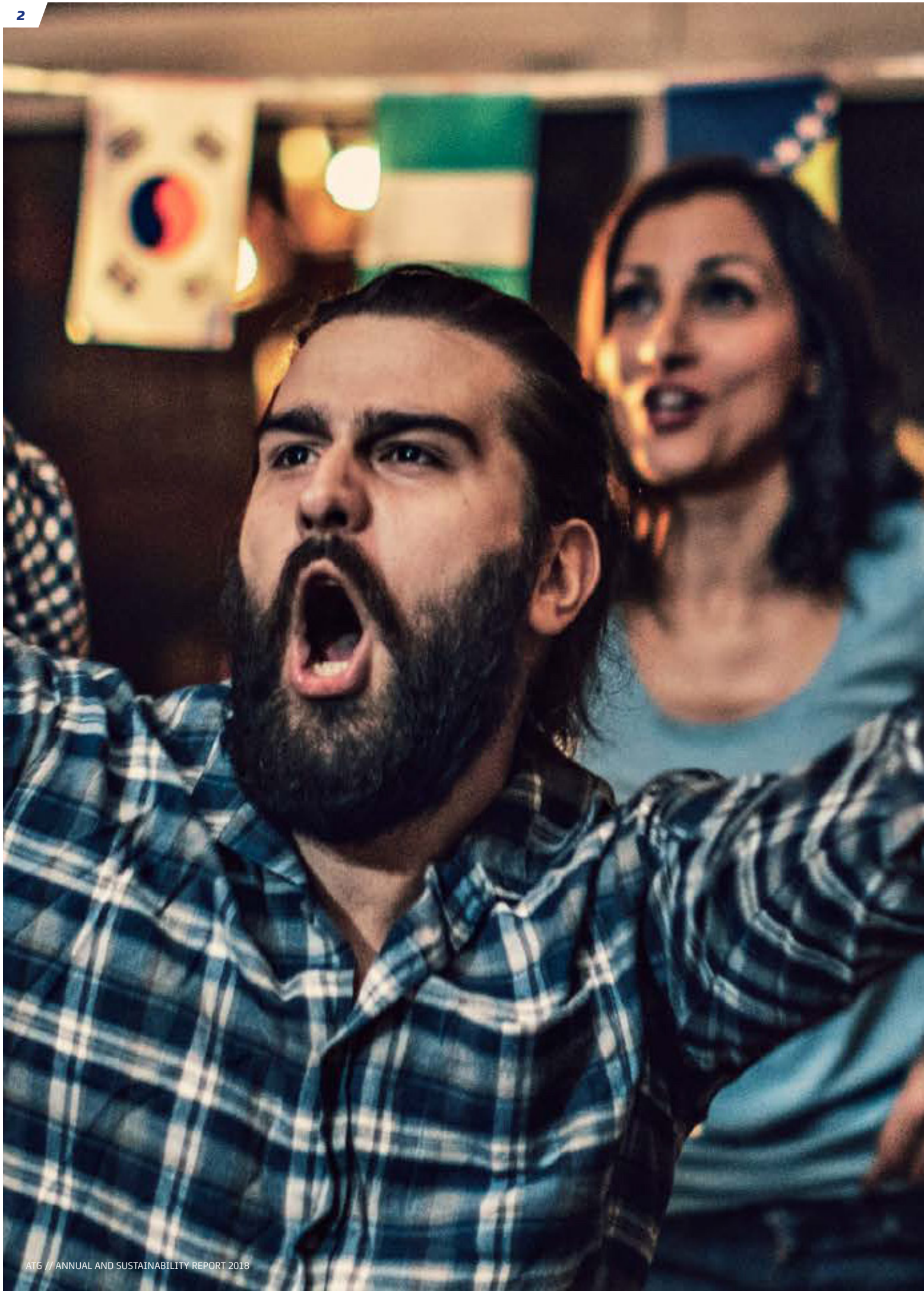




**ENGINE IN THE
HORSE INDUSTRY
SINCE 1974**

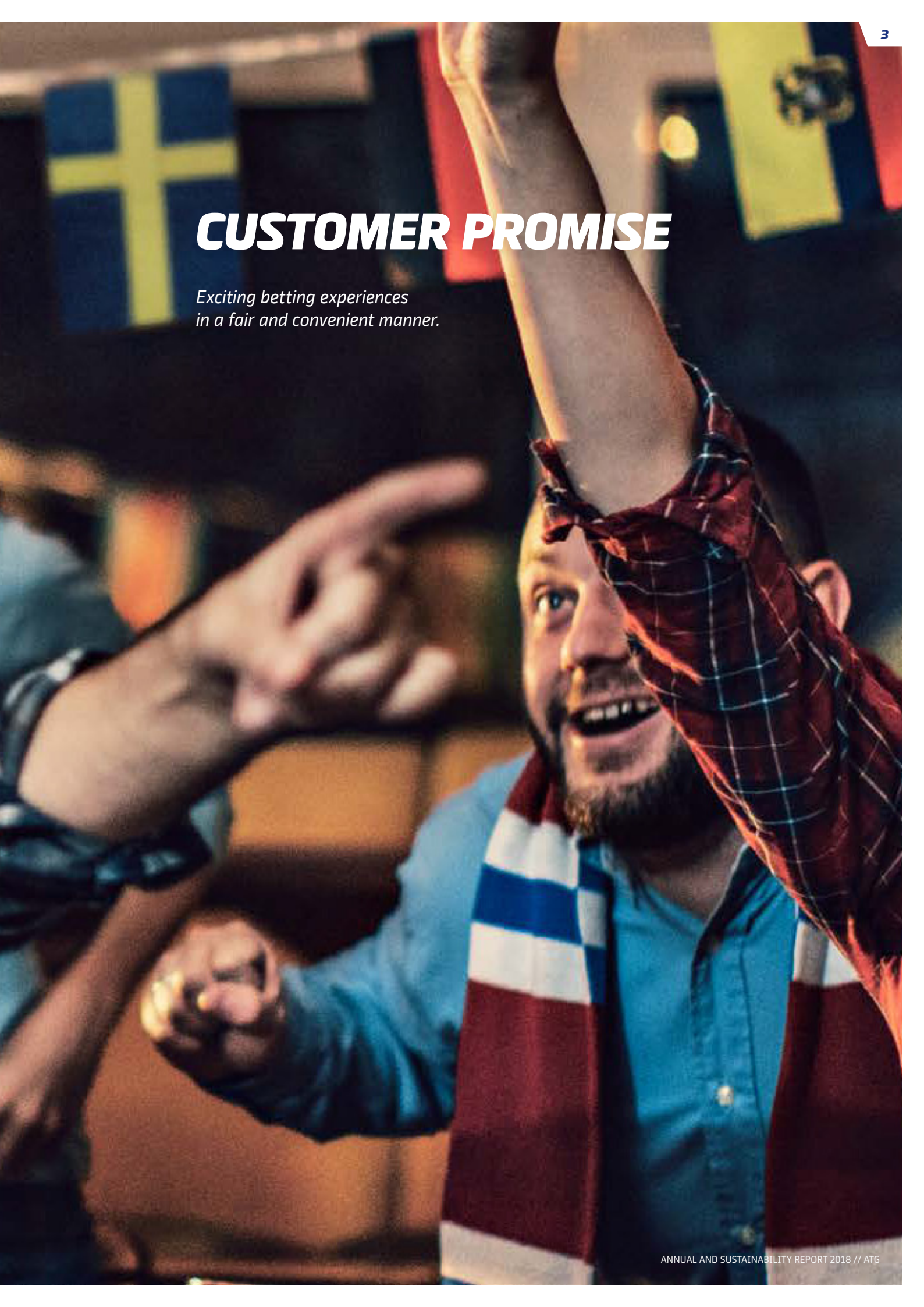
**ANNUAL AND
SUSTAINABILITY
REPORT**

2018



CUSTOMER PROMISE

*Exciting betting experiences
in a fair and convenient manner.*





MISSION

We are the engine in the horse industry. That is our higher purpose. We aim to be a pioneer and a role model, and to contribute to a betting market that is healthier tomorrow than today. We want to be the betting industry's compass.





VISION

We want to offer our customers the world's best betting experiences.



CONTENTS	PAGE
Message from the CEO	10
ATG's Manifesto	12
Business model	14
Strategy	16
Market	18
Operations	22
Sustainability	34
Administration Report	46
Risks and risk management	50
Corporate governance	53
Board and Group management	60
Financial statements	64
Accounting policies	73
Notes	82
Board's signatures	99
Auditor's Report	100
2018 Sustainability Report	104
GRI content index	118
Definitions	121

© 2019 ATG® – Aktiebolaget Trav och Galopp.
This publication is protected by the Copyright Act (1960:729). The Act covers the brands, text, photographs, drawings and pictures.

Photographers: Lars Jakobsson, Thomas Blomqvist, Olof Holdar and others.

THIS IS ATG

ATG is the betting company that knows horse racing. The company was founded in 1974 with the mission to safeguard the long-term development of trotting and thoroughbred racing by offering responsible betting.

ATG has provided quality excitement and entertainment to the Swedish people since 1974. The company intends to continue doing so. Our vision is to deliver the world's best betting experience. Our offering is: exciting betting experiences in a fair and convenient manner. Fair means that the company cares and accepts responsibility; it means offering a fair betting experience in a reliable environment. The surplus from our operations is returned to horse racing, which enables more horses, more horse racing and more betting experiences. In 2018, ATG offered betting on more than 9,000 Swedish races and more than 13,000 foreign races, amounting to more than 22,000 bettable races.

Since 1 January 2019, ATG has offered horse betting, sports betting and casino games.

1,000,000

registered active customers

BSEK 9.2

Paid-out winnings

BSEK 2

Paid out funds to horse racing

78

Employee index
(benchmark: 75)

26

Attractive employer index
(benchmark: 9)

THE PAST YEAR



22 FEBRUARY
ATG offered betting on horse riding during the Gothenburg Horse Show



29 MAY
New record turnover for ATG on Elitloppet



22 OCTOBER
Four associations received funding from the ATG Dream Fund®



10 NOVEMBER
Harry Boy® celebrated 25 years. New record turnover for V75®



30 NOVEMBER
Notification of license to offer sports betting and casino games



UNIQUE YEAR WITH RECORD-HIGH FUNDS TO HORSE RACING

2018 was an eventful year to say the least. It is with pride that I recap 2018, which was a record year in terms of funds to horse racing. And now we can finally compete on equal terms – an assignment I shoulder with dedication and humility.

The new gambling legislation is now in place and we can compete on equal terms. We have been working hard for this since 2011. 2018 was the year we faced the challenge of focusing on two prioritised areas: to further develop high-quality horse betting and to prepare the organisation for the launch of sports betting and casino games.

The new betting market opens up fantastic opportunities for ATG. We will now be able to grow both nationally and internationally. We took the first step in March by acquiring the Danish gaming group Ecosys.

Acting fairly amidst intense competition will be crucial to the company's future success. Our strategy is simple. We

want our customers to bet a higher proportion of their betting wallet with ATG. In 2018, an average customer bets about SEK 24 of SEK 100 with us – they bet the remaining SEK 76 with our competitors.

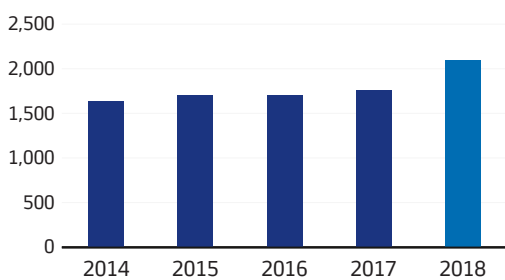
JOINT RESPONSIBILITY

The betting industry has undeniably a lot of work to do to improve its reputation with the Swedish people. It is up to all of us in the industry to take our responsibility and show that we are credible operators who really want to make a difference. We want to be the fair betting company that cares about our customers. We aim to be a pioneer and a role model, and to contribute to a betting market that is healthier tomorrow than today. To achieve this goal, responsible betting is crucial.

BSEK 2 TO TROTTING AND THOROUGHBRED RACING

The new betting market brings many new aspects. But fundamentally, ATG will remain a horse betting company and do what we have done for more than 45 years – ensure that Swedish trotting and thoroughbred racing has the economic conditions to continue developing. Since the start in 1974, ATG has contributed more than BSEK 40 to horse racing. That is something we are very proud of. In 2014, the Swedish Trotting Association and Swedish Jockey Club decided to assign ATG with the task of generating a considerably higher financial return in 2018. To give ATG the scope to fulfil this assignment, the owners decided on a moderate increase in funding between 2015 and 2017 to enable investments and development of the company.

Funds to trotting and thoroughbred racing 2014-2018



I am pleased and proud that we succeeded in raising funds for our owners. Despite the fact that we have generated more funds for our owners since I took over, and invested heavily in new forms of betting, our own equity is higher now than in 2014. In 2018, our owners received a record high amount of more than BSEK 2 – money that will eventually benefit the entire Swedish equine industry. That the money goes to horse racing means a lot to many people. It makes us unique in the betting market.

CHALLENGES IN 2018

In 2018, we developed and launched new systems in our IT environment. These were extensive and transformative technical changes that, unfortunately, led to three major incidents that affected our customers. The incidents had different causes. Despite these incidents, the availability of our systems was 99.9 per cent.

Another challenge during the year was the increasingly intense competition that mainly affected each-way betting. We can also confirm that the record-warm summer, the FIFA World Cup and the responsible betting measures introduced in the autumn had a negative impact on our turnover. Long-term, the responsible betting functions are extremely important since we are convinced that long-term, sustainable customer relationships are crucial to the company's success.

NEW MANIFESTO – INTERNAL COMPASS

Despite the challenges of last year, I feel confident about 2019. We know where we are going and we have a plan for getting there. Last autumn, we launched a revised manifesto that set the course forward for all employees. We will still be the “horse betting company” even though the new betting market will give us a slightly new identity because we are broadening our customer offering. The manifesto will be regularly monitored in the form of mini-manifesto meetings and workshops for all employees.

RESPONSIBLE BETTING – OUR MOST IMPORTANT SUSTAINABILITY TOPIC

We will now continue our important sustainability efforts, which for us, are mainly related to responsible betting and animal welfare. Because we strive for long-term sustainable customer relationships, we welcome the mandated duty of care that strengthens the protection of bettors.

Good animal welfare for racehorses is a basic requirement for ATG's ability to offer betting on horses, and it is also our customers' highest priority when it comes to the company's responsibility for sustainability. Good horse husbandry is also fundamental to the operations of the Swedish Trotting Association and the Swedish Jockey Club.

One of our primary drivers is to be the equine industry's engine. The Swedish equine industry contributes to jobs, meaningful recreation and an open landscape for many people.

Financial contributions to horse racing and the prevention of problem betting are our strongest contributions to the UN Sustainable Development Goals. For us, supporting the UN Global Compact principles is also a given.

THANK YOU FOR A JOB WELL DONE

I want to thank all of our fantastic employees for their outstanding efforts in 2018. A few seconds after the strike of 12 on New Year's Eve, we launched our two new types of betting, sports betting and casino games. We continue now to develop the games in order to offer our customers the world's best betting experiences. And thank you to all our customers for taking an early and clear interest in our new forms of betting.

The forecast is that competition will increase in the horse betting area. But I am not worried. With competition on equal terms, we are confident that ATG's success will continue in the long term, and enable us to increase funds to trotting and thoroughbred racing.

Hasse Lord Skarplöth
Managing Director and CEO

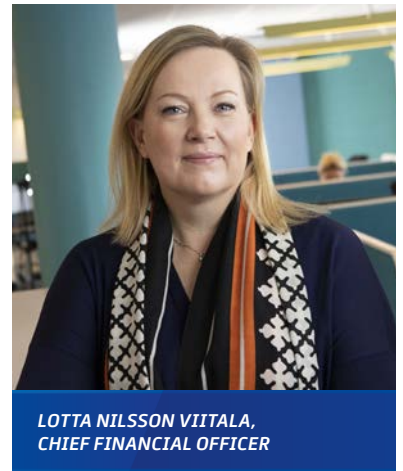
THE MANIFESTO ALIGNS ATG

The way forward. This must not remain a paper exercise – it should be communicated often and well. That way, all employees will be involved and included in the journey forward.

Internal awareness of the direction in which the Group is headed is high. This is apparent in the past years' employee surveys. Our strategy moving forward has been communicated regularly – inclusion and participation are the key words in our internal communication agenda. The manifesto was introduced after current Managing Director Hasse Lord Skarplöth was appointed in 2013. The objective has been clear: to invest to create growth and thereby increase funds to horse racing. ATG's manifesto describes the road to success in the betting market, with a mission, a vision

and a customer promise. The manifesto also explains the higher purpose: that the surplus will go to the equine industry. In 2018, ATG's funds to trotting and thoroughbred racing amounted to approximately BSEK 2. ATG's mission makes the company unique. The Swedish equine industry helps to create jobs, an open landscape and biodiversity.

"I am firmly convinced that our manifesto really does matter to everyone who works at ATG. It creates clarity and strong motivation to achieve our goals," says Lotta Nilsson Viitala.



LOTTA NILSSON VIITALA,
CHIEF FINANCIAL OFFICER

COMMENTS FROM OUR EMPLOYEES:

"The past years' journey under the guidance of our manifesto as we move forward has been very inspiring. The mix in ages, men and women and different cultures has meant that the IT department is anything but homogeneous. Modern leadership that focuses on the development and growth of the individual is what appeals to me most."

Camilla Mikkelsen, ATG employee for 7 years

"The workload we have in IT dealing with both today's and tomorrow's customer offering means we have to apply ourselves even more to stay at the forefront. It's good that the company is invested in the development of its employees."

Lakshmi Nekkanti, ATG employee for 9 months

"That we have a clear course forward for the company with clear individual goals lets me feel I can contribute and make a difference."

Niklas Sjöberg, ATG employee for 7 years



“Working for a company that has a higher purpose is what matters to me. It’s important to me that money from ATG goes back to the equine industry.”

Tomas Gustavsson, ATG employee for 22 years

“It’s impressive – and inspiring – that management has succeeded in engaging all employees in the manifesto. Thanks to that, I most definitely feel like I play a part in our journey moving forward.”

Agnetha Ekman, ATG employee for 1 year

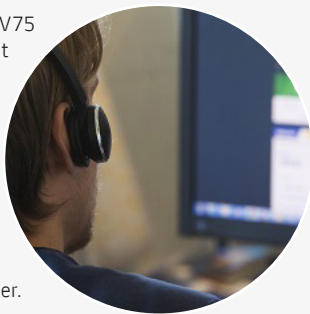
“Really great team spirit! Everything from regular, brief group meetings in the building to larger department meeting and kick-offs for the entire company, collective ski trips, art clubs and a sports floor staffed with a PT and daily group workout sessions for those who want.”

