



STABLE PERFORMANCE BY ATG

Q2 in summary

- Betting turnover in Sweden amounted to MSEK 3,444 (3,449).
- Net betting turnover amounted to MSEK 1,058 (1,045).
- Funds to trotting and thoroughbred racing amounted to MSEK 531 (448).
- Lottery tax paid amounted to MSEK 371 (367).
- The result for the period amounted to MSEK -44 (7).

January–June in summary

- Betting turnover in Sweden amounted to MSEK 6,642 (6,568).
- Net betting turnover amounted to MSEK 2,049 (2,008).
- Funds to trotting and thoroughbred racing amounted to MSEK 930 (811).
- Lottery tax paid amounted to MSEK 718 (705).
- The result for the period amounted to MSEK -33 (7).

Key events during the quarter

- On 7 June, the Swedish parliament passed new legislation for the introduction of a licence market for the gambling industry. This means that ATG gains the right to apply for a licence to offer other betting products, such as sports betting and online casino games. The new law enters force on 1 January 2019.
- The Elitloppet weekend at the end of May recorded its highest ever turnover at MSEK 410.
- ATG held its General Meeting on 11 June, which resolved to appoint a number of new Board members and a new Chairman, Bo Netz. Bo Netz is Director General of the Swedish Transport Administration and member of ATG's Board since 2011.

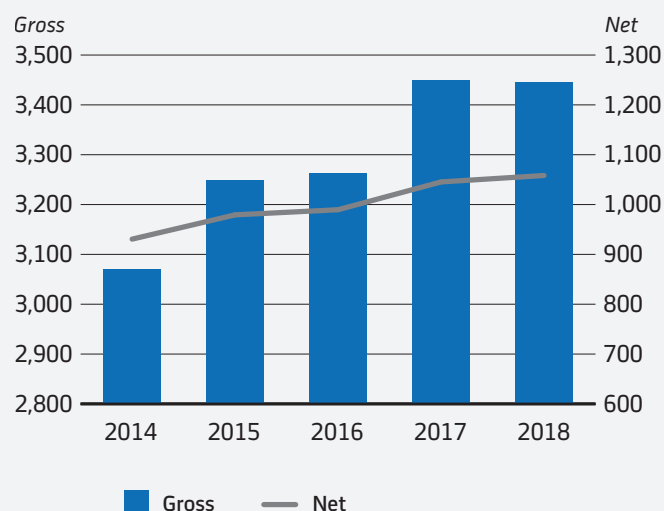
Events after the closing date

- On 1 August, ATG applied for a licence for horse racing, sports betting, and for online casino games.

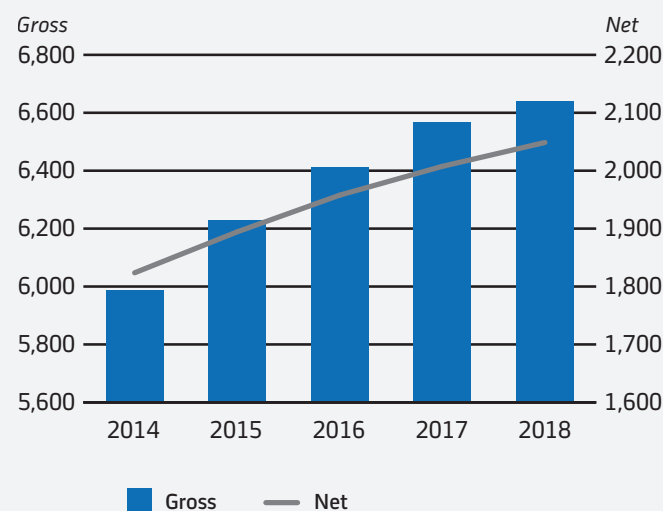
Key financial performance measures, Group	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Net turnover	1,058.3	1,045.4	2,048.7	2,007.5	4,209.4
Operating result, MSEK	867.6	820.6	1,638.7	1,547.7	3,372.1
Operating margin, %	82.0%	78.5%	80.0%	77.1%	80.1%
Funds to trotting and thoroughbred racing, MSEK	530.6	447.7	930.2	810.8	1,757.9
Lottery tax, MSEK	371.1	367.0	718.4	704.9	1,466.3
Profit/loss after tax, MSEK	-44.5	-6.5	-33.1	6.6	99.0
Total assets, MSEK	1,679.3	1,392.2	1,679.3	1,392.2	1,746.7
Shareholders' equity, MSEK	638.0	578.7	638.0	578.7	671.1
Shareholders' equity per share, SEK	1,595.0	1,446.8	1,595.0	1,446.8	1,677.8
Equity/assets ratio, %	38.0%	41.6%	38.0%	41.6%	38.4%
Cash flow from operating activities, MSEK	-24.2	-56.5	-32.9	-114.8	101.2

