. Because IFRS defines only a few performance measures, ATG has decided to use additional performance measures that provide valuable information when assessing ATG's operations.

Net revenue Net turnover less pay-outs to customers, rounding-off to the nearest whole krona and unredeemed winnings.

Swedish betting turnover Total funds bet by Swedish customers on trotting and thoroughbred racing during the period.

Pay-out to customers The nominal total of betting turnover paid out to customers.

Unredeemed winnings Winnings not redeemed by the winner within 90 days and which therefore accrue to ATG.

Sales growth Sales increase or decrease expressed as a percentage.

EBITDA Operating profit before depreciation and impairment losses.

Operating margin Operating result after depreciation, amortisation and impairment losses as a percentage of net turnover.

Net expenses Operating profit less net turnover.

Lottery tax According to the Gambling Tax Act (1991:1482), ATG pays a lottery tax of 35 per cent of net revenue.

Funds to trotting and thoroughbred racing The financial funding that ATG pays to Swedish trotting and thoroughbred racing. Includes payments to central associations and race tracks and also funds paid to breeders and horse owners.

Commitments according to agreements with the State Payment from ATG that the owners (the Swedish Trotting Association and the Swedish Jockey Club) have undertaken to make according to agreements with the State. MSEK 50 is paid annually to the Swedish Horse Industry Foundation.

Earnings per share Net profit divided by average number of shares, which amounts to 400,000 for the periods covered by the report.

Equity/assets ratio Shareholders' equity divided by total assets expressed as a percentage.

Net debt Interest-bearing liabilities and provisions less financial assets including cash and cash equivalents.

Debt/equity ratio Interest-bearing liabilities divided by shareholders' equity.

Shareholders' equity per share Shareholders' equity divided by average number of shares, which amounts to 400,000 for the periods covered by the report.

Return on total capital Profit after tax divided by total assets expressed as a percentage.

Return on equity Profit after tax divided by average shareholders' equity expressed as a percentage.

Cash flow from operating activities per share, SEK Cash flow from operating activities divided by average number of shares, which amounts to 400,000 for the periods covered by the report.

Number of million-krona wins Number of wins, Swedish customers' winnings, combinations resulting in wins of at least MSEK 1.

Number of members An active member is a customer who has placed at least one winnings-monitored/registered bet over the past year.

Average number of employees The average number of employees in the report period.

Operational definitions

Active horse racing participants Refers to everyone involved in trotting and thoroughbred racing, such as horse owners, trainers, drivers and jockeys, grooms and breeders.

Anti Money Laundering (AML) Work to counter money laundering.

ATG stores The stores that supply ATG's products.

Base amount ATG pays out funds for the operation of Sweden's 37 trotting and thoroughbred racetracks in accordance with a calculation model based on parameters that impact the operating cost of the tracks.

Camp inspections Inspections of the training facilities and stables of licenced trotting trainers conducted by trained inspectors.

Data protection Protection of personal data to respect the integrity, privacy and family life of individuals.

Driving Actions taken by drivers or riders to increase the speed of the horse.

Gamgard Tool used in the development of new products to identify risks in respect of the gambler.

International net Net of commission income, commission expenses and operating costs for ATG's international operations.

ISO 27000 International standard for information security.

Licence Permit to conduct operations. In the case of ATG, this refers to a permit from the Government to arrange betting in connection with trotting and thoroughbred races. Regulates which betting products may be offered and the terms on which they may be offered.

Swedish Gambling Authority The authority that ensures that lotteries, casino games and other betting operations in Sweden are conducted legally, securely and reliably.

Members Customers that are registered in ATG's customer database, where they can place bets and follow our live broadcasts and their bets.



DEFINITIONS CONTINUED

Unredeemed Winnings that are not redeemed.

Agent Retailers of ATG's betting products in stores.

Independent Gaming Collaboration (OSS) An association of the regulated companies in the betting industry, the National Association for Gambling Addicts, the Swedish Gambling Authority, the Helpline and the Public Health Agency, whose mission is to enable an exchange of knowledge and experience on matters involving responsible betting.

Pools For each betting product and race, the turnover for all betting products purchased are totalled in a pool, which is then distributed to the winners after deductions have been made.

Compensation for prize money ATG pays compensation to the racetracks that is then used to pay for the prize money for races.

National Association for Gambling Addicts A non-party-political and non-religious federation of gambling addiction associations that works to prevent and remediate gambling addiction.

SPER The Swedish National Gambling Association, an association of all regulated gaming companies with permits to conduct gaming operations in Sweden whose mission is to adopt a united approach to important ethical matters related to gambling.

Stable area inspections Random, risk-based inspections on the race day designed to strengthen animal welfare and contribute to racing conducted on fair terms.

Help Line The Helpline offers anonymous counselling free-of-charge to gamblers and relatives who feel that betting for money has become problematic.

Terminal partners Companies whose products can be purchased via ATG's store terminals.

Totalisator (tote betting or tote board) is a system for betting on horse races and is used in nearly all countries that arrange trotting and thoroughbred races. Players bet on the horse they believe will win and the players who bet on the winning horse share in the total amount on a pro rata basis determined by the size of their bet. From the operator's perspective, it make no difference which horse wins since the operator, as the administrator, is entitled to deduct a fixed percentage from the total amount before the remainder is paid out as winnings.

The European Pari Mutuel Association (EPMA) An association of European companies offering betting on horse racing.

Compensation for race meetings Compensation paid by ATG to racetrack arranging the event in conjunction with each race in order to cover part of the operating costs for the race.

Foreign races Races that are not run in Sweden and that ATG accepts bets on.

INTERIM REPORT 1 JANUARY – 31 MARCH 2018



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Reporting calendar

Interim report Jan–Jun 2018	23 August
Interim report Jan–Sep 2018	24 October
Interim report Jan–Dec 2018	February 2019

Annual General Meeting

2017 AGM 11 June 2018

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