Fabian Rivière, ATG employee for 17 years

ATG – THE EQUINE INDUSTRY'S ENGINE SINCE 1974

ATG was founded in 1974 with the task of safeguarding the long-term development of trotting and thoroughbred racing by offering responsible betting. Since the start, ATG has paid out more than BSEK 40 to the equine industry. ATG's mission is to be the engine in the equine industry, which makes ATG's business model unique. The financial contribution to the equine industry has provided jobs and other positive socio-economic effects. The money goes to the country's trotting and thoroughbred race-tracks, prize money, funds to breeders and activities for young people.

During a standard V75 race, atg.se receives about MSEK 1 per minute during the last quarter before the betting stops. More than 60,000 customers are logged in at the same time. ATG makes about 250 payments per second when a V75 race is over.



The money from ATG goes to the equine industry. The effects of the Swedish equine industry amount to 0.5 per cent of GNP. The industry creates approximately 16,900 full-time jobs. Taking the spill-over effects into account, about 38,000 jobs are created.*



*Source: HNS: www.hastnaringen-i-siffror.se/

Funds to trotting, thoroughbred racing and the equine industry

In 2018, ATG paid out MSEK 2,093 to trotting and thoroughbred racing. Of these funds, MSEK 1,608 went to racetracks nationwide. The money covers expenses for race meetings, prize winnings, other funds to active horse racing participants, operation and maintenance of the facilities, and financial and administrative costs. They constitute approximately 85 per cent of the racetracks' total earning.

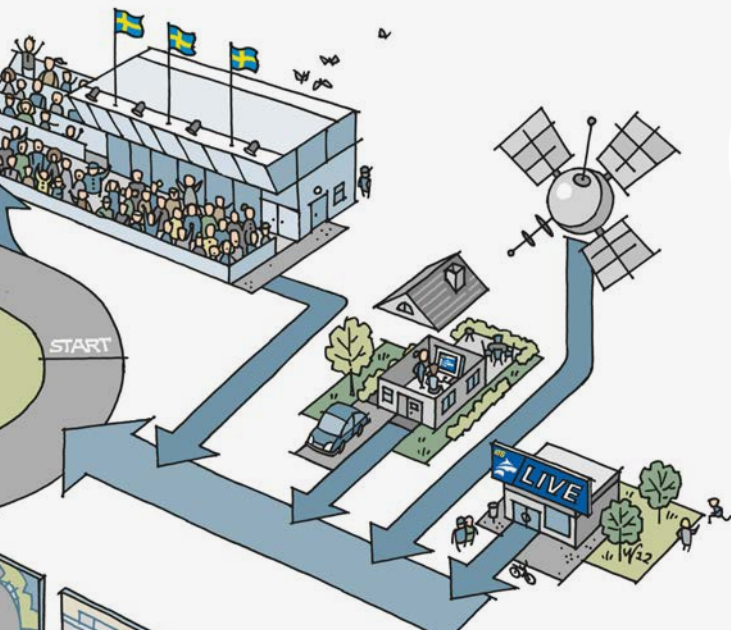
A large share of the funds allocated to racetracks is passed on to active horse racing participants in the form of prize money. In 2018, prize money totalled MSEK 913.

In addition to prize money, active horse racing participants receive an additional MSEK 185 from ATG in the form of trainer and breeder bonuses, bonus races and transport grants. In total, active horse racing participants received about MSEK 1,098 from ATG. Moreover, in line with the agreement between the Swedish State and the national associations for trotting and thoroughbred horse racing, MSEK 50 was channelled directly into the equine industry via the Swedish Horse Industry Foundation (HNS). In addition, MSEK 5 was invested in other equine industry commitments. The Swedish Trotting Association and the Swedish Jockey Club received MSEK 298 in 2018.

ATG's financial contribution to society

AMOUNTS IN MSEK	2018	2017
Economic value generated		
Revenue*	4,894	4,835
Economic value distributed		
Lottery tax to the State	-1,455	-1,466
Funds to trotting and thoroughbred racing	-2,093	-1,758
Funds to other community investments**	-74	-76
Salaries and other personnel expenses	-352	-292
Expenses	-1,039	-1,094
Economic value retained***	-119	149

* Refers to net turnover, other income and financial income. Read more on page 65.
 ** ATG Dream Fund, Swedish Horse Industry Foundation, the Swedish-Norwegian Foundation for Equine Research and Sponsorship, and more.
 *** Economic value generated less economic value distributed.



The comradery, thrill and dream of winning are the most common reasons for betting. In 2018, BSEK 9.2 was distributed to the players in winnings. ATG's customer promise is to offer the most exciting betting experience, in a fair and convenient manner.



The thrill of trotting and thoroughbred races can be followed live via ATG's subsidiary Kanal 75. Kanal 75 is responsible for all editorial content on atg.se as well as starting lists and results to Swedish and foreign media. ATG Live broadcasts to some 20 countries.



During the "Fair betting" campaign, the Swedish people were encouraged to send in proposals for how ATG could take even greater betting responsibility. The campaign engaged a lot of people. ATG received more than 16,000 posts and suggestions.

STRATEGIC PRIORITIES

The aim of the Group's strategic priorities is to realise the company's mission to continue being the equine industry's engine and to increase funds to horse racing.

INCREASE NET TURNOVER

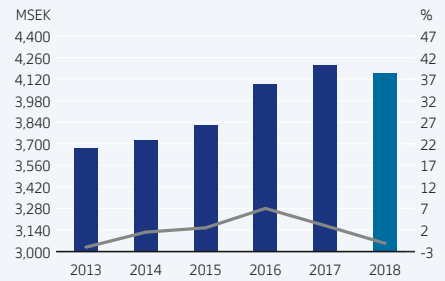
ATG's strategy is to attract existing customers to spend a higher proportion of their betting wallet on ATG.

In 2018, an ATG customer placed about SEK 24 of every SEK 100 betted with ATG and the remaining SEK 76 with competitors. About 70 per cent of those who bet on sports games and live casino are also ATG customers. Through good relationships with both existing and new customers, ATG has potential to increase its betting turnover.

Comments on the outcome

ATG's net turnover amounted to MSEK 4,126 during the year, down 1 per cent year-on-year. Factors with a negative impact on turnover included the FIFA World Cup, the record-high summer temperatures and the responsible betting measures implemented. Over the past five years, the Group's net turnover has increased by approximately 12 per cent.

Net turnover and growth



PROMOTE THE DEVELOPMENT OF TROTGING AND THOROUGHBRED RACING

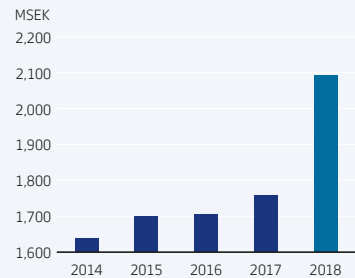
ATG's mission is to be the engine in the equine industry.

When winnings and taxes are paid and ATG's expenses are covered, all of the remaining surplus from operations is returned to trotting and thoroughbred racing. This applies to the surplus generated by all of ATG's betting products. By offering responsible and fair betting coupled with good animal husbandry, ATG strives to give back as much as possible to safeguard the long-term development of trotting and thoroughbred racing.

Comments on the outcome

In 2018, ATG contributed MSEK 2,093 to trotting and thoroughbred racing, which is a 19 per cent increase from the preceding year. This increase is in line with the strategy adopted by the Board in 2014.

Funds to trotting and thoroughbred racing



GENERATE SUSTAINABLE AND PROFITABLE GROWTH

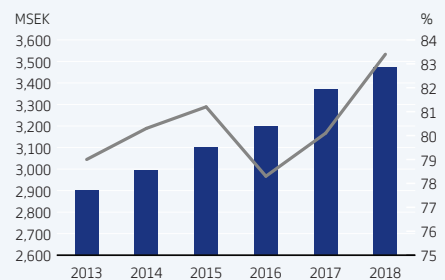
ATG is focused on creating sustainable and profitable growth through responsible betting.

ATG has potential for continue profitable growth. The new license system creates opportunities for ATG to establish itself in international markets and to establish new betting products and forms. ATG works continuously to develop and improve responsible betting measures to create a safe betting experience. The reason for this is that ATG is convinced that long-standing and healthy customer relationships will generate long-term sustainable growth for the company.

Comments on the outcome

Over the past five years, the Group's operating result has increased approximately 19 per cent, from MSEK 2,902 to MSEK 3,467. In 2018, ATG had an operating margin of 83 per cent. The positive trend is due to sales growth and good cost control.

Operating result and margin



ACTIVE WORK FOR DEDICATED AND SATISFIED EMPLOYEES

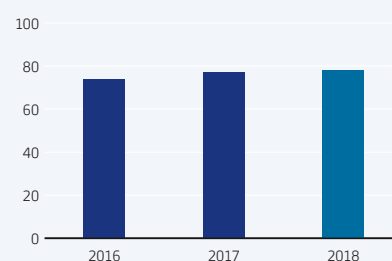
Dedicated and satisfied employees are a prerequisite for achieving the Group's goals.

It is ATG's conviction that satisfied employees with a good life/work balance will contribute more to the company's long-term development and improve the likelihood that the company will achieve its defined goals. ATG endeavours to cultivate a positive work environment and works in a structured manner to build a strong, mutual company culture that encourages employees to grow and test new solutions. ATG prioritises easily accessible fitness and exercise options for employees.

Comments on the outcome

The latest survey showed that the Group's outcome amounted to 78 (77), which is over the benchmark of 75. The positive result is evidence that the ongoing initiatives to create participation in shared goals, leadership, wellness, a flexible workplace combined with dialogue and communication do have an effect.

Employee index



OFFER EXCITING BETTING EXPERIENCES, IN A FAIR AND CONVENIENT MANNER

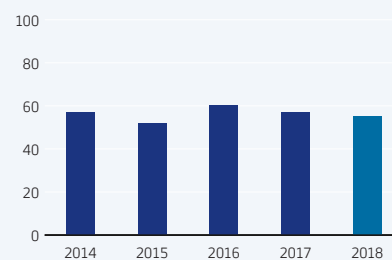
For ATG, it is important to listen to our customers in order to fulfil their expectations.

ATG engages in ongoing customer dialogue to constantly improve the betting experience. ATG works continuously to develop and launch new betting experiences and to market products and services in a manner that attracts customers.

Comments on the outcome

ATG's outcome is 55 (57). The benchmark is 55.7 (56.4) according to Svenskt Kvalitet-sindex's latest survey in 2018. Efforts are constantly ongoing to improve the CSI.

Customer Satisfaction Index



ENGAGE MORE ACTIVE CUSTOMERS – WHO CONTRIBUTE TO THE EQUINE INDUSTRY

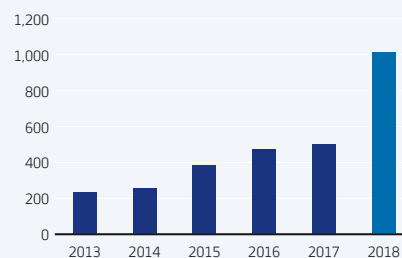
ATG strives to have as many satisfied customers as possible who bet for pleasure.

ATG works constantly to broaden its customer base without compromising care for its customers' well-being. To create fair and safe betting experiences, ATG has a well-structured responsible betting process and always strives to offer its customers the best tools to control their betting. ATG has elected not to offer high-risk games and customers are able to exclude themselves from unwanted betting products.

Comments on the outcome

In 2018, ATG's registered customers increased by more than 100 per cent, from about 500,000 active customers to 1 million due to the mandatory registration of betting purchases introduced in November 2018.

Number of customers, thousands



THE WORLD AND THE GAMBLING MARKET

The global gambling market has grown sharply in recent years. Casino games account for about 30 per cent and thereby the largest market share. Some ten countries dominate the horse betting market, where horse racing plays an important role in the community.

The global gambling market has grown by almost 23 per cent over the past decade. The gambling industry is estimated to have generated a net profit of USD 435 billion (BSEK 4,045) and the gambling market is expected to continue growing over the next few years.

Casino games have the largest market share at over 34 percent (Casino + Indian Gaming), followed by lotteries at 30 per cent. The big national lotteries hold a traditionally strong position in many countries with high winnings, large earnings for the State and the brand is usually strong among the population.

The Asian gambling market accounts for 31 per cent of total turnover and is the world's largest region for gambling. Europe accounts for 29 per cent, North America 27 per cent, South and Central American 6.8 per cent, Oceania 5 per cent and Africa 1.2 per cent.

Betting accounts for 14 per cent of the total global gambling market. Betting includes betting on horses and various sports events such as football, ice hockey and tennis. Betting on political elections, stock markets and other events is also included in this category (such as e-sports, betting exchanges and live games).

INTERNATIONAL HORSE BETTING

Historically, betting on horses has been the largest part of betting, but sports betting has increased in recent years, a trend observed in several countries. In a report from the Gambling Commission in the UK, 5 per cent of the population gambled on football-related games while 4 per cent bet on horses every week in 2017.

Turnover for betting on horses was BSEK 1,210 in 2017. The amount is based on turnover data from the International Federation of Horseracing Authorities (thoroughbred racing) and Union Europeenne du Trot (trotting).

SWEDEN RANKED SEVENTH

In terms of gambling per capita, Hong Kong, Ireland and

Australia top the list. Sweden is ranked seventh in turnover per capita, with even New Zealand is one of the top ten countries.

Thoroughbred racing is the largest international horse sport and accounts for 90 per cent of total betting on horses. Thoroughbred racing is practised on all continents, and weighs heaviest in big Asian gambling markets such as Japan, Hong Kong and South Korea. Thoroughbred racing is also popular in Europe, the US and Australia.

With about 10 per cent of the global turnover, trotting is smaller. Trotting includes trotting with sulky (two-wheeled cart), trot monté (saddled trotters) and pacing (a particular gait). France, Australia, Sweden and the US are the countries in which trotting is biggest. Major international trotting events include Elitloppet in Sweden, Prix d'Amérique in France and Hambletonian Stakes in the US.

Internationally, each-way betting is the strongest betting product in horse racing. Most betting companies offer betting on winners, either in totalisator or fixed odds. Each-way betting is also popular – betting on the first, two or three horses to finish a race.

In France, each-way betting accounts for 100 per cent of all horse betting. In Hong Kong and Australia, the figure is about 90 per cent, and about 65 per cent in the UK.

Large-scale pool betting is uncommon in most countries. In this regard, Sweden and the other Scandinavian countries stand out and large-scale pool betting plays a major role for bettors. In Sweden, V75 is one example of such pool betting.

Many European countries have, or are on the brink of introducing, a regulated license system for gambling. Monopoly systems dominated internationally before, but digital advances have caused increasingly more countries to realise that the old system is no longer viable. A license system can be designed in a variety of ways with different rules and terms from the license issuer.

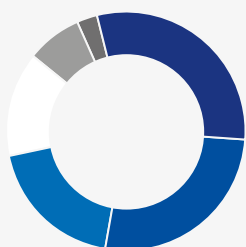
FUNDS TO HORSE RACING

Different countries have different financing models for horse racing. In the UK, there is a special system in which a certain portion of the winnings on a horse race at bookmakers must be distributed to horse racing and active horse racing participants. In France and Denmark, licensed companies must pay a certain portion of the turnover to horse racing organisations, while Germany has a system for returning funds to horse racing. Under the Swedish financing model, ATG has financed approximately 85 per cent of trotting and thoroughbred racing activities. When the license system was introduced in Sweden on 1 January 2019, it was done without a long-term plan for the financing of Swedish trotting and thoroughbred racing. The Ministry of Finance has an ongoing inquiry into the financing model, which is expected to be completed on 31 October 2020.



THE INTERNATIONAL GAMBLING MARKET

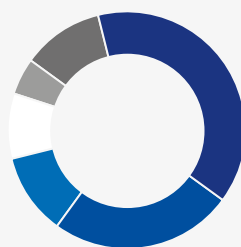
International gambling turnover



- Lotteries: 30.0%
- Casinos: 26.9%
- Slot machines: 18.9%
- Betting: 14.0%
- US Indian Gaming: 7.5%
- Other (Bingo etc): 2.7%

Source: GBGC Global Gambling Report – 13th edition 2018

Turnover, trotting



- France: 43%
- Australia: 23%
- Sweden: 11%
- US: 9%
- Norway: 4%
- Other countries: 10%

Source: UET and ATG.

Gambling turnover per capita and year

1	<i>Hong Kong</i>	SEK 18,900
2	<i>Ireland</i>	SEK 11,200
3	<i>Australia</i>	SEK 6,800
4	<i>UK</i>	SEK 1,990
5	<i>Japan</i>	SEK 1,890
6	<i>Singapore</i>	SEK 1,570
7	<i>Sweden</i>	SEK 1,270
8	<i>France</i>	SEK 1,230
9	<i>South Korea</i>	SEK 1,040
10	<i>New Zealand</i>	SEK 970

Source: IFHA and ATG.

ATG AND THE NEW MARKET

The gambling market is growing in Sweden. The segment of the gambling market that is licensed from the beginning of the year is the segment that has grown over the past years.

Because of the recent years' growth in the gambling market, increasingly more money betting is carried out with operators who do not hold a license in Sweden. Under the new Gambling Act, it is possible to apply for a gambling license in Sweden. The new Act aims to increase control and provide greater consumer protection.

THE LICENSED MARKET IS DIVIDED INTO THREE PARTS:

- one that includes online gambling and betting
- one that includes gambling for general public benefit (such as lotteries and country-based bingo)
- one that is reserved for the State: country-based casinos and token machines

A gambling company that has been granted a license must protect players from excessive gambling. This is to be done by, among other things, monitoring gambling behaviour and helping the player to limit their gambling when needed.



TOBIAS MELIN, CHIEF ANALYTICS OFFICER

At 1 January 2019, in terms of net turnover, ATG was the largest betting company in the licensed market in Sweden. Two months into the new system, some 69 operators have been granted licenses in the Swedish licensed market.

CHANGES FOR ATG

Regulated responsible betting

Responsible betting is now regulated by law in terms of duty of care for customers. Due to earlier shortcomings in regulating betting, the gambling industry's reputation has been sullied.

Changed competitive situation

All operators with a gambling license must now pay tax on their earnings in Sweden. They must also assume greater responsibility for the well-being of their customers and for their marketing activities. This means that competition is now on equal terms.