ATG's TURNOVER

Q2, 2014–2018, MSEK



January–June, 2014–2018, MSEK





POSITIVE FIGURES – AND AN EXCITING AUTUMN

Comments from the CEO

Notwithstanding the football world cup and the summer heatwave – the positive trend for horse betting held up for the first half of the year.

At MSEK 2,049, net turnover set a new record for ATG.

And exciting new times now await.

For the fourth consecutive year, ATG has posted growth and beaten last year's mid-year figures in terms of total and net turnover. We distributed winnings of SEK 4.6 billion to our customers and contributed MSEK 718 in taxes to the Swedish public exchequer. The operating result rose to MSEK 1,638 (up 5.8%). The MSEK 33 loss for the period arose from the record distribution of MSEK 930 (up 14%) to our owners, the Swedish Trotting Association and the Swedish Jockey Club.

During the period, we also noted that our major pool betting games (V75, V86, Grand Slam 75, V5, V4 and V3) continued to attract customers and rose 5.7%. However, a decline of 7.0% was posted for other products involving horse racing (Win, Show, Daily Double, Lunch Double, Trifecta, Quinella, Exacta and Top 7)

Turnover for the period was boosted by having one more V75 competition than last year, on the other hand we faced stiff competition from World Cup and fantastic summer weather. In combination with the summer heat, Sweden's successes in Russia resulted in a slowdown in the turnover trend at the end of Q2, which resulted in a decline in turnover of MSEK 5 during the quarter. It was however gratifying that, at the same time, net turnover increased MSEK 13 during the quarter due to a rising share for pool betting.

And as for the World Cup – on 7 June, the Swedish parliament passed new gambling legislation that enters force on 1 January 2019. This means that in four years, when the World

Cup is organised in Qatar, ATG's customers will be able to conduct their betting with us instead of going to our competitors.

Since 2011, ATG and our owners have worked actively to promote a gambling market on equal terms for all. On New Year's Day, we will gain a more equitable gambling market, which makes a good start. ATG will be the largest company in the commercial licence market. Moreover, going forward ATG will still primarily focus on horse racing but the company now has the opportunity to broaden its product portfolio with sports betting and online casino games. We aim to offer our customers the most exciting gambling experience in a fair and convenient manner. The word "fair" encompasses our commitment to responsible gambling; we want our customers to enjoy betting with us. I am convinced that, going forward, sustainable customer relations will be the foundation for ATG to succeed with its assignment to ensure the development of trotting and thoroughbred racing, and to continue to drive the Swedish horse industry.

Daily efforts will continue over the remaining months in 2018 to deliver exciting new betting experiences to our two million customers. In parallel, major efforts are ongoing behind the scenes to prepare ourselves and our customers for the forthcoming commercial licence market. Exciting new times await!

Hans Skarplöth
Managing Director and Group CEO





Q2 2018

Turnover

Swedish turnover in Q2 was MSEK 3,444 (3,449), down 0.1%. Turnover was negatively impacted by stiff competition from the World Cup and by the hottest summer on record, which started back in May. One extra V75 Saturday more than the comparative period during the quarter and a total of seven jackpots (four) positively affected turnover. The Swedish turnover was the second highest in ATG's history.

Swedish turnover by betting product, Q2

MSEK	2018	2017
V-bets (V75, V86, V64, V5, V4, V3 and Grand Slam 75)	2,209	2,108
Other horse racing products (Win, Show, Daily Double, LunchDouble, Trifecta, Quinella, Exacta and Top 7)	1,184	1,286
Games of chance (VR and V75 Boost)	51	55
SWEDISH BETTING TURNOVER	3,444	3,449

International turnover amounted to MSEK 745 (658), up 13.1%, and was mainly attributable to increased interest from Norway and Germany.

Total turnover for Swedish and international betting was MSEK 4,189 (4,107), up 2.0%. This was the largest total turnover ever recorded for a Q2 and also generated the largest ever winnings pools.

Net turnover in Q2 was MSEK 1,058 (1,045), which represents an increase of 1.2%. Net turnover was the highest ever for the quarter and growth resulted from increased interest in the major pool betting games.

Expenses

Expenses for the quarter totalled MSEK 349 (367), which represents a decrease of 5.7%.

Net expenses for the quarter totalled MSEK 191 (225), which represented a decrease in net turnover of 18% (22).

Operating result

The operating result for the quarter totalled MSEK 868 (821), which represents an improvement of MSEK 47.

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 531 (448), up 18.5%.

The increase was in line with the agreed funds for the year and followed the plan put in place back in 2014.

During the quarter, ATG has had expenses of MSEK 12 (12) to the Swedish Horse Industry Foundation and MSEK 371 (367) in lottery tax. The lottery tax is 35% of net betting turnover.

Earnings

The result for the quarter amounted to a loss of MSEK -44 (7). The lower earnings were primarily due to increased funds to trotting and thoroughbred racing and are in line with plans for the year.

JANUARY – JUNE 2018

Turnover

Swedish turnover for the first half of 2018 was MSEK 6,642 (6,568), up 1.1%. In terms of turnover, the first half of 2018 was the best ever. Turnover for the period was negatively impacted by stiff competition from the World Cup and by the hottest summer on record, which started back in May.

One extra V75 Saturday more than the comparative period and a total of 14 jackpots (seven) positively affected turnover.

International turnover amounted to MSEK 1,269 (1,208), up 4.3%.

Total turnover for Swedish and international betting was MSEK 7,911 (7,776), up 1.7%. This was the largest total turnover ever recorded for the period and also generated the largest ever winnings pools.

Swedish betting turnover by betting product, for the first six months

MSEK	2018	2017
V-bets (V75, V86, V64, V5, V4, V3 and Grand Slam 75)	4,330	4,097
Other horse racing products (Win, Show, Daily Double, LunchDouble, Trifecta, Quinella, Exacta and Top 7)	2,207	2,362
Games of chance (VR and V75 Boost)	105	109
SWEDISH BETTING TURNOVER	6,642	6,568

Net turnover for the first six months was MSEK 2,049 (2,008), up 2.1% year-on-year.

Expenses

Total expenses for the first half of 2018 amounted to MSEK 712 (746). The increasing pace of investment in proprietary betting products has decreased expenses for the period, and was mainly due to more resources being allocated from operating activities to investments.

Net expenses were MSEK 410 (460), or 20% (23) of net betting turnover.



Operating result

The operating result for the first half of 2018 was MSEK 1,639 (1,548) up MSEK 91.

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 first six months amounted to MSEK 930 (811), up MSEK 119 or 14.7%. The increase was in line with the agreed funds for the year and followed the plan put in place back in 2014.

During the first six months, ATG has had expenses of MSEK 25 (25) to the Swedish Horse Industry Foundation and MSEK 718 (705) in lottery tax. The lottery tax is 35% of net turnover.

Earnings

ATG's result for the first half of 2018 amounted to MSEK -33 (7). The lower earnings were primarily due to increased funds to trotting and thoroughbred racing and are in line with plans for the year.