Enhanced customer offering

ATG has been granted a license for betting on sports and horse racing as well as commercial online betting. These forms of betting have been offered to customers in stores and digitally from 1 January 2019.

Increased competition in horse betting

The re-regulation means that ATG no longer has exclusive rights to horse betting. Consequently, other betting companies in the licensed market can offer betting on horses.

Potential for international expansion

ATG now has the right to expand its operations internationally.

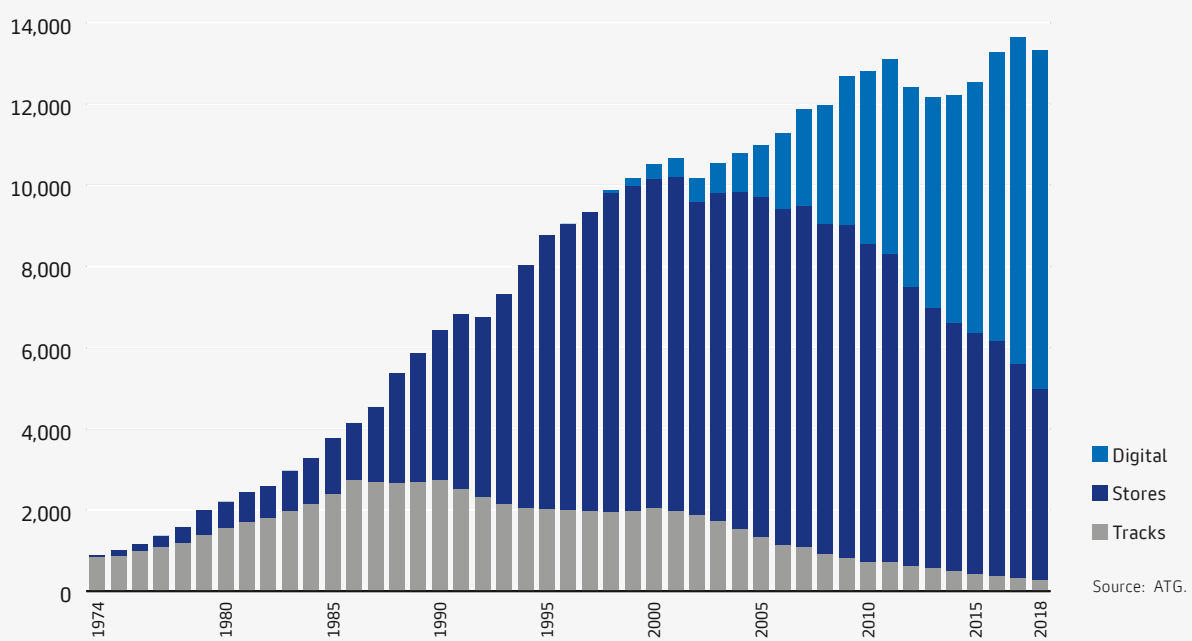
"The new gambling market brings with it vast potential for us, but it comes with quite a few expectations too. Analyses of both Swedish gambling consumers and previously re-regulated markets have helped us in our development," says Tobias Melin, Chief Analytics Officer.



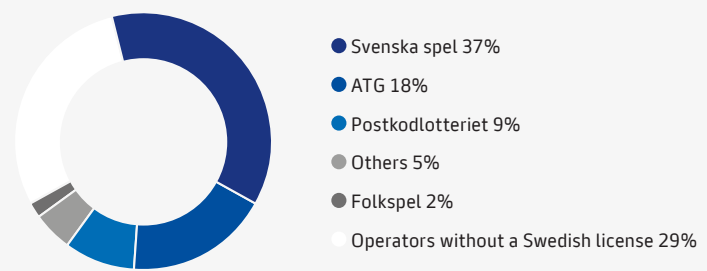
Control room at subsidiary Kanal 75, ATG's own production company. Kanal 75 produces trotting and thoroughbred racing broadcasts for TV4, TV12 and online.

THE SWEDISH GAMBLING MARKET

ATG's betting turnover in Sweden



ATG's share of the gambling market 2018



Source: The Swedish Gambling Authority.

STRONG BRANDS

From “Harry Boy” and “Schysst Spel” to the largest Multijackpot ever. And new customer offerings in sports betting and casino games. “We are well-equipped for the future,” says Sten Andersen, Chief Marketing & PR Officer at ATG.

In 2018, total gambling advertising rose sharply. More than 100 brands competed to attract Swedish consumers. It’s no surprise then that the term “gambling advertising” is greeted with disdain. A perception that Sten Andersen shares.

“Yes, I fully appreciate that people are tired of all the gambling ads. The gambling market in Sweden in 2018 is without parallel. I dare to say there is no product market anywhere else in Europe with more than 100 brands. I believe we will see substantial investment in marketing in 2019 as well, but it will level out and gradually decline,” says Sten Andersen.

“I see problems not only with the amount of advertising, but also at a deeper level. Advertising at its best generates both positive emotions and engagement, but much of what we have seen so far in our industry has mainly focused on free spins and bonuses, not much heart and brain. We want to see more moderation in marketing, and this is an issue we

are driving in the Swedish Gambling Association, SPER,” says Sten Andersen.

In 2018, ATG was nominated in advertising competitions as Sweden’s best in-house agency, Framtidens Marknadsavdelningen and 100-wattaren. ATG was the proud winner of a Gyllene Hjul in the Endorsement of the Year category for the collaboration between Peter “Foppa” Forsberg and ATG Dream Fund.

“The nominations prove that we did a good job on several levels. Not only in our actual communication, but also in how we organised ourselves. Looking ahead, it is actually quite important that we are swift-footed and respond with engaging communication where our customers are,” says Sten Andersen.

Achievements in 2018?

“Customer response was great in terms of our large-scale activities such as Elitloppet and the big multi jackpots for ATG’s V75 brand, particularly 10 November when our turnover reached a record-high MSEK 201. From a marketing perspective, it is particularly satisfying to see how the new Harry Boy concept “Harry? Harry!” reversed a downward trend into an upward one. Another major event was the “Schysst Spel” (Fair betting) campaign that became our most popular campaign in four years and reported record figures in our surveys,” says Sten Andersen.

The year’s big milestone in terms of the marketing department’s activities was the launch and announcement of ATG’s brand-new products (sports betting and casino games) on New Year’s Day.

“For 45 years, we’ve been “the ones with the horses”. We have built up a strong brand and relationship with our customers. Even in future we will first and foremost be a horse betting company, but now we can also offer our customers both sports betting and casino games,” says Sten Andersen.



STEN ANDERSEN, CHIEF MARKETING OFFICER

MARKETING

“As a market leader in the licensed market, we have a huge responsibility, particularly in terms of responsible betting and marketing.”

The ad campaign for the new products kicked off immediately after the new year and focused on ATG Sport and the 65 different sports that ATG’s customers can now bet on. The message was that you as a customer can expect more of ATG.

“We have 1.5 million customers annually, many of who bet on our competitors’ sports and casino games. We want them to choose ATG when they bet. Our communication will also create recognition for our loyal V75 bettors, but also attract sports bettors and casino players.”

A different approach is the “ATG Hockey Live” collaboration with TV4 and C More. Every Thursday and Saturday, viewers can watch all SHL games, see the goals and the highlights, and get betting tips presented by television host Claes Åkeson, hockey expert Charles “Challe” Berglund and betting expert Mats Forslund.

“This is a unique venture on many levels. Besides “ATG Hockey Live”, Claes and “Challe” will also make appearances during power breaks on C More’s and TV4’s ordinary hockey broadcasts to provide the best betting tips. ATG has long been strong on content, a feature we intend to uphold even in future,” says Sten Andersen.

What does the new legislation mean for you?

“We will continuously invest in creating exciting betting experiences that are fair and convenient for our customers. Above all, the new legislation means that we can offer our customers everything that a commercial operator can offer. As a market leader in the licensed market, we have a huge responsibility, particularly in terms of responsible betting and marketing. We’re pleased to shoulder that responsibility – and our customers expect that we do too,” says Sten Andersen.



Harry? Harry. Images from the 2018 commercial.



ATG Dream Fund together with Peter “Foppa” Forsberg won the prestigious award Endorsement of the Year at the 2018 Gyllene Hjulet gala.



Fair campaign Ad banner for 2018



FROM JUST HORSES – TO HORSES, SPORTS AND CASINO

In 2018, ATG Sales armed itself with a completely new product offering ahead of 2019. “When our customers stepped into their ATG store on New Year’s Day, they found one of Sweden’s largest sports betting range in the store, with a total of 65 sports and brand-new responsible betting services,” says Katarina Widman, Chief Sales Officer at ATG.

Many industries and companies have recently made an about-face in their channel strategies, moving from the physical store to the digital store. ATG is investing in both physical and digital interaction with its customers.

CUSTOMER INTERACTION IN DIFFERENT CHANNELS

In 2018, major changes took place, organisationally within ATG Sales and in the establishment of new ATG stores. Today, there are about 2,000 ATG stores that sell ATG’s betting products, from Haparanda in the north to Ystad in the south.

“An ATG sign on a store has a strong communicative value. In many places, the ATG store is a natural meeting place and therefore vital for us in activating and recruiting new



KATARINA WIDMAN, CHIEF SALES OFFICER

customers. It was natural for us to offer our customers a convenient betting experience,” says Katarina Widman.

ATG’s customers can now bet on matches in 65 different sporting events. The range is the same in all ATG stores and at atg.se. There is even a special betting terminal in 700 stores where customers can easily examine and choose their games. The betting terminal offers games digitally via a touchscreen instead of the traditional coupons. The terminals also contain loads of sports information.

“Internally, we carried out a large-scale change project within ATG Sales. We are now an active sales organisation with clear strategies and plans for how we, together with the ATG stores, intend to develop the business and ensure that we always maintain a customer focus and offer an exciting betting experience,” continues Katarina Widman.

ATG wants to offer all customers a total experience where responsible betting is a key element. The new Gambling Act means more than just new products – it also means that ATG has to do more to prevent problem betting.

It sounds like a tough task – trying to sell a lot but not too much?

“No! We want long-term sustainable customers who feel good and stay with us for a long time. We have gathered our responsible betting tools under “ATG Check,” where customers can keep control of their betting and set limits. In addition, we contact those customers who we see are at risk of developing a gambling problem. No one needs doubt our absolute conviction that we want you, as our customer, to feel good about your betting,” says Katarina Widman.

During autumn 2018, a major campaign was launched with the goal of one million registered customers by the new year – which was achieved.

“ATG wants to offer all customers a total experience where responsible betting is a key element.”

“In total, we have approximately 1.5 million customers who have placed a bet with us at some time over the past year. That’s a fantastically sound base now that we also offer sports betting and casino games. We don’t want our customers to bet more, but to bet more with us. Of a betted SEK 100, they now place SEK 24 with us. We want to raise that figure,” says Katarina Widman.

On New Year’s Eve, the largest sales channel, atg.se, unveiled a completely new look that introduced the new gambling areas sports betting and casino games. Two seconds after midnight, a customer placed the first sports bet that Buffalo would beat the New York Islanders in NHL (Islanders won...).

“It was a unique night, an unforgettable experience. Many had worked hard for a long time to get everything in place. And suddenly, in one second, we were live with a brand-new betting experience for all our customers,” says Katarina Widman.

“Our biggest brands – V75, V86® and Grand Slam 75® – held their own during 2018. We have distributed BSEK 9.2 in winnings to our customers over the past year. V75 has remained the brand in Sweden that has delivered most million winnings to our customers, a total of 153 winnings in 2018. In all, we had 195 million winnings during the year, which is extremely gratifying,” says Katarina Widman.

“In 2019, we will now concentrate on three things: to continue to deliver and develop experiences in horse betting, to establish sports betting and casino games as a natural part of our offering and, of course, consideration for our customers. We are convinced that ATG will continue to grow with good profitability, deliver world-class customer experiences, and thereby continue to be the Swedish equine industry’s engine,” says Katarina Widman.

SALES CHANNELS



ATG's betting terminal – a betting terminal for sports betting and trotting games



100 per cent identification for betting – introduced by ATG on 1 November 2018

ÖKA DINA VINSTCHANSER
Spela på hästar Tillsammans med vänner och travexperter
Gå med nu

SPELA MED VÄNNER FRÅN HELA LANDET
När du spelar via Tillsammans slipper du krångel med betalningar och administration. Kollegor och vänner från hela landet kan enkelt vara med.

ATG's popular board game Tillsammans brings people together and makes it easy to bet with others.

THE WORLD'S BEST BETTING EXPERIENCE

To create 'The world's best betting experience.' It is no small challenge that our colleagues in Product and Business Development have taken on. "Our vision is a positive driver," says Mikael Bäcke, Chief Product and Business Development Officer.

"To use a mountain climbing simile, over many years we have built up a functioning base camp and recruited good talent. Slowly but surely we have made our way up the mountain and pitched new base camps. With the new Gambling Act in place, we have what we need to complete the climb and reach the summit," says Mikael Bäcke.

BETTING TREND

Throughout ATG's history, the company has focused on developing horse betting. In recent years, ATG has developed several new forms of horse betting.



MIKAEL BÄCKE, CHIEF PRODUCT AND BUSINESS DEVELOPMENT OFFICER

"It's gratifying that our major flagship, the V75 brand, is gaining momentum. At the same time, unfortunately, we've fallen behind in each-way betting. Competition was brutal in 2018 with the FIFA World Cup, the hot summer and the growing number of betting companies in the Swedish market. But we are on the ball, and I hope we can once again create growth in each-way betting in 2019," says Mikael Bäcke.

SPORTS AND CASINO PREPARATIONS

In 2018, much of the focus was redirected to the task of launching both sports betting and casino games on 1 January 2019. Immediately after midnight on New Year's Eve, atg.se transformed from a horse betting site to a horse and sports betting and a casino games site. ATG's betting on horses is tote betting (customers bet against each other). In sports betting and casino games, the customers bet against each other and ATG.

"We decided early on that we would not be involved in odds compiling for sports betting, and the same applied to casino games. To run these ourselves would have been extremely resource-intensive, in terms of both employees and risk management. It is not therefore viable from a business perspective," says Mikael Bäcke.

ATG signed agreements with suppliers of sports betting, live casino games and slot machines in 2018. All product areas went live on New Year's Eve at atg.se.

"The response from customers, ATG stores and the media was generally positive. We made a good first impression and I think it was incredibly important that we were up and running the instant the new Gambling Act came into effect

PRODUCT AND BUSINESS DEVELOPMENT

“One key factor – and one that also affects the first impression – is that customers should feel safe and secure when betting.”

– and of course, that we had all of our responsible betting services in place,” says Mikael Bäcke.

One key factor – and one that also affects the first impression – is that customers should feel safe and secure when betting.

“It’s important to point out that a fair betting experience is so much more than the betting product itself. It is also what it feels like when you log in, how we respond to your email, how easy it is to navigate the site, that we have the right responsible betting tools so you feel safe when you’re betting, the experience when you correct you bets... and of course, a range of different venues where you and we meet. Every employee at ATG is involved in that process.”

What about betting on horses? Will there be any new products in 2019?

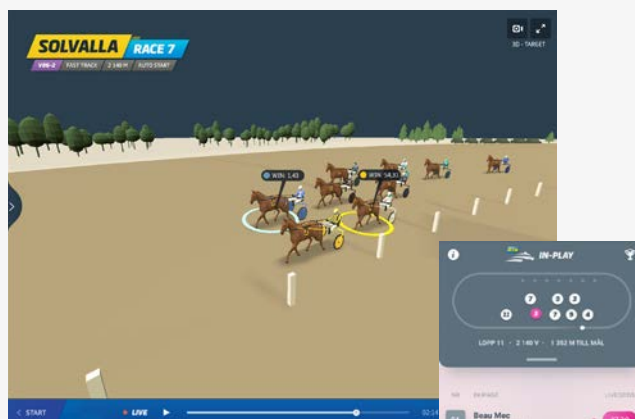
“I promise that a lot will happen in horse betting in 2019. ATG is, and will remain, a horse betting company first and foremost. We have a host of exciting products and services for horse betting in the pipeline. Among other things, we will launch a brand-new betting app in the spring. Horse betting is its focal point, but it will also offer sports betting and casino games. ATG X-labs is also working on projects linked to all the data in the positioning system, we are looking at machine learning and reviewing in general our entire range of products from the perspective: How can we create an even better betting experience for our customers? In this regard, how our responsible betting services are perceived is particularly important,” says Mikael Bäcke.



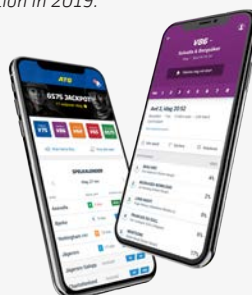
Thanks to VR it is possible to convey what it is like to sit in a sulky during a real trotting race.



The positioning system was updated with many new features in 2018 to make it easier to follow the horses in the race.



A new application for ATG via mobile phones is under production in 2019.



UNPRECEDENTED POTENTIAL

International interest in ATG's products rose in 2018.

And it will rise even more in 2019.

"The new gambling legislation gives us unprecedented potential.

We will be active in several new foreign markets in the future,"

says Lars Nemeth, Head of International Sales at ATG.

ATG's international business has been regulated over the years through its concession. ATG has not been able to establish its own operations beyond Sweden's borders, but only through collaboration with horse betting operators and organisations that have supported the local horse racing. With the new Gambling Act, ATG can now enter the international market.

"Our new strategy has two main tracks – to continue collaborating with our existing partners, or to establish ATG in new markets through either acquisitions or licence applications," says Lars Nemeth.



LARS NEMETH, HEAD OF INTERNATIONAL SALES

POTENTIAL IN DENMARK

First out is Denmark. At the beginning of 2019, we acquired the Danish gaming group Ecosys, which includes Bet25® (sports betting and live casino), Rød25® (online casino) and Derby25® (horse betting).

"We see potential for developing horse betting in Denmark. Another reason for the acquisition of Ecosys is that Denmark had already introduced a license system similar to the Swedish one in 2012. We can learn a lot here, in terms of both customer behaviour and new products," says Lars Nemeth.

RISING TURNOVER IN 2018

In 2018, ATG collaborated with a total of 20 partners worldwide, from Scandinavia to Australia. Net turnover from the foreign customers' betting into the Swedish pools rose 7 per cent.

"Every day we have international customers gambling in our betting pools. V75 is the brand that attracts the most interest, just like in Sweden. In 2018, we had customers from Norway, Denmark, Germany and Malta who took home major winnings," says Lars Nemeth.

In addition to ATG selling betting on Swedish races to foreign customers, the opposite also happens – Swedish customers are able to bet on foreign races. In 2018, ATG arranged betting on 13,000 foreign races.