Investments

The Group made investments of MSEK 177 (84) in the first half of the year. The investments relates to exchange and development of technical platforms, software for betting systems, for existing and forthcoming betting products as well as further development of the digital channels.

Cash flow

Cash flow from operating activities amounted to MSEK -33 (-115). Cash flow from investing activities amounted to MSEK -191 (-55). Cash flow for the first six months amounted to MSEK -112 (-173). The change was mainly attributable to an increase in the investment volume. At the end of half year 2018, total cash and cash equivalents amounted to MSEK 376 (414).

Financial position

During the quarter, the Group has taken out a bank loan of MSEK 115 with a tenor of three years. At the end of half year 2018, the Group's net loan receivables totalled MSEK 379 (521). ATG's undrawn credit facility amounted to MSEK 118 (15). The Group's total assets amounted to MSEK 1,679 (1,392).

OTHER DISCLOSURES

Personnel

The average number of employees in the period was 350 (313). 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 offerings to the market.

Number of scheduled V75s 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

Members

At the end of the period, there were 505,000 active members, which represents a year-on-year increase of 2%.

Related-party transactions

No transactions that significantly affected the company's position and income have taken place during the first six months of 2018.

Group

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

Annual General Meeting

The Annual General Meeting on 11 June 2018 re-elected Board members Bo Netz, Petra Forsström, Susanna Rystedt, Marjaana Alaviuhkola, Mats Norberg and Marianne Martinsson (employee representative), and elected the following Board members Lina Bertilsson, Agneta Gille, Roland Johansson, Urban Karlström, Birgitta Losman and Daniel Schützer for the first time. Bo Netz, Director General of the Swedish Transport Administration and member of ATG's Board since 2011 was appointed Chairman of the Board. Mats Denninger, Hans Ljungkvist, Arendt Cederqvist, Anne Wartin, Karin Strömberg and Lars Nordström stepped down from the Board.

Åsa Lundvall, Authorised Public Accountant from Ernst & Young, was re-elected as the company's auditor.

Outlook

ATG expects the Swedish gambling market to continue to grow over the forthcoming years. The strongest factor that correlates with the gambling market's increased turnover in the long term is the rise in disposable household income.

On 7 June, the Swedish parliament passed new legislation



for governing the Swedish gambling market. The legislation will enter force on 1 January 2019 and means that ATG will apply for licences to arrange betting operations (horse racing and sports) and for commercial online games (online casino). This will enable ATG to broaden its customer offering. ATG will also be able to establish operations abroad. ATG expects these possibilities to positively impact the company's turnover and earnings in the long term.

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 according to the business plan. By consistently and systematically

dealing with risk management, the risks are identified, the necessary measures are taken, and good internal governance and control is ensured. Risk management is an integral part of the processes for planning and analysing 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, 23 August 2018

Bo Netz
Chairman of the Board

Marjaana Alaviuhkola
Deputy Chairman

Lina Bertilsson
Board member

Petra Forsström
Board member

Agneta Gille
Board member

Roland Johansson
Board member

Urban Karlström
Board member

Birgitta Losman
Board member

Mats Norberg
Board member

Susanna Rystedt
Board member

Daniel Schützer
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.



FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

MSEK	Note	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Net turnover	3	1,058.3	1,045.4	2,048.7	2,007.5	4,209.4
Other income		157.9	142.1	301.8	286.7	623.3
Capitalised work for own account		27.8	9.7	53.9	16.9	47.7
Personnel expenses		-85.5	-70.0	-162.8	-137.0	-292.7
Other external expenses		-242.2	-252.4	-501.9	-521.0	-1,020.3
Other expenses		-18.4	-24.4	-42.9	-48.1	-97.7
Depreciation, amortisation and impairment of PPE and intangible assets		-30.3	-29.8	-58.1	-57.3	-97.6
Operating result		867.6	820.6	1,638.7	1,547.7	3,372.1
Result from financial items		2.1	0.1	1.8	-0.4	1.2
Result before tax and funds to horse racing		869.7	820.7	1,640.5	1,547.3	3,373.3
Funds to trotting and thoroughbred racing		-530.6	-447.7	-930.2	-810.8	-1,757.9
Commitment pursuant to agreement with the State		-12.5	-12.5	-25.0	-25.0	-50.0
Result before tax		326.6	360.5	685.3	711.5	1,565.4
Income tax	4	-	-	-	-	-0.1
Lottery tax		-371.1	-367.0	-718.4	-704.9	-1,466.3
Result for the period		-44.5	-6.5	-33.1	6.6	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		-44.5	-6.5	-33.1	6.6	99.0
Earnings per share, SEK						
Before and after dilution ¹⁾		-111.2	-16.2	-82.6	16.5	247.5
Number of shares						
The average number of shares outstanding was 400,000 for all periods						

1) No dilution occurred during the reporting period.



Condensed consolidated statement of financial position

MSEK	Note	30 Jun 2018	30 Jun 2017	31 Dec 2017
Fixed assets				
Intangible assets		508.0	310.0	385.7
Property, plant and equipment		185.2	168.9	188.3
Financial assets	2	92.2	72.6	78.4
Total fixed assets		785.4	551.5	652.4
Current assets				
Accounts receivable		34.9	29.7	45.6
Receivables from Group companies		141.0	106.7	109.3
Other receivables		282.0	265.1	381.6
Prepaid expenses and accrued income		60.5	25.3	70.2
Cash and cash equivalents		375.5	413.9	487.6
Total current assets		893.9	840.7	1,094.3
TOTAL ASSETS		1,679.3	1,392.2	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		637.7	578.4	670.8
Total shareholders' equity		638.0	578.7	671.1
Long-term liabilities				
Liabilities to credit institutions	2	143.0	32.2	31.1
Deferred tax liability	4	0.1	0.1	0.1
Total long-term liabilities		143.1	32.3	31.2
Current liabilities				
Accounts payable		94.1	51.2	139.4
Liabilities to Group companies		94.7	77.6	88.8
Liabilities, account customers		284.2	224.0	271.4
Current tax liabilities		0.1	0.1	0.1
Lottery tax		115.9	111.6	147.6
Current provisions		15.5	34.5	11.4
Other current liabilities		156.4	147.0	239.3
Accrued expenses and deferred income		137.3	135.2	146.4
Total current liabilities		898.2	781.2	1,044.4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,679.3	1,392.2	1,746.7



Consolidated statement of changes in equity

MSEK	Share capital	Other contribut- ed capital	Retained earn- ings	Total sharehold- ers' equity
Shareholders' equity, 1 January 2017	40.0	-39.7	571.8	572.1
Result for the period			6.6	6.6
Other comprehensive income				
Shareholders' equity, 30 June 2017	40.0	-39.7	578.4	578.7
Shareholders' equity, 1 January 2018	40.0	-39.7	670.8	671.1
Result for the period			-33.1	-33.1
Other comprehensive income				
Shareholders' equity, 30 June 2018	40.0	-39.7	637.7	638.0



Condensed consolidated statement of cash flow

MSEK	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Operating activities					
Operating result	867.6	820.6	1,638.7	1,547.7	3,372.1
Adjustments for non-cash items					
Depreciation, amortisation and impairment of PPE and intangible assets	30.3	29.8	58.1	57.3	97.6
Change in provision	2.1	2.6	4.1	5.3	-17.8
Other items	0.0	0.0	0.0	0	-10.8
Funds to trotting and thoroughbred racing	-516.3	-439.1	-938.9	-817.5	-1,758.3
Commitment pursuant to agreement with the State	-12.5	-12.5	-25.0	-25.0	-50.0
Interest received	3.0	0.4	3.4	0.5	3.5
Interest paid	-0.9	-0.3	-1.6	-0.9	-2.3
Income tax paid	-	-	-	-	-0.1
Lottery tax paid	-378.4	-373.3	-750.1	-738.7	-1,464.2
Cash flow from operating activities before changes in working capital	-5.1	28.2	-11.3	28.7	169.7
Cash flow from changes in working capital					
Increase (-)/Decrease (+) in receivables	50.7	-71.1	88.3	88.5	-91.5
Increase (+)/Decrease (-) in liabilities	-69.8	-13.6	-109.9	-232.0	23.0
Cash flow from operating activities	-24.2	-56.5	-32.9	-114.8	101.2
Investing activities					
Purchase of intangible assets	-93.8	-27.1	-151.8	-51.3	-141.6
Purchase of PPE	-15.5	-16.8	-25.6	-32.4	-77.5
Decrease/Increase in long-term receivables	-7.0	28.8	-13.8	29.0	23.2
Cash flow from investing activities	-116.3	-15.1	-191.2	-54.7	-195.9
Financing activities					
Repayment of loans	-3.1	-1.9	-4.4	-3.8	-7.7
Increase in long-term liabilities	116.2	-	116.3	-	2.8
Cash flow from financing activities	113.1	-1.9	111.9	-3.8	-4.9
Cash flow for the period	-27.4	-73.5	-112.2	-173.3	-99.6
Opening cash and cash equivalents	402.8	487.5	487.6	587.3	587.3
Exchange-rate differences in cash and cash equivalents	0.1	-0.1	0.1	-0.1	-0.1
Closing cash and cash equivalents¹⁾	375.5	413.9	375.5	413.9	487.6

1) Of closing cash and cash equivalents, MSEK 263.7 (218.1) derived from funds held in trust that belong to account customers.



Condensed Parent Company income statement

MSEK	Note	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Net turnover	3	1,058.3	1,045.4	2,048.7	2,007.5	4,209.4
Other operating income		97.3	91.0	185.0	177.3	393.8
Capitalised work for own account		27.8	9.7	53.9	16.9	47.7
Personnel expenses		-74.5	-60.7	-140.7	-118.5	-252.3
Other external expenses		-201.0	-217.3	-423.5	-443.3	-857.3
Other operating expenses		-18.4	-24.5	-42.9	-48.1	-97.7
Depreciation, amortisation and impairment of PPE and intangible assets		-21.9	-23.7	-42.5	-45.4	-73.2
Operating result		867.6	819.9	1,638.0	1,546.4	3,370.4
Result from financial items		2.2	0.5	2.5	0.5	2.8
Result before tax and funds to horse racing		869.8	820.4	1,640.5	1,546.9	3,373.2
Funds to trotting and thoroughbred racing		-530.6	-447.7	-930.2	-810.8	-1,757.9
Commitment pursuant to agreement with the State		-12.5	-12.5	-25.0	-25.0	-50.0
Result before tax		326.7	360.2	685.3	711.1	1,565.3
Lottery tax		-371.1	-367.0	-718.4	-704.9	-1,466.3
Result for the period		-44.4	-6.8	-33.1	6.2	99.0

The Parent Company had no items in 2018 and 2017 that were recognised in other comprehensive income. The result for the period for the Parent Company is thus the same as comprehensive income for the period. Accordingly, the Parent Company is not presenting a separate "Statement of comprehensive income"