BETTING ON EQUAL TERMS

ATG's business model for international collaborations is to share the net income from gambling by partners' customers in Swedish betting pools. The standard model in the horse betting world is otherwise that the partner pays a provision to ATG on the gross turnover.

“We see potential for developing horse betting in Denmark.”

“It is incredibly important to us that all gambling in our betting pools takes place on equal terms. We want to attract both the big players and Harry Boy bettors, and put a premium on having a good balance between different types of bettors,” says Lars Nemeth.

INTERNATIONAL ANIMAL WELFARE

In international collaboration, animal welfare is a key issue. Swedish animal welfare is advanced compared with many other countries.

“It is for this reason that we took an active decision to not offer hurdle races from the UK to our Swedish customers. In other cases, together with our owners we try to influence national horse racing organisations in the specific country to improve their regulations. Isolating a country due to their weak animal welfare regulations solves nothing. I am absolutely convinced that we can effect a change through dialogue. There are several indications that this work is also moving in the right direction. Among other things, international collaboration has led to amended driving rules in some US states. That said, this is an area where much remains to be done,” says Lars Nemeth.

THE INTERNATIONAL BUSINESS

Swedish competitions:

- ✓ Increase betting pools
- ✓ Develop Nordic sports betting and gaming partnerships
- ✓ Market Swedish trotting and thoroughbred racing globally

Foreign competitions:

- ✓ Supplement and expand ATG’s range of betting products
- ✓ Develop Nordic sports betting and gaming partnerships
- ✓ Examine the potential to create new betting concepts



The new app will also work for ATG’s international customers.



Spectacular opening of the world’s toughest trotting race – Prix d’Amérique



Elitloppet brings together the very best trotting horses from all over the world.

THE MOST TRANSFORMATIVE YEAR IN TERMS OF TECHNICAL ADVANCES

One betting site. One news site. And one television station with several channels. All at the same time. And then add that all information is updated in real time in all places, while more than 60,000 dedicated customers are logged in to play. "An incredibly thrilling workplace for anyone who likes a challenge," says Per Gutesten, CIO at ATG.

2018 was an intensive year for many at ATG, but the question is whether it was most hectic for the IT department's approximately 200 employees. In addition to the challenges of day-to-day operations, a completely new betting market was approaching with new products, new legal requirements, new technical solutions, new.... well, basically new 'everything.' 2018 was undoubtedly the most transformative year in ATG's history in terms of technical advances.



PER GUTESTEN, CHIEF INFORMATION OFFICER

TECHNICAL IMPROVEMENTS

"To say that I am proud of the work that all our employees have delivered is an understatement. It was a Herculean effort," says Per Gutesten.

The list of technical improvements and changes made in ATG's system was long. When Per Gutesten has to pick one of all the improvements, he opts for one that the customers hardly noticed.

"We did a 'heart-and-lung transplant' in the entire system and extracted the customer's 'wallet' – or the part that manages the customer's transactions – from our betting system. We did so because the function only allowed betting on horses. We replaced it with a wallet feature that our customers now use for horse and sports betting and casino games. There's no difference for the customer. But the technical work that went into achieving the customer experience was immensely complex," says Per Gutesten.

"And this was just one of the many examples of successful and transformative changes that we introduced in 2018. The connection with our new betting areas and relevant partners required a completely new communication system, even for our existing applications. This was also used in our login flows and enabled the introduction of BankID, among other things," continues Per Gutesten.

The betting experience includes a well-developed responsible betting solution for the customer. During much of the year, the IT department focused on launching new responsible betting services: stake limits, identification, self-exclusion and analysis tools to prevent problem betting.

Together with all of our employees, we have laid the foundation for a new way of working in IT, based on innovation and teamwork."

Like many of his colleagues, Per Gutesten was extremely involved in the work on New Year's Eve when ATG's sports betting and casino games were launched.

"It was an overwhelming feeling of both pride and relief when everything worked at the stroke of midnight," says Per Gutesten.

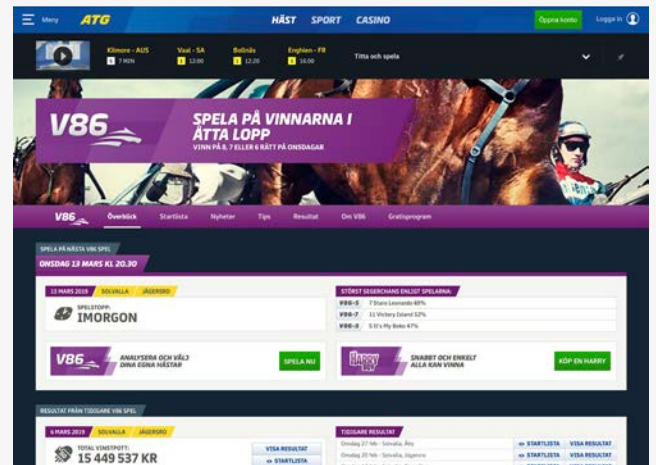
Together with all of our employees, we have laid the foundation for a new way of working in IT, based on innovation and teamwork. The new approach will lead to absolute world-class responsible betting and customer experience. It will permeate our continuous improvements in the years ahead.

Any other areas of improvement?

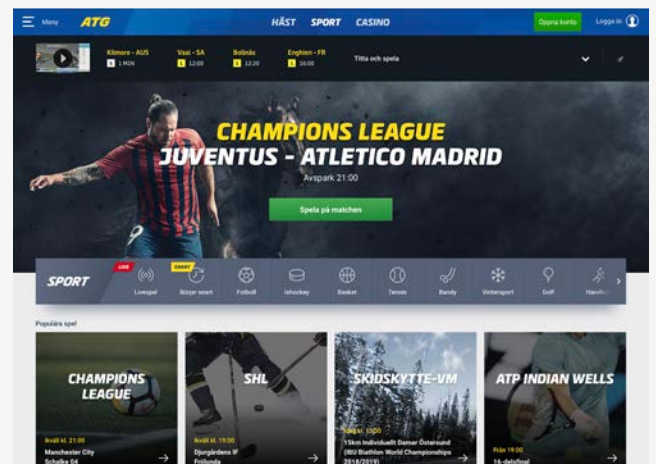
"We had the best availability ever for our IT services throughout most of the year, until well into November. But during the last two months, three operating disruptions of various natures occurred, triggered by the changes we had implemented. Obviously, this was tough for our customers and our employees. Our operations demand what is in parts a complex IT environment that requires constant updates. Consequently, we face new challenges all the time.

"An ATG customer must be able to expect that our services are available. We have a complex environment in which over one million active and loyal customers are welcome, regardless of whether they bet in stores, at the tracks or via their mobiles. I feel we are much better today at both predicting and managing operational disruptions than we were just one year ago, but we will become even better. We are doing everything in our power to ensure high availability for ATG's services," says Per Gutesten.

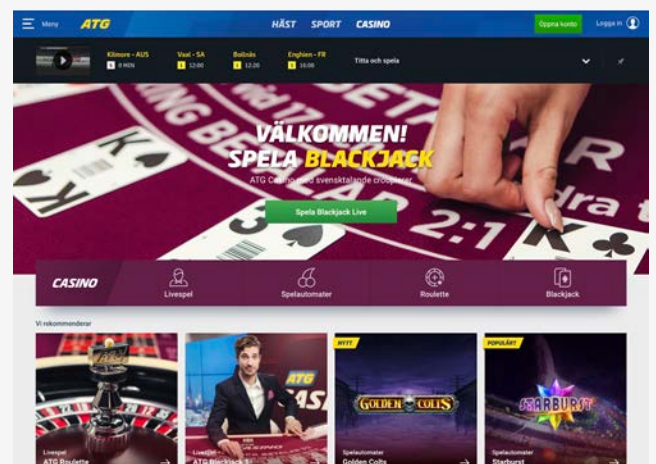
BETTING PLATFORM



Horses. "In 2019, ATG will be investing in the V86 brand.



Sports. The ATG Sport website was launched in 2019, and ATG's customers can now bet on 65 different sports.



Casino games. Welcome to ATG Live Casino® – ATG has offered its customers online casino games since January.

SOME PROGRESS – BUT OUR AIMS ARE HIGHER

ATG has achieved a great deal in the sustainability area, but the Head of CSR is not satisfied. “ATG and the industry have more work to do. We will be the betting company that shows the betting industry the road forward in sustainability,” says Maria Guggenberger, Head of CSR.

The past year’s sustainability efforts were largely characterised by adapting the company to the new gambling legislation. The new act is based on a duty of care for the customer and requires that betting companies take a major social responsibility.

“It is fully in line with how we view our customer relationships; we want our customers to feel good when they are betting with us,” says Maria Guggenberger.

SOUND BUSINESS RELATIONSHIPS

Maria Guggenberger feels it is a good thing that responsible betting is carefully supervised.

“Our industry is at the very bottom in terms of confidence for sustainability issues. We really need to make a change here,” says Maria Guggenberger.



MARIA GUGGENBERGER, HEAD OF CSR

In addition to adapting ATG’s responsible betting agenda to the new duty of care, ethics in business was at the top of the agenda in 2018. This means that the Group will continue to further develop its efforts with processes that ensure continued sound business relationships. ATG subscribes to the UN Global Compact and has been integrating its Ten Principles for corporate sustainability since 2017. The principles are based on international conventions on human rights, labour, environment and anti-corruption.

How will you continue to work with the sustainability topics?

“Our efforts to integrate sustainability into the operations will continue. Sustainability efforts will permeate our entire organisation. Given our new betting areas and the re-regulated market, we intend to review the materiality assessment and see if we need to update the stakeholder dialogue compared with the one implemented in 2018. During the year, we also conducted a review to identify how ATG contributes to the UN Sustainable Development Goals, which is something we will continue to work on in 2019,” says Maria Guggenberger.

What will be the most important sustainability issue for ATG in 2019?

“Responsible betting will always be our most important issue. We are humbled by our new assignment in the new gambling market. Now that we can offer both casino games and sports betting in addition to betting on horses, we have to meet new demands. We must continue to listen to our customers, but also monitor their gambling behaviour. We have a greater responsibility to communicate with our customers. We must continuously develop our responsibility for betting – which is precisely what we will do in 2019 – with the objective of making the betting industry healthier tomorrow than it is today,” says Maria Guggenberger.

“Our entire surplus is returned to horse racing. That makes us unique.”

What did the 2018 stakeholder dialogue reveal?

“The combined results showed that responsible betting and animal welfare are the key issues for ATG’s stakeholders. Our customers feel it is obvious that ATG should take a major responsibility and they are satisfied with the work we are doing. For our stakeholders, animal welfare is most the important issue, then responsible betting. The most prioritised issue in relation to our agents is the volume of advertising material that is distributed. Paper consumption is an environmental issue that we are actively addressing,” says Maria Guggenberger.

What do you mean by ATG is the engine in the horse industry?

“It means that our entire surplus is returned to horse racing. That makes us unique. ATG is owned by the Swedish Trotting Association and the Swedish Jockey Club so when ATG has paid its operational expenses, the surplus goes back to horse racing. In 2018, more than BSEK 2 was invested in horse racing. The entire equine industry creates almost 38,000 jobs,” says Maria Guggenberger.

In addition to funding trotting and thoroughbred racing, ATG has a strong commitment and many partnerships across the entire equine industry. Everything from long-standing commitments within the Swedish Horse Industry Foundation, the Swedish-Norwegian Foundation for Equine Research and the Royal Mounted Guards to a number of other horse-related activities and initiatives. ATG’s almost 40-year-long sponsorship of the Swedish Equestrian Federation is also an important collaboration.

“Already in 1977, ATG was involved in the foundation of the Gothenburg Horse Show, which makes it particularly gratifying that we were able to offer betting on show jumping at the show in 2018. It was a successful venture that was well-received by both the audience and the riders, and something we will develop further in 2019 under the name ATG Riders League,” says Maria Guggenberger.



ATG Dream Fund allocates SEK 100,000 to the newly formed foundation Life After Racing – for the continued life of racehorses after their retirement.

ATG Dream Fund

In 2018, activities for ATG Dream Fund grew to include both large and small projects. Worth highlighting are the application categories announced for dream projects, aimed at preventing social exclusion and poor health through sport. Both those nominated and the winners receive funds from the ATG Dream Fund. Gotland’s trotting school won in the category trotting and thoroughbred racing project in partnership with the magazine Travronden. The school was awarded the prize in order to expand its activities for people with disabilities, and to buy a carriage to enable carriage driving for people in wheelchairs.

In the national category of ATG Dream Fund, open to all associations, four finalists out of 150 applications were nominated: Simlabbet in Umeå, Fryshuset’s Skate Nation, Motala Skridskofritids and Borås Fältrittklubb. The final winner was Borås Fältrittklubb for its project to offer, together with the local child and adolescent psychiatry unit, safe and harmonious activities with the horses.

A store campaign ran in November 2018 during which Harry Boy was sold together with Mustaschkampen’s moustache reflexes and raised MSEK 1.2 for the Swedish Prostate Cancer Federation, of which SEK 200,000 was donated by the ATG Dream Fund.

Funds distributed by ATG Dream Fund in 2018*

Dream Project together with Travronden	SEK 160,000	
National Dream Project	SEK 300,000	
Mustaschkampen	SEK 200,000	
Life After Racing Foundation	SEK 100,000	
Legola Memorial Scholarship	SEK 40,000	

*Read more at drömfond.se

The UN Sustainable Development Goals (SDGs)

In 2018, ATG conducted a review to identify how the operations contribute to the UN Sustainable Development Goals.

Read more on page 116.



ATG's SUSTAINABILITY EFFORTS

ATG will act ethically, responsibly and transparently throughout the value chain and in its relationships with the company's stakeholders. Responsible betting, animal welfare and creating value for horse racing and society are the company's most important sustainability topics.

ATG's sustainability efforts are focused on the topics deemed most material based on the operations, and on the expectations of those stakeholders who influence and are influenced the most. ATG has identified seven prioritised undertakings in five focus areas.

Together with responsible betting and animal welfare, ATG's mission to generate funds for the equine industry is the company's highest priority in the sustainability area. In addition to these, there are four undertakings that are deemed material and constitute the basis for ATG's systematic sustainability efforts and sustainability reporting.

SUSTAINABILITY – HOW ATG WORKS

ATG takes a long-term approach to its seven prioritised undertakings, and works toward short-term targets. Policies and guidelines that stipulate expectations and responsibilities within the organisation and for partners are also in place. ATG's sustainability targets and outcomes are described on page 110. A description of relevant policies and guidelines can be found on page 108. Within the organisation, the company's CSR section has overall responsibility for ATG's sustainability efforts. This includes the identification of sustainability targets, monitoring and reporting. This process also involves supporting the entire organisation's efforts to comply with ATG's strategies for sustainability and responsible betting.



ATG on site in Visby during Almedalen Week. In recent years, ATG's garden has hosted many interesting seminars and panel debates on the topic of gambling policy.



The finish line at Bro Park Racecourse just outside Stockholm.

ATG's FOCUS AREAS AND SUSTAINABILITY UNDERTAKINGS

	Focus area	Undertaking	Description
VERY MATERIAL	Commitment to dreams, society and the equine industry	<i>Long-term profitability and value for the equine industry and society</i>	Long-term profitability and value for the equine industry and society is ATG's highest purpose. By offering exciting betting experiences in a fair and convenient manner, the company creates value for its customers and long-term, stable income for trotting and thoroughbred racing in Sweden. Through the ATG Dream Fund, ATG helps to support associations and organisations that are working for a better society.
		<i>Working for responsible horse racing</i>	Working for responsible horse racing is a high priority since betting on horses would not be possible unless the welfare of horses was taken seriously. Animal welfare is driven by ATG's owners who work actively to combat doping. ATG collaborates with its owners in efforts to promote good animal welfare.
	Consideration for our customers	<i>Responsible betting in relation to customers</i>	Responsible betting is ATG's most important sustainability topic, because there are risks associated with money betting. Problem gambling can have serious consequences for both customers and their families. ATG works actively to prevent problem gambling.
MATERIAL	Ethics in business	<i>Ethical business relationships</i>	Being a fair company requires ethical business relationships. Compliance with laws and regulations such as money laundering prevention, personal data protection and healthy competition are hygiene factors that require constant attention and a systematic approach. Some of the significant risks related to environment, labour, human rights and anti-corruption are found in the supply chain and are beyond the company's direct control. ATG collaborates with its suppliers to counter these risks.
	Our employees facilitate ATG's successes	<i>Leadership and employeship in focus</i>	ATG's single greatest asset is its employees. Quality, a long-term approach and the satisfaction and well-being of our employees is ensured through personal development, good leadership, wellness and a positive work climate. Working actively to increase diversity by helping employees to accept one another for their differences and creating a workplace free from bullying and harassment is of paramount importance for both the company and employees.
	Reduced carbon footprint	<i>Resource management and circular economy</i>	ATG's greatest consumption of resources is electricity to server halls and offices, and paper for marketing material, betting slips and betting receipts. ATG works to make aware purchasing choices to reduce its resource needs.
<i>Climate responsibility</i>		Climate change is now one of the most serious global challenges. ATG strives to reduce the organisation's environmental impact. ATG's own greenhouse gas emissions are relatively low. The company strives to reduce the organisation's direct and indirect emissions.	

STAKEHOLDER DIALOGUES

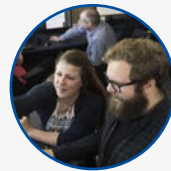
Through an open dialogue with the company’s stakeholders, ATG ensures and validates that material sustainability topics are in line with their expectations.

The dialogues take place in various ways depending on the stakeholder group and type of sustainability topic. Dialogues are held both regularly and in specific activities. In 2018, ATG conducted sustainability-focused interviews and online surveys with its stakeholders. The survey targeted key

stakeholders: customers, agents, employees, industry and gambling addiction organisations as well as the Board as representatives of the owners and the State.

Overall results show that responsible betting and animal welfare are the topics with the highest priority for the stakeholders. These were followed by long-term profitability and value for the equine industry and society. Below are the most important topics per stakeholder group.

STAKEHOLDER PRIORITIES



Customers	
1	Working for responsible horse racing
2	Ethical business relationships
3	Responsible betting in relation to customers

Board of Directors	
1	Long-term profitability and value for the equine industry and society
2	Responsible betting in relation to customers
3	Ethical business relationships*
	Working for responsible horse racing*

Organisations	
1	Responsible betting in relation to customers
2	Working for responsible horse racing
3	Leadership and employeeship in focus

Employees	
1	Long-term profitability and value for the equine industry and society
2	Responsible betting in relation to customers
3	Working for responsible horse racing*
	Leadership and employeeship in focus*

Agents	
1	Responsible betting in relation to customers
2	Working for responsible horse racing
3	Long-term profitability and value for the equine industry and society*
	Ethical business relationships*

* The stakeholders prioritised these topics in shared third place.