Condensed Parent Company balance sheet

MSEK	30 Jun 2018	30 Jun 2017	31 Dec 2017
Fixed assets			
Intangible assets	490.1	288.7	366.8
Property, plant and equipment	80.4	82.0	75.1
Financial assets	92.3	72.7	78.5
Total fixed assets	662.8	443.4	520.4
Current assets			
Accounts receivable	31.3	26.5	39.4
Receivables from Group companies	191.8	142.9	163.3
Other receivables	281.4	264.9	381.0
Prepaid expenses and accrued income	59.5	23.3	69.0
Cash and bank balances	375.6	413.9	487.6
Total current assets	939.6	871.5	1,140.3
TOTAL ASSETS	1,602.4	1,314.9	1,660.7
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity	206.7	124.1	203.2
Non-restricted equity	429.7	452.5	466.3
Total shareholders' equity	636.4	576.6	669.5
Long-term liabilities			
Liabilities to credit institutions	115.0	-	-
Total long-term liabilities	115.0	-	-
Current liabilities			
Accounts payable	78.1	35.0	109.6
Liabilities to Group companies	97.4	89.2	99.3
Liabilities, account customers	284.2	224.0	271.4
Lottery tax	115.9	111.6	147.6
Current provisions	15.5	34.5	11.4
Other current liabilities	142.8	133.9	226.4
Accrued expenses and deferred income	117.1	110.1	125.5
Total current liabilities	851.0	738.3	991.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,602.4	1,314.9	1,660.7



GROUP KEY PERFORMANCE MEASURES

Key performance measures calculated in accordance with IFRS	Apr–Jun 2018	Apr–Jun 2017	Apr–Jun 2016*	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2016*	Jan–Dec 2017	Jan–Dec 2016*
Net turnover, MSEK	1,058.3	1,045.4	989.6	2,048.7	2,007.5	1,957.9	4,209.4	4,085.8
Result for the period, MSEK	-44.5	-6.5	-41.2	-33.1	6.6	17.1	99.0	8.6
Earnings per share, SEK	-111.2	-16.2	-103.0	-82.6	16.5	42.8	247.4	21.6
Key performance measures not calculated in accordance with IFRS								
EBITDA, MSEK	898.0	850.4	797.7	1,696.8	1,605.0	1,579.0	3,469.7	3,301.8
Operating result, MSEK	867.6	820.6	773.6	1,638.7	1,547.7	1,533.8	3,372.1	3,203.3
Operating margin, %	82.0%	78.5%	78.2%	80.0%	77.1%	78.3%	80.1%	78.4%
Net loan receivables, MSEK	378.9	520.7	623.4	378.9	520.7	623.4	668.3	742.5
Debt/equity ratio, multiple	1.6	1.4	1.3	1.6	1.4	1.1	1.6	1.9
Result before tax, MSEK	326.6	360.5	307.2	685.3	711.5	707.4	1,565.4	1,449.3
Equity/assets ratio, %	38.0%	41.6%	43.1%	38.0%	41.6%	35.5%	38.4%	34.5%
Shareholders' equity, MSEK	638.0	578.7	580.6	638.0	578.7	580.6	671.1	572.0
Shareholders' equity per share, SEK	1,595.0	1,446.8	1,451.5	1,595.0	1,446.8	1,451.5	1,677.8	1,430.0
Return on total capital, %	-2.6%	-0.5%	-3.1%	-2.0%	0.5%	1.3%	5.7%	0.5%
Return on equity, %	-6.7%	-0.3%	-6.9%	-5.1%	1.1%	3.0%	15.9%	1.5%
Cash flow from operating activities, MSEK	-24.2	-56.5	**	-32.9	-114.8	**	101.2	172.2
Cash flow from operating activities per share, SEK	-60.6	-141.3	**	-82.3	-287.0	**	252.9	430.5
Key operational performance measures								
Funds to trotting and thoroughbred racing, MSEK	530.6	447.7	453.5	930.2	810.8	800.4	1,757.9	1,705.3
Turnover, MSEK	3,444.4	3,449.3	3,263.1	6,641.7	6,568.0	6,410.8	13,651.0	13,277.4
Average number of employees	350	313	339	347	308	297	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.



Note 1 Accounting policies

General information

Aktiebolaget Trav och Galopp (ATG), 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 become 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 greatest 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 leasing 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.



Note 2 Financial instruments

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

	CARRYING AMOUNT			FAIR VALUE		
	30 JUN 2018	30 JUN 2017	31 DEC 2017	30 JUN 2018	30 JUN 2017	31 DEC 2017
Other long-term receivables	92.2	72.6	78.4	92.2	72.6	78.4
Total long-term receivables	92.2	72.6	78.4	92.2	72.6	78.4
Liabilities to credit institutions	143.0	32.2	31.1	143.0	32.2	31.1
Total long-term borrowing	143.0	32.2	31.1	143.0	32.2	31.1

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

Note 3 Turnover

Turnover is allocated as follows:

	Apr–Jun 2018	Apr–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Dec 2017
Swedish betting turnover by betting product					
V-bets (V75, V86, V64, V5, V4, V3 and Grand Slam 75)	2,208.7	2,108.0	4,330.1	4,096.6	8,588.0
Other products involving horse racing (Win, Show, Daily Double, Lunch Double, Trifecta, Quinella, Exacta and Top 7)	1,184.6	1,285.8	2,206.4	2,361.9	4,842.4
Games of chance (VR and Boost)	51.1	55.5	105.2	109.5	220.6
Swedish betting turnover	3,444.4	3,449.3	6,641.7	6,568.0	13,651.0

Net turnover by sales channel

	Apr–Jun 2018				Apr–Jun 2017			
	Store*	E-channel	Other	Total	Store*	E-channel	Other	Total
Swedish betting turnover	1,289.9	2,154.5		3,444.4	1,434.3	2,015.0		3,449.3
Pay-out to customers	-892.3	-1,508.4		-2,400.7	-994.2	-1,421.3		-2,415.5
Unredeemed	10.2			10.2	10.4			10.4
Rounding-off to the nearest whole krona			4.4	4.4			1.2	1.2
Net turnover	407.8	646.1	4.4	1,058.3	450.5	593.7	1.2	1,045.4

Net turnover by sales channel

	Jan–Jun 2018				Jan–Jun 2017			
	Store*	E-channel	Other	Total	Store*	E-channel	Other	Total
Swedish betting turnover	2,509.1	4,132.6		6,641.7	2,763.8	3,804.2		6,568.0
Pay-out to customers	-1,727.5	-2,890.9		-4,618.4	-1,907.8	-2,675.9		-4,583.7
Unredeemed	20.2			20.2	20.7			20.7
Rounding-off to the nearest whole krona			5.2	5.2			2.5	2.5
Net turnover	801.8	1,241.7	5.2	2,048.7	876.7	1,128.3	2.5	2,007.5

* Including racetrack.

No single customer accounts for more than 10% of turnover. Turnover pertains in its entirety to the Swedish market.

Note 4 Tax

In the second quarter of 2018, the Swedish parliament approved the proposal for a two-stage reduction in corporation tax in Sweden from 22% down to 20.6% between 2019 and

2021. During the first two years, the tax rate will be lowered to 21.4% and thereafter to 20.6%. As a result of the decision to lower corporation tax, deferred tax has been restated. The one-time effect had no material impact on the result for the period.



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.

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

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.

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.

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

EBITDA Operating result before depreciation and impairment losses.

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.

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.

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

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

Net expenses Operating result less net turnover.

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

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

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

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

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

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

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

Sales growth Sales increase or decrease expressed as a percentage.

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

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

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

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.

Agent Retailers of ATG's betting products in stores.

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.

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

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

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.

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

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

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

Independent Gaming Collaboration (OSS) An association of the regulated companies in the gambling 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.

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.

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

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.

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.

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.

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

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

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

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 makes 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.

Unredeemed Winnings that are not redeemed.



CONTACT INFORMATION

Contacts:

Patrik Brissman
patrik.brissman@atg.se
corporate@atg.se
Tel: +46 8 627 22 27, +46 70 527 22 27

Lotta Nilsson Viitala, CFO
Lotta.nilssonviitala@atg.se
Switchboard: +46 8 627 20 00

Reporting calendar

Interim report Jan–Sep 2018	24 October
Interim report Jan–Dec 2018	February 2019

AB Trav och Galopp, Corp. Reg. No. 556180-4161
SE-161 89 Stockholm
+46 8 627 20 00
www.atg.se