Coldblood trotter Månprinsen A.M. after V75 victory.

RESPONSIBLE BETTING IS THE MOST IMPORTANT SUSTAINABILITY TOPIC

ATG wants to be the customer's preferred choice. The customer promise – to offer exciting betting experiences, in a fair and convenient manner – places high demands on responsible betting as well as exciting products.

According to the Swedish Public Health Agency, about two per cent of the adult population has a gambling problem. Fast-moving bets with short periods of time between bets and results pose the greatest risk of developing an unhealthy betting behaviour. ATG is committed to long-term and healthy customer relationships, which makes responsible betting a key component of the overall customer experience.

Guiding principles for ATG's responsible betting are that betting feels safe and secure, and that there are options available that can give customers control over their betting. These principles have been dominant within the company and, in certain aspects, needed to be modified to fulfil new regulatory requirements in terms of duty of care. In brief, duty of care means that gambling operators with a licence in Sweden must ensure that the operations take social, mental

and physical factors into consideration. The purpose is to protect players from excessive gambling. The new legislation requires all gambling operators to monitor the players' behaviour in order to limit gambling if needed. In 2018, ATG implemented a player tracking system (PTS) to track and communicate with customers when needed. Employees from virtually the entire organisation have received basic training in PTS. Employees working in close customer relationships also completed an advanced course in the system.

Ahead of the transition to the new market, ATG developed a number of features to strengthen responsible betting, such as stake limits and a login time limit as well as self-exclusion options within existing and pending gambling areas. ATG has no VIP treatment for its customers, and the Group is restrictive in its marketing of casino games.



ATG supports the Royal Mounted Guards. Vinnie saying hello to drumhorse Tor.

ATG's responsible betting measures go under the collective name of ATG Check and can be found at www.atg.se/atgcheck/spelansvar. Before new betting products are launched, they are tested for their risk level and the design of the game. ATG has decided to not offer games with a level of risk that is too high to its customers.

COLLABORATION FOR RESPONSIBLE BETTING

An important part of ATG's efforts to ensure responsible betting is collaboration with authorities and industry organisations. Through dialogue and collaboration, the industry can work together to prevent and counter problem gambling.

ATG is a member of the Swedish National Gambling Association (SPER), an association that drives industry-related issues. Through SPER, Swedish betting companies cooperate through dialogues and joint guidelines for responsible betting and responsible marketing. ATG also cooperates in the Independent Gaming Collaboration (an association of regulated companies in the gambling industry), the National Association for Gambling Addicts, the Swedish Gambling Authority, the Helpline and the Swedish Public Health Agency. The Independent Gaming Collaboration provides support to people with a gambling addiction and their families.

RESPONSIBLE BETTING TRAINING COURSES

All employees, agents and partners undergo regular responsible betting training. The aim of the training is to improve awareness in communication, product development and customer offerings in order to counter problem betting. One step in the further enhancement of our responsible betting measures was the creation of new responsible betting courses during the year. Both an updated responsible betting course for employees and a specific course for the croupiers at ATG Live Casino were launched in December.

In the first quarter of 2019, the following interactive online courses in responsible betting were launched:

- for agents and racetracks
- for partners
- advanced courses for employees in marketing, product and business development
- advanced continuation courses for ATG Customer Service

90%

of the employees had completed responsible betting training by the end of the year

100%

of agents had completed responsible betting training by the end of the year

RESPONSIBLE BETTING TOOL IN ATG CHECK

✓ Deposit limits – introduced in 2018

Deposit limits are intended to give the customer better control over their betting and lower the risk of gambling more money than planned. It is not possible to deposit more money in an ATG account for a specific period of time once the set amount has been reached.

✓ Mandatory registration – introduced in 2018

In the autumn, ATG introduced mandatory registration when making bets with agents. Due to this registration process, age verifications by agents have been replaced by ID checks by retailers. ID checks are intended to ensure that only authorised sellers are logged into the checkout and that the login is linked to the seller since logins are personal.

✓ Self-exclusion

Self-exclusion, a complement to ATG's existing service, was carried out by connecting with spelpaus.se, the Swedish Gambling Authority's nationwide self-exclusion register, which was launched on 1 January 2019.

✓ Self-assessment test while logged in

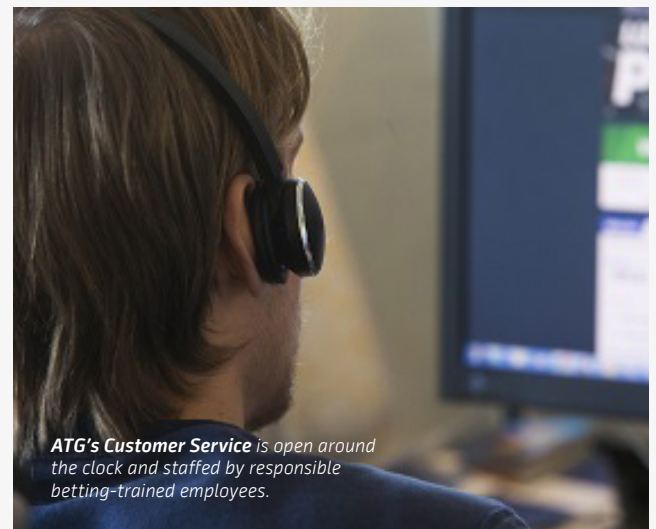
ATG offers a new self-assessment test in which customers answer some questions about their betting habits. The test is linked to the customer's ATG account, which makes it easier for them to monitor their betting behaviour over time.

✓ Exclusions per form of betting

Now that ATG offers new and different forms of betting – horse betting, sports betting or casino games – customers are able to exclude themselves from the forms of betting they do not want to play.

✓ Login time limit

The login time limit is a voluntary limit that ATG offers customers who want to restrict the time they can be logged in to atg.se.



ATG's Customer Service is open around the clock and staffed by responsible betting-trained employees.

All responsible betting courses are mandatory and implementation is followed up regularly. The courses address issues related to the risk of money betting, problem gambling, credit card gambling and age limits. They also provide information about where to turn for support and help for both the players and their families.

SPECIAL COURSES FOR ATG'S CUSTOMER SERVICE

Customer Service employees have undergone Motivational Interviewing (MI) training that included lectures and hands-on exercises. The training aims to give the employees tools for more successful interaction with customers and their family members. It also provides support in motivating customers to use the responsible betting tools that ATG provides and in professional interaction with customers and their families. From 1 January 2019, Customer Service has been open around the clock.

CUSTOMER INFORMATION

Communication with customers is prioritised from a responsible betting perspective. In pace with the launch of responsible betting features, customers are consistently informed about the new features and services – such as being encouraged to set a personal limit for deposits in their ATG account and to test their betting habits at atg.se in a digital self-assessment test. The result was an increase in completed self-assessment tests to 8,653 in 2018, which is almost five times the number of self-assessment tests in 2017.

EMPLOYEE GUIDELINES

ATG aims to achieve a long-term and efficient business operation, and an attractive workplace with responsible employees. The company is extremely vigilant because employees who work for gambling companies are at greater risk of developing an unhealthy relationship to gambling, which ATG wants to prevent. ATG has a betting policy for employees aimed at preventing risks and unhealthy betting behaviour. All employees have been informed about the new policy.

The betting policy mainly stipulates that:

- betting may only take place outside of work hours
- basic training in responsible betting must be completed within six months of joining the company and repeated at least every third year
- advanced courses in responsible betting are mandatory for selected Group functions
- ATG offers support and assistance to employees who may be at risk of developing unhealthy gambling behaviour

If an employee has a suspected or confirmed gambling problem, an investigation is carried out and a rehabilitation plan is created if required.

There are restrictions on ATG-arranged betting for selected functions within the organisation and for certain forms of betting.

Responsible betting in ATG's Operational Instruction:

- ATG will ensure that social, mental and physical health protection is observed in the operations, which includes taking into account and actively working to prevent problems with excessive betting.
- ATG will follow the Swedish Gambling Authority's regulations and the Swedish National Gambling Association's (SPER) guidelines for responsible betting, and offer products and measures designed to meet customer needs for safe and reliable betting activities.
- The Responsible Betting Council is a cross-functional forum aimed at securing the entire organisation's commitment to this issue. The convenor of the Responsible Betting Council is the Head of CSR. Notification to participate in Responsible Betting Council meetings are sent to senior executives and employees as needed. One person is appointed within every department to monitor and comprehend any developments in the responsible betting rules.

VISIT TO A GAMBLING ADDICTION ASSOCIATION

Having an understanding of gambling addiction issues and the consequences that can arise from unhealthy gambling are important. Twice in 2018, ATG's Management Group attended gambling addiction meetings to hear about and better understand gambling problems – once in Stockholm and once in Gothenburg.

GAMBLING MARKETING

In addition to complying with laws and rules, all SPER members have agreed on their own guidelines for ethical and moderate marketing. To some extent, these guidelines go further than the legislation in terms of limiting and controlling marketing content.

The guidelines stipulate that marketing:

- must be truthful and not misleading
- must not be directed at minors
- must not be designed to be perceived as intrusive
- must be done in a spirit of responsible gambling

In addition to these guidelines, all marketing must include the number to the Helpline and the 18-year-old age limit for gambling for money.

8,653

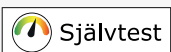
self-assessment tests undertaken in 2018

Show jumper Douglas Lindelöv and horse Sacramento at the Gothenburg Horse Show.



The Swedish Gambling Authority's responsible betting logotype

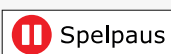
According to the new Gambling Act, all gambling companies must make the responsible betting logotype clearly visible wherever online games are offered. The logotypes must be placed in a locked field at the top of the license holder's web-sites and mobile applications so that the logotypes are visible at all times, even when the user scrolls down the page.



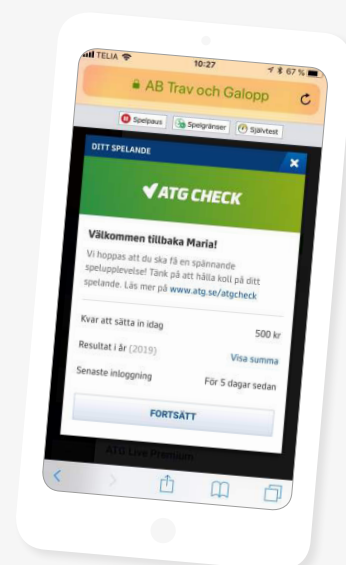
The self-assessment test, which gives players an idea of their betting habits.



Mandatory deposit limits (betting budget) or voluntary restrictions such as login time limits.



Exclusion from games where the players can opt to self-exclude from betting, either with the betting company or in the nationwide exclusion system spelpaus.se that covers all license holders.



GOOD BUSINESS ETHICS

ATG's betting experiences will be offered in a fair and convenient manner and fulfil the high demands for ethical conduct, both internally and externally.

For ATG, it is critical that society and its customers have a positive image of ATG and horse racing. Good business ethics, ensuring good terms and conditions, and active efforts for sound animal welfare in the sport are required. This work is driven by the Swedish Trotting Association and the Swedish Jockey Club. ATG collaborates with its owners in efforts to promote good animal welfare.

HORSE RACING ON FAIR TERMS

Many different regulations exist within the sport that those active in trotting are required to follow – both before, during and after a race. The regulations describe the race rules, the equipage's equipment, driving and anti-doping. Combating doping is one of the foremost duties of trotting and thoroughbred racing. Each year, more doping tests are taken with Swedish trotting than the number taken in all categories of human sport.

Before a race, those active in trotting carry out self-inspections of horses and equipment using an established checklist. During race meetings, stable area inspections are carried out, which are random inspections to verify that the self-inspections are done correctly.

ANTI-MATCH FIXING EFFORTS A PRIORITY

Combating match fixing – when one or more attempt to manipulate the outcome of a match or race for financial gains – is a top priority for ATG. Clear rules and procedures are in place to ensure superior betting security and the integrity of all betting objects. Among other things, ATG does not offer head-to-head betting (betting on which of two participants will finish first) due to the risks of match fixing. Nor does ATG arrange betting when the same trainer has most of the horses in the race. The Group has well-established procedures for managing suspicions of match fixing. The Security and Betting Quality Department supervises the sport.

ATG investigates sports-related incidents and abnormal betting that can impact the forms of betting that ATG offers its customers. Tips about deviating behaviour that led to investigations were received from both the Swedish Gambling Authority and the public. No instances of cheating were confirmed in either 2017 or 2018.

MONEY LAUNDERING PREVENTION

As of 1 August 2017, ATG has been subject to the Money

Laundering Act and the company follows the Swedish Gambling Authority's regulations for measures against money laundering and the financing of terrorism.

ATG works actively to prevent money laundering, mainly through high customer awareness. The company identifies risks and follows up suspicious transactions. Employees and retailers are trained in the Anti-Money Laundering Act for preventive purposes. Employees and retailers are required to report any suspected irregularities to ATG.

BUSINESS ETHICS AND ANTI-CORRUPTION

ATG complies with the Swedish Anti-Corruption Institute's Code on Gifts, Rewards and other Benefits in Business. Internal policies clarify what this means for the operations. During the year, all managers were tasked by Group Management to highlight the risks that can arise through work together with their colleagues.

PROTECTION OF PERSONAL DATA

The General Data Protection Regulation (GDPR) entered into force in 2018. ATG's personal data policy was revised during the year. The policy accounts for how personal data may be gathered and used. There is a data protection representative within the Group who oversees that personal data is processed correctly and in compliance with applicable laws and rules. ATG has also developed procedures for reporting data protection breaches.

COLLABORATION WITH SUPPLIERS

ATG makes purchases for around BSEK 1.1 from approximately 1,000 suppliers in one year. ATG's largest suppliers are mainly in IT, media and marketing services. Most suppliers operate in Sweden, but depending on the product or service purchased, their subcontractors may be active in other countries where risks may be different than in Sweden.

ATG's Supplier Code of Conduct defines ATG's expectations on its suppliers. The Code covers such areas as human rights, business ethics, labour conditions and the environment, and stipulates the minimum requirement for its suppliers' sustainability efforts. In 2018, ATG requested that seven selected suppliers complete a self-assessment of their sustainability efforts based on the requirements of the Code of Conduct. In January 2019, the suppliers' responses will be reviewed and feedback will be provided later in 2019.



Thoroughbred racehorse in the parade ring at Bro Park.

A CULTURE IN WHICH ALL EMPLOYEES CAN GROW

ATG employees are encouraged to take ownership and test new solutions. Corporate culture, leadership and wellness initiatives produce results in the form of higher motivation, commitment and satisfaction.

The transition to the new market has placed high demands on adjusting the operations to the new conditions under the re-regulation. In 2018, this work intensified and challenged ATG's employees. Although large parts of the organisation were occasionally under a great deal of pressure – the IT Department in particular – the employee survey shows that the weighted employee index has improved.



A healthy corporate culture promotes satisfaction, commitment and personal development. During the year, ATG established a new position: Corporate Culture Manager – aimed at strengthening the corporate culture. Lotta Jansson assumed the new position in autumn 2018.

FOCUS ON CLARITY

ATG's manifesto is the basis for its internal communication. The manifesto summarises ATG's vision, mission and customer promise, and contributes to a common direction with a clear purpose, clear strategies and goals. Score cards and regular meetings for the entire organisation are used to follow up the manifesto. Once a month, all managers meet for a brief exchange of information and practices in a manager forum. In 2018, the manager forum focused on creating clarity in the organisation in terms of the company's direction and the position the company wants to take in the new market.

In conjunction with updating the manifesto in the autumn of 2018, a new position was also created – Corporate Culture Manager. One of the purposes of the position is to strengthen and further develop the corporate culture on the basis of the company's core values, namely Dynamic, Respectful and Ownership.

The core values are an essential foundation for ATG. Continuous core value efforts ensure that the values permeate the entire operations, from Group Management to how the employees interact with each other. The core values are a natural part of the induction course, the mandatory management courses and performance evaluations. They are also included in the Group's governing documents.

ATG's mission – to be the engine in the horse industry and to contribute to a betting market that is healthier tomorrow than today – is highly motivating for many employees.



For our employees' well-being, ATG has a full-time company trainer.

FULL-TIME COMPANY TRAINER

ATG invests in wellness by having a full-time company trainer to coach both individuals and group workout sessions. Every employee is offered a health assessment. The office has a gym, indoor spinning room and light room. The wellness initiatives are popular amongst the employees. Many work out at least once a week in the sports facilities.

FLEXIBILITY INCREASINGLY IMPORTANT

During the year, ATG continued to invest in being an attractive workplace. Cloud-based tools and flexible work stations are some of the results of the Digital Workplace project. Flexible work stations facilitate collaboration between departments and streamline the operations. A new

intranet was launched in the spring of 2018. The purpose of the intranet is to facilitate internal communication and improve search paths to governing documents and areas for collaboration.

DIVERSITY

ATG's ambition is to create an attractive, diverse workplace. It is therefore paramount that employees can accept one another for their differences in a workplace free from bullying and harassment. If ATG is to be successful in the long term, one requisite is a corporate culture and an employee mix characterised by diversity and inclusive attitudes and processes.

✓ **Dynamic**

Dynamic means being resolute, change-friendly and bold. It encourages employees to challenge themselves and others to try new solutions, take initiatives, make decisions and execute.

✓ **Respectful**

Respectful is about respecting everyone's differences, skills and time, respecting colleagues and decisions that have been made. It is also about being sensitive to the opinions and expertise of others.

✓ **Ownership**

Ownership means being professional on the basis of role and assuming responsibility, understanding the task at hand and being responsible for the delivery of fixed goals. It is about being attentive and taking action in areas that lack a clear owner.

ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer (CEO) of AB Trav och Galopp (ATG), with its registered office in Stockholm, Sweden and Corp. Reg. No. 556180-4161, hereby submit the annual report for the financial year of 1 January 2018-31 December 2018 for the Parent Company and the Group.

INFORMATION ON OPERATIONS

The Group comprises the Parent Company, Aktiebolaget Trav och Galopp, and the wholly owned subsidiary Kanal 75 AB (corporate registration number: 556578-3965). The data for the Group essentially matches that of the Parent Company and only diverges with respect to the external revenue, costs and investments of the subsidiary Kanal 75 AB. Of consolidated net turnover, 100 per cent (100) was generated by the Parent Company in 2018.

ATG conducts operations pursuant to the agreement between the Swedish State and the central trotting and thoroughbred racing associations — the Swedish Trotting Association and the Swedish Jockey Club — as well as ATG's concession to arrange betting in connection with trotting and thoroughbred horse racing.

On 1 January 2019, legislation regulating the Swedish betting market was changed. A licence was introduced, to be granted by the Swedish Gambling Authority, for operators that want to offer gambling services to customers in Sweden. ATG has been granted a licence for betting and commercial online games and from 1 January 2019 broadened its product offering to also include sports betting and online casino games.

The operations of the subsidiary Kanal 75 AB are aimed at increasing and stimulating interest in trotting and thoroughbred racing by satisfying the need for betting and sports information through various forms of media — print, the internet, television, mobile devices and other distribution formats available in the media market. All trotting and thoroughbred races during the year were covered by Kanal 75.

SIGNIFICANT EVENTS DURING 2018.

- On 10 November, ATG achieved a new record turnover of MSEK 201 for V75. The previous record of MSEK 188 was set in 1998.
- In late summer, ATG launched its new manifesto with a new vision, mission and customer promise. The manifesto is important for all employees and stipulates the direction of the entire business.

- In November, mandatory registration was introduced for all gambling purchases in stores as one element in adapting to the new legislation. The new legislation came into force on 1 January 2019.
- On 7 June, the Swedish parliament passed new legislation, entailing the introduction of a licence system for the gambling market.
- ATG was granted a licence for betting and commercial online games on 30 November.
- In 2018, funding to trotting and thoroughbred racing rose by more than MSEK 300 in accordance with the decision taken in the autumn of 2014.
- During the year, ATG's investing activities were intensive in order to prepare the company for the new legislation that came into effect on 1 January 2019.

EVENTS AFTER THE CLOSING DATE

- Immediately after midnight on 1 January, ATG's sports betting and casino games were launched.
- In March, ATG completed the acquisition of the Danish gaming group Ecosys A/S in line with the previously signed conditional acquisition agreement. The Group consists of the Parent Company Ecosys A/S and the wholly owned subsidiaries Bet25 A/S and Ecosys Ltd. The Group offers horse betting, sports betting (Bet25.dk), casino games (Rød25.dk) and mobile casino games (casinogo.dk). For further information about the acquisition, refer to Note 29.

SWEDISH BETTING TURNOVER AND NET REVENUE

During the year, ATG worked intensively with preparations for the forthcoming licence system, and therefore launched a number of new horse racing products. In 2018, the Swedish betting turnover was the second highest in ATG's history. During the year, ATG's largest brand, V75, had one extra Saturday with V75 year-on-year and a total of 29 jackpots, which is 12 more than in 2017.

In 2018, ATG's Swedish betting turnover was MSEK 13,334 (13,651). ATG's net turnover was MSEK 4,162 (4,209), corresponding to decrease of 1 per cent. Net turnover is recognised in ATG's profit or loss and is taxed in Sweden. Betting that enters ATG's pools from international partners grew 7 per cent to MSEK 2,632 (2,471). Countries in the Nordic region accounted for most of the international betting, while German betters accounted for the largest increase. International turnover is recognised and taxed in each respective country.

The brands V75, V86, GS75®, V64®, V65®, V4®, V5® and V3® accounted for approximately 66 per cent (63) of Swedish betting turnover. V75 was the single largest betting product, with turnover of MSEK 5,335 (5,063). V75 was also the brand that attracted the largest number of players. Among the other forms of betting, Dagens Dubbel® (Daily Double) – including Lunch Dubbel® (Lunchtime Double) – accounted for a major share of Swedish betting turnover, at MSEK 1,674 (1,765).

During the year, ATG had other operating income, i.e. income from activities other than betting, in the amount of MSEK 725 (623). Revenue from TV productions, commissions for international sales and agent sales of partner products are the predominant sources of such income as well as the divestment of the horse racing system to the Swedish Trotting Association during the year.

COSTS

ATG's costs during the year totalled MSEK 1,420 (1,460). The largest individual cost item comprised personnel expenses for employees, including social security fees, in the amount of MSEK 352 (292). Other external expenses included costs for IT systems, advertising, marketing and sales-related costs, such as terminals installed in stores and on racetracks, betting slips and commission to stores.

During the year, external expenses decreased partly as there were no major product launches and partly due to a major focus on the increased investing activities. Personnel expenses increased due to ATG's recruitments to equip the company for the future. Depreciation expense increased.

Depreciation of fixed assets amounted to MSEK 122 (98).

FUNDS TO TROTTING AND THOROUGHBRED RACING

During the year, the cost of funding to the owners – the Swedish Trotting Association and the Swedish Jockey Club – amounted to MSEK 2,093 (1,758). The increase was in line with the plan adopted during 2014 for the years 2015-2018.

The allocation of funds to trotting and thoroughbred racetracks is mainly made through a system linked to the tracks' racing programmes. Funds to horse racing are divided into three components: basic amount, cost compensation for race meetings and compensation for prize money. There is also the potential to offer incentive remuneration to tracks that have pursued the development of betting and the sport

during the year. Allocations to tracks also include contributions to youth activities and investment grants for improved racetrack infrastructure.

In addition to funds to trotting and thoroughbred racing, MSEK 50 (50) was transferred to the Swedish Horse Industry Foundation in accordance with the owners' agreement with the State.

The reregulation of the gambling industry on 1 January 2019 entailed major changes for ATG and its owners, the Swedish Trotting Association and Swedish Jockey Club. The management of funding to the sport has been fundamentally changed and will now be paid as remuneration for rights and other services as well as dividends or Group contributions.

LOTTERY TAX

Lottery tax is calculated as a percentage (35 per cent) of net turnover. Lottery tax for the year totalled MSEK 1,455 (1,466). As of 1 January 2019, lottery tax will be replaced by a betting tax of 18 per cent of net turnover. ATG will also be required to pay income tax.

EARNINGS

ATG's profit before funds allocated to trotting and thoroughbred racing, commitments pursuant to agreements with the State and lottery tax, amounted to MSEK 3,471 (3,373). The loss for the year after these items was MSEK -127 (99).

FINANCING AND LIQUIDITY

At year-end, total assets amounted to MSEK 2,093 (1,747).

Cash flow from operating activities amounted to MSEK 140 (102). Cash flow from investing activities amounted to MSEK -599 (-196). Cash flow for the year amounted to MSEK 33 (-99). The change was primarily due to an increase in funding to trotting and thoroughbred racing, a decrease in receivables, increase in the investment volume and increase in long-term liabilities. At year end, total cash and cash equivalents amounted to MSEK 521 (488).

At year-end, total equity amounted to MSEK 544 (671) and the equity/assets ratio was 26 per cent (38).

INVESTMENTS AND TRENDS

All investments in intangible assets are assessed on the basis of expected life and financial viability. The development and integrations of new betting platforms and a customer wallet were completed during the year. In addition, develop-

ment of the atg.se and tillsammans.atg.se sales channels continued. Harry Boy was also further developed. This comprehensive development is a prerequisite for continued, long-term growth and for the launch of new betting products. In addition to the above-mentioned investments during the year, ATG invests continuously in the IT operating environment, betting safety and in enhancing the customer experience.

SEASONAL EFFECTS

Sales have historically shown certain seasonal variation. There are a number of reasons for this variation, including planning of the trotting and thoroughbred racing calendar, the number of V75 Saturdays during the period, when certain national holidays occur in the calendar and the company's market offerings.

NUMBER OF V75 SATURDAYS

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

EMPLOYEES

Employees are a major contributor to the progress enjoyed by ATG and Kanal 75. The average number of employees in 2018 was 353 (321). Expansion in the number of employees will continue in 2019, with the greatest need still in the IT area. More information on employees is presented on pages 83-84 and in Note 4.

SUSTAINABILITY REPORT

ATG is subject to the requirements for sustainability reporting in accordance with the Annual Accounts Act. The Group has elected to prepare its Sustainability Report in accordance with the GRI Sustainability Reporting Standards (Core option). ATG has performed a materiality assessment to identify the most important sustainability topics. Sustainability work is an integrated part of ATG's business model and strategy. To reflect this, the Sustainability Report is published separately from the Administration Report, integrated with the Annual Report on pages 32-45. In-depth information about sustainability reporting, bases for calculation, targets and outcomes are presented in the sustainability notes on pages 104-120. The risk analysis pertaining to sustainability topics is included in the combined risk section on pages 50-52.

SIGNIFICANT RISKS AND UNCERTAINTIES

Risks are defined as uncertainties that can impact ATG's ability to fulfil its mandate and realise its goals. In the short and the long term, strategic, compliance-related, operational and financial 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 well in advance, the necessary measures are identified, and good internal governance and control are ensured. Risk management is an integral part of the process for planning and monitoring operations within ATG. For a comprehensive description of ATG's risks and uncertainties and the management of these, refer to pages 50-52.

OUTLOOK

ATG expects the Swedish betting market to continue to grow over the forthcoming years, partly due to the reregulation of the the gambling market that came into effect on 1 January 2019. In the long-term, the strongest factor that correlates with the betting market's growth is the increase in household disposable income.

In 2018, ATG worked intensively with preparations for the new market regulation. The company launched new product offerings to customers on 1 January 2019. ATG currently holds a favourable market position as the largest company in the licensed market and is looking forward to the future with confidence. The company expects to gain market share and subsequently achieve long-term growth and improved profitability.

PROPOSED ALLOCATION OF THE COMPANY'S PROFIT

For more information about the proposed allocation of the company's profit, see Note 28.

UNAPPROPRIATED EARNINGS AT THE DISPOSAL OF THE ANNUAL GENERAL MEETING AMOUNT TO:

SEK	
Retained earnings	100,192,985
Loss for the year	-126,866,201
TOTAL	-26,673,216

The Board and the CEO propose that the unappropriated earnings be carried forward. No transfer is proposed of the Group's non-restricted funds to restricted reserves. The Parent Company has a reserve for development costs of MSEK 521 (155), which is included in restricted equity. The Parent Company's shareholders' equity totals MSEK 543 (670).



Show jumper and former ATG Hopp & Talang participant Py Jägerdén during the Sundbyholm Summer Games.

RISKS AND RISK MANAGEMENT

ATG's operations are associated with risk in various ways. Correctly managed, balanced risk-taking may result in long-term value creation when both opportunities and risks are taken into account. ATG continuously strives to identify, analyse, manage and monitor risks that could impact ATG's ability to achieve established goals.

Identifying risks and uncertainties that can impact ATG's ability to fulfil its mandate and realise its established goals are of vital importance to the company's short- and long-term success. ATG works consistently and systematically to ensure that risks are identified in ample time, so that necessary actions can be taken and good internal control can be ensured. Risk management is an integral part of the process for planning and monitoring operations within ATG.

Group management performs systematic risk assessments and present these once per year for the Board. Risk management is conducted in accordance with the COSO framework and is a feature of ATG's strategic plan for continued profitable growth. Strategic, compliance, operational and financial risks that are the Group's most material risk areas are presented below.

RISK MANAGEMENT PROCESS

Risk identification

Identification of risks takes place for risks within the areas of:

- Strategic risks
- Compliance risks
- Operational risks
- Financial risks

Risk prioritisation

The prioritisation of risks is conducted using an analysis of the probability and impact assessment, which results in a risk level:

- High risk
- Medium-high risk
- Low risk

Risk management

Measures and action plans for risks are created.


STRATEGIC RISKS

Strategic risks mainly originate in factors outside ATG's own operations and pertain to risks in the form of changed strategic conditions.

RISK AND RISK LEVEL	RISK DESCRIPTION	RISK MANAGEMENT
Competitive risks 	The new gambling legislation offers ATG an opportunity to broaden the Group's product offering within betting and commercial online games and to establish its operations abroad. The risks are related to price pressure and ATG failing to capture or retain market share in the company's product offerings, which could have an adverse impact on profit.	Competitive risks are managed through continuous analyses of the market situation. The analysis includes bases for decisions on the development of the offering and geographic distribution. Competitiveness is strengthened by being well-positioned with an attractive offering.
Economic risks 	Demand for ATG's products is dependent on economic developments. The strongest factor that correlates with the betting market's growth is the increase in disposable household income. An economic slowdown could have a negative impact on the Group's revenue and profitability.	The Group works continuously to ensure cost effectiveness and aims to be highly solvent to be able to resist economic fluctuations.



COMPLIANCE RISKS

Compliance risks are primary risks that lie within ATG's control and pertain to risks related to losses and legal penalties due to a lack of compliance with laws, regulations and regulatory requirements.

RISK AND RISK LEVEL	RISK DESCRIPTION	RISK MANAGEMENT
Legal and regulatory compliance 	Compliance with laws and regulations governing betting operations, responsible betting, the processing of personal data and countering money laundering, is a prerequisite for operating in the betting market. Inability to comply with these laws and regulations, or with changes in the application or interpretation of existing laws and regulations, could result in ATG incurring unforeseen costs or losing the confidence of its customers. The greatest risk is to lose its licence for conducting betting operations.	ATG has processes and procedures in place to ensure compliance with applicable laws and regulations. ATG's compliance function is an independent control function tasked with identifying, evaluating and reporting risks. The function also serves as a point of contact with the Swedish Gambling Authority and Swedish Data Protection Authority. The function reports regularly to ATG's Board and CEO. In addition to the compliance function, the Group has an internal control function in the Security and Quality department.

OPERATIONAL RISKS





Operational risks are risks that are mainly within ATG's control. Operating and IT problems as well as shortcomings in financial, social and environmental responsibilities are examples of risks linked to ATG's daily operations.

RISK AND RISK LEVEL	RISK DESCRIPTION	RISK MANAGEMENT
IT environment and operation 	ATG's operations are dependent on a functional IT environment and appropriate procedures that develop alongside of the operations. Disruptions and interruptions in e-commerce and betting systems would have a direct impact on operations. Critical IT systems must be up and running to enable sales. In connection with disruptions and operational stoppages, ATG is at risk of reduced income and weakened confidence.	ATG is continuously striving to limit the number of system disruptions and their consequences. Proactive work to identify and reduce possible threats decreases the risk of operational disturbances, hacking and loss of information.
Business ethical risks 	As a major betting operator, ATG has a responsibility to act in an ethical and exemplary manner. Unethical behaviour could result in legal penalties and damage ATG's reputation and trust.	The Group has a high standard of ethics and zero tolerance towards all forms of corruption, bribery, money laundering, disloyal anti-competitive behaviour and other irregularities. ATG complies with the Swedish Anti-Corruption Institute's Code on Gifts, Rewards and other Benefits in Business. All employees, partners and suppliers are to act in accordance with the Group-wide Code of Conduct. All employees and retailers are trained in the Act on Measures to Prevent Money Laundering and the Financing of Terrorism.

Gambling problems 	<p>Gambling problems can have severe consequences for customers and their family members. As a betting company, ATG has a responsibility to protect customers from excessive gambling, prevent the risks associated with money betting and provide the tools and assistance that customers need to help them control their gambling. Should ATG fail in its duty of care towards customers, ATG could risk losing its gambling licence.</p>	<p>ATG works systematically with responsible gambling to satisfy the requirements placed on the operations and to offer products that consider the health and well-being of its customers. In addition to regulatory requirements and external guidelines, ATG's work with responsible gambling is also governed by the Group's operational instruction and sustainability policy. ATG complies with the Swedish Gambling Authority's regulations and the Swedish National Gambling Association's (SPER) guidelines for responsible gambling and responsible marketing. All of ATG's responsible gambling measures can be found under ATG Check at atg.se/atgcheck.</p>
Personnel, skills and recruitment 	<p>Skilled and committed employees are important contributors to ATG's ability to realise its strategies and achieved established goals. If ATG were to fail to offer an attractive work environment, this would have a direct negative impact on the company's ability to attract, engage and retain qualified employees.</p>	<p>ATG works actively to satisfy the needs of employees for an inclusive corporate culture, a good work/life balance, leisure and preventive healthcare. ATG's guidelines for workplace health and safety and diversity guide employees in the aforementioned issues and these efforts are continuously monitored through dialogue and employee satisfaction surveys.</p>
Supply chain responsibility 	<p>Were ATG's suppliers to breach international regulations or deviate from customary standards, the Group runs the risk of negative publicity and legal penalties.</p>	<p>ATG requires all suppliers to work in an ethically correct manner and in line with internationally accepted standards for human rights, the environment, labour conditions and business ethics. The Group's minimum requirements on the aforementioned issues are described in ATG's Supplier Code of Conduct. Preferred suppliers are evaluated using a self-assessment to identify improvement areas.</p>
Climate impact 	<p>Climate change is now one of the most serious global challenges. Should ATG fail in its responsibility to conduct operations in a considerate manner, ATG risks adverse publicity and weakened confidence. The Group's operations have a limited climate impact.</p>	<p>ATG works with continuous improvements to reduce the company's energy consumption and greenhouse gas emissions. In 2017, an energy analysis was conducted that forms the basis of the improvement process. All electricity purchased for ATG's offices is renewable and the offices are heating using district heating. Emissions from electricity and heating as well as business travel are monitored on an annual basis. ATG is continuously evolving its operations to reduce the use of paper, mainly in stores.</p>
Poor animal husbandry 	<p>Good horse husbandry is paramount for ATG to be able to arrange betting on horses, and is also our customers' highest priority with respect to the company's responsibility for sustainability. Should the well-being of the horses not be met, the reputation of horse racing risks being tarnished, which would have a direct negative impact on ATG's brand and profitability.</p>	<p>ATG engages in close dialogue and monitoring with the Swedish Trotting Association (ST) and Swedish Jockey Club (SG) about animal welfare. ST's and SG's rules and regulations for racing place high demands on good horse husbandry, before, during and after a race. ATG, as well as ST and SG, work internationally to influence other countries in regard to animal welfare.</p>

FINANCIAL RISKS

Financial risks mainly originate in factors that are found outside of ATG's operations and pertain to risks in the form of changed financial conditions. For a more detailed description and quantification of financial risks, see Note 15.

RISK AND RISK LEVEL	RISK DESCRIPTION	RISK MANAGEMENT
Liquidity risk 	<p>Liquidity risk refers to the risk that the Group finds itself in a situation with insufficient liquid assets to meet its payment commitments.</p>	<p>The Group has sufficient liquid assets and low interest-bearing liabilities.</p>
Interest-rate risk 	<p>The Group's borrowing costs and yield on cash and cash equivalents are impacted by changes in the general level of interest rates.</p>	<p>The Group's financial risk management is governed by the Group's investment policy and credit policy. ATG has low interest-bearing liabilities and aims to primarily use surplus liquidity for the repayment of loans.</p>
Currency risk 	<p>At ATG, currency exposure consists mainly of transaction exposure; i.e. payments in foreign currency due to investments, purchases or sales of goods and/or services.</p>	<p>ATG's transaction exposure in operating activities is limited. In addition, the instruction adopted by the Board stipulates that all investments are to be denominated in SEK and in relation to at least three Swedish counterparties.</p>
Credit risk 	<p>Credit risk pertains to the risk that the counterparty to a transaction is unable to meet its commitment and that this results in a loss for ATG. ATG is particularly exposed to this risk when surplus liquidity is invested in financial assets.</p>	<p>ATG's instruction for managing investments of surplus liquidity describes how liquidity may be invested. All investments must be made at market rates and following procurement, whereby at least two market participants are contacted at the same time. Access to future market valuation rates and interest rates must always be secured. Investments must be effected at individual and well-spread maturities, with the longest maturity being 18 months.</p>

CORPORATE GOVERNANCE

ABOUT AB TRAV OCH GALOPP

AB Trav och Galopp, hereinafter referred to as "ATG," is a Swedish company with its registered head office in Stockholm. The company is the Parent Company of the ATG Group. ATG has an exclusive right to conduct betting on horses in Sweden, through a concession from the Swedish government and the agreement between the State and its owners, the Swedish Trotting Association (ST) and the Swedish Jockey Club (SG). On 1 January 2019, legislation governing the gambling industry in Sweden was changed, whereby concessions were replaced by licenses for operations. This will change some parts of the company's governance in the years ahead. This report describes the company's governance in 2018.

CORPORATE GOVERNANCE

Regulations

ATG's corporate governance is regulated by Swedish legislation. New legislation covering the company that has been implemented in recent years is the Act on Measures to Prevent Money Laundering and the Financing of Terrorism. ATG is regulated by the Swedish Gambling Authority's regulations on Measures to Prevent Money Laundering and the Financing of Terrorism (LIFS 2018:11), the agreement between the State and the owners, and the license issued by the Swedish government. ATG is not subject to the Swedish Code of Corporate Governance (the Code), but elects to provide a corporate governance report that is in accordance with the Code.

In addition to external laws and regulations, the Articles of Association constitute a key document in respect of the governance of the Group. Other key internal governing documents for corporate governance are the rules of procedure for the Board, instructions for the CEO, policies, processes, handbooks and manuals.

ATG's current Articles of Association were adopted on 20 November 2018 and approved by the government on 29 November 2018. The Articles of Association define the company's operations, the composition of the Board and the government's influence over the appointment of Board members. The Articles of Association contain provisions regarding audits, general meetings and financial years. The Articles of Association also contain a pre-emption clause, as well as a rule stating that the company must immediately be liquidated if the agreement between the State and the Swedish Trotting Association and Swedish Jockey Club were to be terminated. Any surplus arising from liquidation is to

be allocated by the owners in a manner determined by the government.

License and agreement with the State

There is a time-limited agreement between ST, SG and the Swedish State, the purpose of which is to regulate and reflect the responsibilities between the parties. The agreement for 2018 will be replaced by a new agreement that applies until 31 December 2019. The agreement that applied in 2018 is described below.

ATG's mandate and exclusive right to arrange betting on horse races on behalf of the public are defined in the agreement. The company's mandate was conditional upon a special permit (a concession) granted by the government. The agreement entitled the company to determine, following recommendations from ST and SG, the day and location of races with tote betting, as well as the type of betting products that should be available. The agreement also regulated ATG's right of decision regarding surplus from the company's operations.

The agreement also regulated the special investments in the Swedish equine industry that the company is required to make. In the agreement for 2018, this meant transferring MSEK 50 to the Swedish Horse Council Foundation (HNS) during the year. Taxation of the company was regulated by the Swedish Lottery Tax Act.

The concession regulated the conditions for betting, receiving bets, betting products and distribution of winnings. The concession permitted ATG to organise and act as an intermediary for betting in stores and via the internet, to organise bets in cooperation with foreign organisations and regulated the age limit and social protection. The concession allowed the Swedish Gambling Authority to establish special conditions, supervisory, administrative and marketing rules for betting operations, and with responsibility for supervision and inspections of the company's operations. The company paid the cost of supervision and inspections performed.

According to the concession, ATG must determine whether the trotting and thoroughbred racing organisations' finances were satisfactory, since this was a requirement for the company's right to sign agreements with others to conduct on-track betting on the company's behalf. In June 2018, the Swedish parliament passed a new gambling act that came into force on 1 January 2019. The new law is based on a license system whereby all companies that are active

in the Swedish betting market must have the appropriate permit — a licence. Companies that are adjudged to have the knowledge, experience and organisation required for conducting operations in accordance with laws and other regulations governing the operations will be granted a licence. ATG was granted a licence on 27 November 2018 for commercial online games and betting, which were the two licences applied for.

Owners

ATG is owned by the Swedish Trotting Association, which holds 360,001 shares, and the Swedish Jockey Club, which holds 39,999 shares. The two owners are both central organisations for their respective sports, and they organise associations and stakeholders within trotting and thoroughbred racing.

ANNUAL GENERAL MEETING

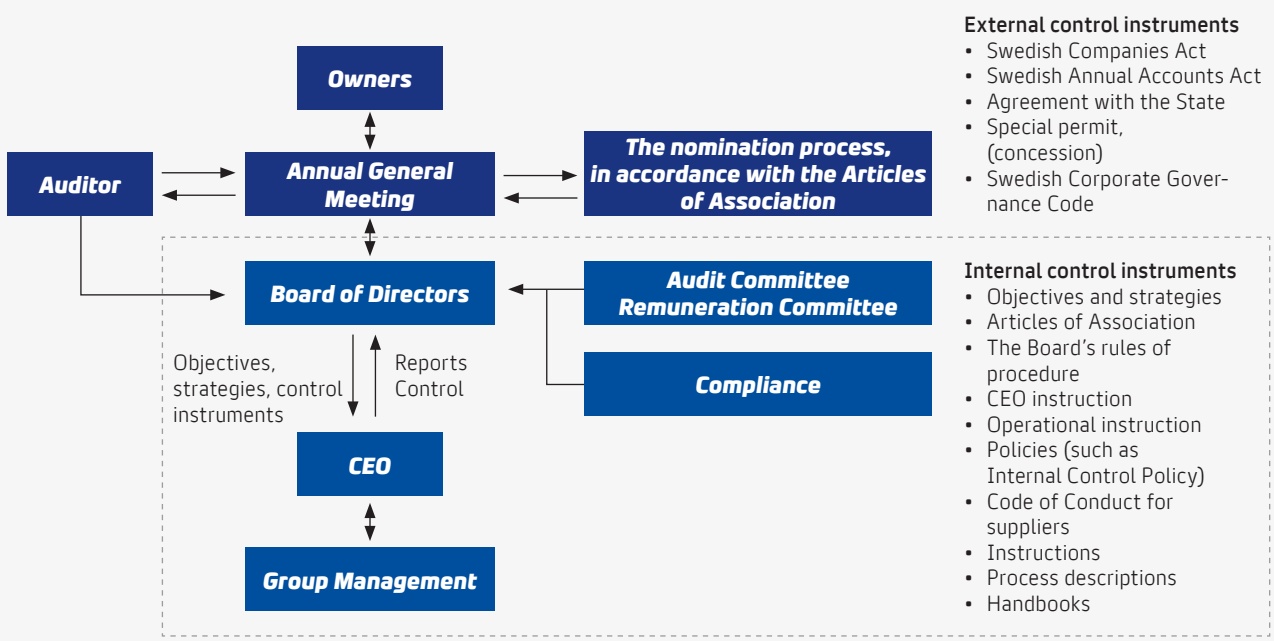
The Annual General Meeting (AGM) is the company’s highest decision-making body, through which the shareholders exercise their influence over the company. The AGM’s most important tasks include adopting the company’s balance sheet and income statement, deciding on the allocation of profits and whether to discharge the Board and CEO from liability, the election of Board members and auditors and the remuneration of Board members and auditors.

2018 AGM

The most recent AGM was held on 11 June 2018 at Solvalla in Stockholm, Sweden. The Meeting was attended by representatives of the owners, who accounted for 100 per cent of the votes and the capital. At the proposal of the owners and the government, the AGM re-elected board members Marjaana Alaviuhkola, Mats Norberg, Susanna Rystedt, Petra Forsström and Bo Netz, and elected Lina Bertilsson, Roland Johansson, Agneta Gille, Urban Karlström, Birgitta Losman and Daniel Schützer for the first time. The company’s trade union Unionen is represented on the Board by Marianne Martinsson as an ordinary member, with Christer Utterberg as deputy, and Akademikerförbundet is represented by Fabian Rivière as deputy.

Bo Netz was elected Chairman of the Board and Marjaana Alaviuhkola Deputy Chairman. The AGM resolved to pay Board fees of SEK 300,000 to the Chairman, SEK 130,000 to the Deputy Chairman and SEK 110,000 to each member not employed by the company. In addition, a meeting fee of SEK 2,300 is to be paid per member and meeting. A fee of SEK 30,000 is payable to Chair Susanna Rystedt and to Mats Norberg for membership of the Audit Committee. A fee of SEK 10,000 is payable to the Chair of the Remuneration Committee, Bo Netz. No fee is payable to the employee representatives. The AGM adopted the 2017 income statement

OWNER GOVERNANCE



and balance sheet and the allocation of profit for the year and retained profits, in accordance with the Board's proposals. The AGM also discharged the Board members and CEO from liability for their administration in 2017.

Corporate governance model

ATG's operations are governed, managed and monitored in accordance with policies and instructions adopted by the Board and the CEO.

EXTRAORDINARY GENERAL MEETING 2018

An Extraordinary General Meeting was held on 20 November 2018. The Meeting was attended by representatives of the owners, who accounted for 100 per cent of the votes and the capital. A decision was made at the Meeting for new Articles of Association. The most important change in the new Articles of Association is the removal of the ban on dividends.

2019 AGM

The AGM for the 2018 financial year will be held at the company's premises in Hästsportens Hus, Solvalla, Stockholm, Sweden on 11 June 2019. The Annual Report will be available from 30 March 2019 on the company's website: atg.se

Nomination process

ATG does not have a Nomination Committee, which is a deviation from the Code. The process described in Section 5 of the Articles of Association is a substitute for this function. Shareholder representatives at the AGM are appointed by each owner's Board.

The Board prepares the AGM and submits proposals for:

- Chairman of the AGM.
- Election of auditor and deputy auditor (when applicable).

Four members are nominated to represent the Swedish Trotting Association (ST), one member is nominated to represent the Swedish Jockey Club (SG) and six members are nominated to represent the government. The government also determines who will be the Chairman of the company. In addition, the company's trade union organisations nominate one member and two deputies. One objective is to have even distribution between women and men on the Board. This contributes to more successful and efficient Board work. In 2018, the Board of ATG comprised 50 per cent female members and 50 per cent male members, including deputies.

BOARD OF DIRECTORS

Responsibilities of the Board of Directors

ATG's Board is responsible for the company's organisation and for management of the company's affairs, such as the company's business focus, resources and capital structure. While the Board is empowered to delegate tasks, it always has ultimate responsibility for the company's organisation and management, and for control of the company's financial position. The Board is also responsible for preparing and evaluating ATG's overall and long-term strategies and objectives; determining the budget and business plans; examining and approving financial statements; adopting overall guidelines; and making decisions on issues concerning major investments and significant changes to ATG's organisation and operations. The Board must ensure that there are appropriate systems in place for the follow-up and control of the company's operations and risks. The Board adopts written rules of procedure at the statutory Board meeting, which regulate matters such as the division of work between the Board and the CEO. The Board appoints the Managing Director and CEO and adopts the CEO's instructions. The Board determines the salary and remuneration paid to the CEO. The Board proposes the election of auditor and audit fee to the AGM, and is responsible for ongoing contact with the company's auditor. The Board must always work to promote the interests of the company and all of its shareholders.

Composition of the Board

ATG's Board comprises 12 ordinary members and two deputies; five members are appointed by the owners, six by the government and one ordinary member and two deputies by the local branches of the Unionen and Akademikerförbundet trade unions. The CEO is not a member of the Board. Instead the CEO participates to give reports along with the company's CFO, the CEO of the Swedish Trotting Association and the CEO of the Swedish Jockey Club. Other officials of the Group also participate in a reporting function both continuously and as needed. For a more detailed description of Board members, see pages 60-61.

The Swedish government has a controlling influence over the composition of the Board, since half of the members are appointed by the government. The Chairman of the Board has the casting vote in the event of a tied vote.

Chairman of the Board's responsibilities

The Chairman of the Board, who is appointed by the government, has a special responsibility for ensuring that the work of the Board is conducted efficiently and is well organised. The Chairman directs the Board's work and monitors the operations in dialogue with the CEO. The Chairman is responsible for ensuring that other members receive adequate

BOARD OF DIRECTORS – COMPOSITION AND ATTENDANCE

MEMBER	Elected	Title	Attendance	Independent to the company and executive management	Independent in relation to the owner
Mats Denninger*	2007	Chairman of the Board	6/6	Yes	Yes
Hans Ljungkvist*	2007	Deputy Chairman	5/6	Yes	No
Bo Netz	2011	Chairman of the Board	12/13	Yes	Yes
Marjaana Alaviuhkola	2014	Deputy Chairman	13/13	Yes	No
Lina Bertilsson**	2018	Member	7/7	Yes	No
Arendt Cederqvist*	2011	Member	6/6	Yes	No
Petra Forsström	2016	Member	12/13	Yes	Yes
Agneta Gille**	2018	Member	5/7	Yes	Yes
Roland Johansson**	2018	Member	7/7	Yes	No
Urban Karlström**	2018	Member	5/7	Yes	Yes
Birgitta Losman**	2018	Member	7/7	Yes	Yes
Mats Norberg	2017	Member	13/13	Yes	No
Lars Nordström*	2017	Member	5/6	Yes	No
Susanna Rystedt	2009	Member	12/13	Yes	Yes
Daniel Schützer**	2018	Member	5/7	Yes	No
Karin Strömberg*	2007	Member	5/6	Yes	Yes
Anne Wartin*	2010	Member	5/6	Yes	Yes
Marianne Martinsson	2010	Member	11/13	Yes	Yes
Fabian Rivière	2013	Deputy Board member	12/13	Yes	Yes
Christer Utterberg	2017	Deputy Board member	11/13	Yes	Yes

*Stepped down at the AGM on 11 June 2018

**Joined the Board on 11 June 2018

information and decision support and the necessary training. The Chairman coordinates the annual evaluation of the Board's and the CEO's performance. The evaluation, which takes the form of a written questionnaire, is compiled and presented at the following Board meeting.

At the 2018 AGM, Bo Netz was elected new Chairman. He has been a Board member since 2011.

The Board's work in 2018

During the 2018 financial year, the Board held 13 ordinary meetings, including one statutory meeting and one un-scheduled meeting. At these meetings, the Board addressed and made decisions on issues related to business conditions, market conditions, financial reporting, the budget, forecasts and projects. They also analysed overall strategic issues including the company's focus, product range, competitive

environment and growth opportunities. The CEO, CFO, CEO of the Swedish Trotting Association and CEO of the Swedish Jockey Club make reports at all Board meetings, except in the case of issues concerning evaluation of the Board's and the CEO's performance and the remuneration of senior executives. Department heads and other responsible senior executives attended several Board meetings during the year.

Committees

The Board has established two committees from among its members, an Audit Committee and a Remuneration Committee.

Audit Committee

The Audit Committee's assignments are described in the Instruction for the Audit Committee. The Audit Committee consists of two members, who are elected annually by the Board at the statutory meeting. For 2018, Susanna Rystedt

was re-elected as the Chairman and Mats Norberg was elected new member of the Committee. The Audit Committee held eight meetings during the year. During the year, the company's external auditor participated in the Committee's meetings on every occasion. The CFO is secretary of the Audit Committee and participates in a reporting function in the Committee's meetings. In addition, other representatives from the organisation participated in a reporting function when necessary. After every meeting, the Audit Committee reports to the entire Board.

Remuneration Committee

The Remuneration Committee's assignments are described in the Instruction for the Remuneration Committee. The Remuneration Committee consists of two members, who are elected annually by the Board at the statutory meeting. For 2018, Bo Netz was elected as new Chairman and Marjaana Alaviuhkola was elected new Board member. The CEO participates in a reporting function and the CFO as secretary in committee meetings. The Remuneration Committee reports to the entire Board after every meeting.

Compliance

The Compliance function is responsible for identifying, evaluating and reporting compliance risks in ATG's business operations. The Compliance function is independent in relation to the company's ongoing operations. The function works on assignment from the CEO and the Board. Its work is conducted proactively and on the basis of information, support, control and monitoring, with the aim of ensuring that the company's operations comply with regulations and that public confidence in the operations is upheld and strengthened.

Managing Director and Chief Executive Officer

The Managing Director, who is also Chief Executive Officer, directs the operations within the parameters set by the Board. The CEO provides information and decision-making support in order to present a fair and accurate view of the Group to Board meetings. The CEO or CEO's representative is the Board's secretary. The CEO keeps the Board and the Chairman continuously informed of the company's financial position and performance. The Board evaluates the CEO's work methods and performance annually.

GROUP MANAGEMENT

In addition to the CEO, Group Management consists of the people appointed by the CEO. Management serves as a sounding board for the CEO and manages overall operational, development and policy issues in the Group. Management holds minuted meetings every week. The CFO has a duty to report to the Board, which is intended to ensure that the Board is informed of all significant financial information.

AUDITORS

The 2018 AGM appointed the accounting firm Ernst & Young AB with Åsa Lundvall as auditor-in-charge for a period of one year. Åsa Lundvall is an authorised public accountant and partner at Ernst & Young. ATG's has established that Åsa Lundvall has no relationships with ATG or related companies that could affect the auditor's independence in relation to the company. Åsa Lundvall is also considered to have the requisite competence to perform the job of ATG's auditor. During the year, Åsa Lundvall or her assistant auditor participated in every meeting of the Audit Committee and one Board meeting. On two of these occasions she also presented written audit reports. The auditor has also met the Board without the presence of Group Management.

REPORT ON INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for internal control, which is regulated in the Swedish Companies Act and the Swedish Code of Corporate Governance. The Group's risk management and internal control is based on the COSO Internal Control – Integrated Framework, which was launched in 2013. The five components described in the report are the control environment, risk assessment, control activities, information and communication as well as monitoring activities.

Control environment

The Board annually adopts governing documents that form the basis of and promote an efficient control environment. Within ATG, there are policies, instructions, process descriptions and handbooks adopted by the Board and the CEO, as well as by ATG's Management Group. These documents, together with ATG's process-oriented working approach, ensure efficient operations characterised by sound internal controls, as well as reliable financial reporting. Governing documents are regularly revised.

In 2018, work was implemented to document the existing control environment within selected critical processes. The prioritised processes are management, accounting, sales, IT and security, and the gambling quality process. As part of this work, we identified improvement potential in terms of efficiency and automation. Work will continue in 2019 to enhance efficiency and automate the Group's processes and controls.

Furthermore, the Board's work is intended to ensure that the organisation is structured and transparent in respect of the division of responsibility and processes that promote effective management of operational risks and enable the fulfilment of objectives. The control environment is to be permeated by the company's core values; i.e. compliance with laws and regulations and that the company acts in a confidence-building and responsible manner.

Risk assessment

At ATG, risk assessment is designed to identify and evaluate significant risks that could impact the Group's opportunities to meet targets in the Group's business areas, processes and companies. The accounting function has responsibility for coordinating, managing and monitoring work involving internal control over financial reporting.

In the event of material changes in risks, measures are presented by the main process owner concerned. The framework for continuing operations and follow-up contains procedures for risk assessment and for preparing correct financial reporting.

Control activities

The material risks regarding financial reporting are managed through control activities for each main process. Its purpose is to prevent, detect and correct any errors or deviations in the financial reporting and to prevent irregularities from occurring. In connection with shortcomings, action plans are continuously reported to the Board, the Audit Committee and Group Management.

ATG continuously invests in the development of IT systems in order to automate manual controls. During the financial year, the Group further developed its budget and performance monitoring system to establish a more efficient and secure working method.

Continuous follow-up is based on the monthly accounts at department level and at project level for larger investment projects, which are followed up at meetings with department heads and project managers. Processes specifying the division of responsibility and report on the status of tasks and activities related to financial reporting are followed on a monthly basis, thus improving the quality of and facilitating reporting.

Information and communication

The Group's governing documentation in the form of rules, policies and manuals are continuously updated and communicated via the intranet, internal meetings and other internal communication. The CEO is responsible for ensuring that the Board's guidelines are disseminated in the organisation. The CEO is also responsible for reporting to the Board in accordance with the Board's rules of procedure and the CEO's instructions.

External communication, including financial reporting, is regulated through the company's Information Policy. The Information Policy defines what is to be communicated, by whom and how this communication is to take place. The purpose of the policy is to ensure that information is provided in a correct and complete manner.

Monitoring activities

The Board continuously keeps abreast of ATG's financial reporting in order to monitor target fulfilment and the action plans implemented.

The various main process owners continuously monitor their respective main process and are responsible for ensuring that shortcomings are rectified and improvement proposals are implemented.

Recommendations from external auditors who perform independent examinations of internal controls are reported to management and the Board. These recommendations are monitored, and measures to control any risks are implemented if necessary.

To safeguard and develop internal controls, ATG also conducts proactive work on risk management and internal control by evaluating and updating internal governing documents and guidelines.

Internal audit

The Board has made the assessment that ATG, in addition to existing systems, processes and functions, does not currently need a formalised internal audit. Follow-ups are conducted by the Board and Group Management and the assessment is that the control level currently meets the company's requirements. In respect of internal control and reporting of suspicious transactions in accordance with the Act on Measures to Prevent Money Laundering and the Financing of Terrorism (2017:630), the Lotteries Act (1994:1000) as well as the Swedish Gambling Authority's regulations on Measures to Prevent Money Laundering and the Financing of Terrorism (LIFS 2018:11), ATG will commission an external party to perform the duties of the independent examination function.

Stockholm, 13 March 2019

Board of Directors



Production company Kanal 75 has its own TV studio and control room in new premises in Stockholm. The company manages its horse racing and sports broadcasts from these premises.

BOARD OF DIRECTORS

ATG's Board of Directors comprises six members appointed by the State, five members appointed by the trotting and thoroughbred racing, one employee representative and two deputy employee representatives.



BO NETZ

Position: Chairman (State representative)
Elected: 2011
Born: 1962
Education: Economics degree
Other assignments: Director General of the Swedish Transport Administration, Chairman of Svenska Kraftnät and Board member of the National Swedish Council for Cultural Affairs
Background: Swedish International Development Cooperation Agency, Swedish National Audit Office, Swedish Government Offices



MARJAANA ALAVIUHKOLA

Position: Deputy Chairman (The Swedish Trotting Association representative)
Elected: 2014
Born: 1959
Education: Veterinarian specialising in equine diseases
Other assignments: CEO/owner of Hallands Djursjukhus and related activities, Chairman of the Swedish Trotting Association
Background: Horse owner and breeder



LINA BERTILSSON

Position: Board member (the Swedish Trotting Association representative)
Elected: 2018
Born: 1970
Education: MSc. in Engineering
Other assignments: Unit Manager at the Swedish Transport Administration, Chairman of Eskilstuna United, Deputy Chairman of the Swedish Trotting Association, Board member of Kafjärdens Bygg AB, Lina Bertilsson HB and TR Media
Background: Previously worked with infrastructure issues at the Ministry of Enterprise and Innovation



PETRA FORSSTRÖM

Position: Board Member (State representative)
Elected: 2016
Born: 1964
Education: Accounting degree
Other assignments: Entrepreneur/business owner/CEO, Board assignments in the business community
Background: Svenska Spel, the Betting Institute, SPER (Council for Gaming Ethics)



AGNETA GILLE

Position: Board Member (State representative)
Elected: 2018
Born: 1956
Education: Child care attendant, leadership courses
Other assignments: Self-employed, member of the advisory council of the Swedish Institute and Uppsala City Theatre
Background: Ombudsman, Deputy Party Secretary, Member of Parliament



ROLAND JOHANSSON

Position: Board member (Swedish Jockey Club representative)
Elected: 2018
Born: 1951
Education: Technical engineering degree
Other assignments: Board member of the Swedish Jockey Club, owner of Elect Service AB, breeding Roland Johansson Konsult AB
Background: Breeder and owner of trotting and racing horses



URBAN KARLSTRÖM

Position: Board Member (State representative)
Elected: 2018
Born: 1953
Education: Economics degree
Other assignments: Chairman of the First AP Fund and Board member of Ceterva AB
Background: Former positions include Director General of the Swedish Fortifications Agency



BIRGITTA LOSMAN

Position: Board Member (State representative)
Elected: 2018
Born: 1972
Education: Peace and development research
Other assignments: Principal coordinator for sustainable development at the University of Borås, Board member of Sahlgrenska Science Park AB, Sahlgrenska University Hospital and Svenska Ostindiska Companiet AB
Background: Professionally active as sustainability strategist, former regional advisor with responsibility for business, self-employed, deep commitment to horse riding

**MATS NORBERG**

Position: Board Member (The Swedish Trotting Association representative)
Elected: 2017
Born: 1965
Education: Upper-secondary school studies in accounting
Other assignments: Board member of the Swedish Trotting Association, Bergsåkers Hästklinik AB and own companies
Background: Business consultant LRF Konsult, specialised in the equine industry, various assignments in trotting, horse owner and breeder

**SUSANNA RYSTEDT**

Position: Board Member (State representative), Chairman of the Audit Committee
Elected: 2009
Born: 1964
Education: Business administration graduate
Other assignments: Chief Administrative Officer at AB Svensk Exportkredit
Background: Various positions at SEB, including Corporate Finance and as IT Manager at SEB Trygg Liv

**DANIEL SCHÜTZER**

Position: Board member (the Swedish Trotting Association representative)
Elected: 2018
Born: 1974
Education: Veterinarian
Other assignments: Chairman of the Executive Board of Årjäng Municipality
Background: Amateur jockey, trainer and breeder of trotting horses

**MARIANNE MARTINSSON**

Position: Board member (employee representative)
Elected: 2010
Born: 1960
Education: Upper-secondary school studies in accounting
Other assignments: Accountant at ATG, Chairman of local branch of Unionen
Background: Accountant at TietoEnator, Programmera AB and Sandrew Metronome

**FABIAN RIVIÈRE**

Position: Deputy Board member (employee representative)
Elected: 2013
Born: 1965
Education: Bachelor's degree in computer and systems science
Other assignments: System Developer at ATG, shop steward at the Akademikerförbundet trade union at ATG and Kanal75
Background: System development at ATG, Unit Manager, Provobis

**CHRISTER UTTERBERG**

Position: Deputy Board member (employee representative)
Elected: 2017
Born: 1971
Education: Degree in Systems Science
Other assignments: Web developer at ATG, Shop steward of local branch of Unionen
Background: Web developer at Framfab, System Developer at Volkswagen Sweden, Developer (consultant) at Mandator, Web developer/Scrum Master at Ogame/Bwin

GROUP MANAGEMENT



HANS LORD SKARPLÖTH

Position: CEO
Employed: 2013
Born: 1972
Education: Bachelor's degree in accounting and bachelor's degree in commercial law from Mälardalen University College
Other assignments: Board member of EPMA (European Pari Mutual Association), Deputy Chairman of SPER, Board member of Almega Tjänsteföretagen, Chairman of Kanal 75 AB and Board member of Lord Skarplöth Consulting AB.
Background: Sales Director and CEO of Viasat Sweden and Head of Viasat Nordics including other roles at MTG/Viasat, Business Development Manager, Sales Director and other roles at Volvo Construction Equipment and Philip Morris



LEIF ALMGREN

Position: Senior Advisor
Employed: 1981
Born: 1957
Education: Law studies at Stockholm University
Other assignments: Board member of ATG Hästklinikerna AB and Osfrontale AB
Background: Operating Manager, Totalisator Manager, International Manager and Information Manager at ATG



STEN ANDERSEN

Position: Chief Marketing Officer
Employed: 2014
Born: 1965
Education: Economics degree from Lund University
Other assignments: Board member of Nowonomics AB, Quartiers Properties AB (publ) and Kanal 75 AB
Background: Head of Marketing and CEO of the International Network of Advertising Agencies, OBH Nordica and Unilever



PATRIK BRISSMAN

Position: Chief Corporate Communications Officer
Employed: 2013
Born: 1964
Education: Upper-secondary school education, three-year accounting programme
Other assignments: No
Background: Journalist; Sports Editor, Editor-in-Chief and Head of Editorial Staff at Expressen; Editor-in-Chief and Head of Editorial Staff at Golf Digest; Information Manager and Project Manager at TV3; Partner and Project Manager at OTW



MIKAEL BÄCKE

Position: Chief Product and Business Development Officer
Employed: 2014
Born: 1986
Education: BSc Information Management for Business, University College London UCL, London, England
Other assignments: No
Background: Product Manager and responsible for ATG's product portfolio and gaming methods, previously MTG and Viasat in business development and CRM



PER GUTESTEN

Position: Chief Information Officer
Employed: 2017
Born: 1973
Education: Computer engineer
Other assignments: No
Background: Nordea, SEB, Connecta (now Acando), Sun Microsystems (now Oracle)

**MAGNUS LUNNER**

Position: Security and Quality Officer
Employed: 2000
Born: 1961
Education: The National Swedish Police College (Sörentorp, Solna), Business administration graduate (Uppsala University)
Other assignments: No
Background: Police officer, Information Security Manager, Security Manager

**TOBIAS MELIN**

Position: Chief Analysis Officer
Employed: 2014
Born: 1971
Education: Master's degree in statistics and economics, Örebro University
Other assignments: No
Background: Head of the analysis section at ATG, previously analyst at Svenska Spel and Reader's Digest

**LOTTA NILSSON VIITALA**

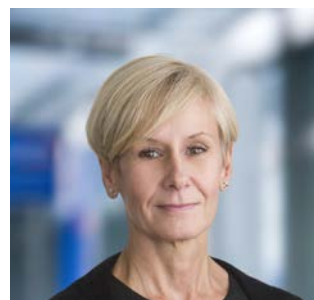
Position: Chief Financial Officer
Employed: 2014
Born: 1971
Education: Business administration graduate from Uppsala University
Other assignments: Chairman of ATG Hästklinikerna AB, Deputy Board member of Kanal 75, Chairman of Nilsson Viitala AB
Background: CFO/Financial Manager at Poolia and Taxi 020, Management Consultant at Connecta, self-employed

**PER TELLANDER**

Position: CEO of Kanal 75
Employed: 2014
Born: 1967
Education: Economics and journalism at IFS, the Stockholm School of Economics
Other assignments: Deputy Board member of Green Squid Sthlm AB
Background: Management positions at MTG and SBS, product development etc., Svenska Spel

**KATARINA WIDMAN**

Position: Chief Sales Officer
Employed: 2014
Born: 1978
Education: Business administration graduate from the Stockholm School of Economics
Other assignments: Board member of Nordic E-commerce Group
Background: Head of Global Marketing, SAS, management positions in marketing and sales at Viasat/MTG, Marketing Manager Sweden, Norwegian, Product Manager, L'Oréal Sweden

**CARIN KAPPE**

Position: Chief Compliance Officer
Employed: 2016
Born: 1964
Education: Master of laws, Stockholm University
Other assignments: No
Background: Unit Manager, Swedish Consumer Agency, Specialist, Ministry of Agriculture, Unit and Department Head, Swedish Gambling Authority, Under-secretary, Ministry of Finance

FINANCIAL STATEMENTS

GROUP

MULTI-YEAR REVIEW AND KEY PERFORMANCE MEASURES	2018	2017	2016	2015¹⁾	2014¹⁾
Key performance measures under IFRS					
Net turnover, MSEK	4,162	4,209	4,086	3,820	3,726
Result for the period, MSEK	-127	99	9	26	11
Earnings per share, SEK	-318	247	22	64	27
Key performance measures not calculated in accordance with IFRS					
EBITDA, MSEK	3,589	3,470	3,302	3,205	3,095
Operating result, MSEK	3,467	3,372	3,203	3,108	2,992
Operating margin, %	83%	80%	78%	81%	80%
Net loan receivables, MSEK	219	668	743	730	687
Debt/equity ratio, multiple	2.8	1.6	1.9	1.6	1.5
Result before tax, MSEK	1,328	1,565	1,449	1,411	1,362
Equity/assets ratio, %	26%	38%	35%	39%	41%
Shareholders' equity, MSEK	544	671	572	563	538
Shareholders' equity per share, SEK	1,360	1,678	1,430	1,409	1,344
Return on total capital, %	neg.	6%	1%	2%	1%
Return on equity, %	neg.	16%	2%	5%	2%
Cash flow from operating activities, MSEK	140	102	172	198	158
Cash flow from operating activities per share, SEK	349	253	431	495	395
Key operational performance measures					
Funds to trotting and thoroughbred racing, MSEK	2,093	1,758	1,705	1,700	1,637
Swedish betting turnover, MSEK	13,334	13,651	13,277	12,535	12,231
Average number of employees	353	321	299	281	272

1) Key performance measures from 2015 and earlier are based on the previous accounting policies. Definitions are shown on page 121.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Note	2018	2017
Net turnover	2	4,162	4,209
Other income	3, 10	725	623
Capitalised work for own account		114	48
Personnel expenses	4	-352	-292
Other external expenses	6, 10, 18	-967	-1,020
Other expenses	5	-93	-98
Depreciation, amortisation and impairment of PPE and intangible assets	11, 13	-122	-98
Operating result		3,467	3,372
Financial income	7, 10	7	3
Financial expenses	7	-3	-2
Result from financial items		4	1
Result before tax and funds to horse racing		3,471	3,373
Funds to trotting and thoroughbred racing	8, 10	-2,093	-1,758
Commitment pursuant to agreement with the State		-50	-50
Result before tax		1,328	1,565
Income tax	9	0	0
Lottery tax	9	-1,455	-1,466
Result for the year		-127	99
Other comprehensive income for the year		-	-
Other comprehensive income for the year, net after tax		-	-
Total comprehensive income for the year attributable to Parent Company shareholders		-127	99
Earnings per share, SEK		-318	247
Before and after dilution ¹⁾			
Number of shares, thousand		400	400
Average number of shares outstanding			

1) No dilution occurred during the reporting period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>AMOUNTS IN MSEK</i>	<i>NOTE</i>	<i>2018</i>	<i>2017</i>
Fixed assets			
Intangible assets	11	666	386
Total intangible assets		666	386
Property, plant and equipment	13, 18	279	188
Total PPE		279	188
Financial assets			
Other long-term receivables	12, 15	185	78
Total financial assets		185	78
Total fixed assets		1,130	652
Current assets			
Accounts receivable	14, 15	32	46
Receivables from Group companies	15	88	109
Other receivables	15, 16	243	382
Prepaid expenses and accrued income	17	79	70
Cash and cash equivalents	15, 19	521	488
Total current assets		963	1,095
TOTAL ASSETS		2,093	1,747
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	20		
Share capital		40	40
Other contributed capital		-40	-40
Retained earnings, including result for the year		544	671
Total shareholders' equity		544	671
Long-term liabilities			
Liabilities to credit institutions	15, 18, 21	524	31
Deferred tax liability	9	0	0
Total long-term liabilities		524	31
Current liabilities			
Accounts payable	15	198	139
Liabilities to Group companies	15	1	89
Liabilities, account customers	15, 22	368	271
Current tax liabilities	9	0	0
Lottery tax	9	150	148
Current provisions	24	0	11
Other current liabilities	15, 17, 22	207	239
Accrued expenses and deferred income	23	102	147
Total current liabilities		1,026	1,045
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,093	1,747

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>AMOUNTS IN MSEK</i>	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Retained earnings</i>	<i>Total shareholders' equity</i>
Shareholders' equity, 1 January 2017	40	-40	572	572
Result for the year			99	99
Other comprehensive income	-	-	-	-
Shareholders' equity, 31 December 2017	40	-40	671	671
<i>AMOUNTS IN MSEK</i>	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Retained earnings</i>	<i>Total shareholders' equity</i>
Shareholders' equity, 1 January 2018	40	-40	671	671
Result for the year			-127	-127
Other comprehensive income	-	-	-	-
Shareholders' equity, 31 December 2018	40	-40	544	544

CONSOLIDATED STATEMENT OF CASH FLOW

AMOUNTS IN MSEK	NOTE	2018	2017
Operating activities			
Operating result		3,467	3,372
Adjustments for non-cash items			
Depreciation, amortisation and impairment of PPE and intangible assets	11, 13	122	98
Change in provision	24	-11	-18
Other items		-8	-11
Funds to trotting and thoroughbred racing	8	-2,150	-1,758
Commitment pursuant to agreement with the State		-50	-50
Interest received	7	7	3
Interest paid	7	-3	-2
Income tax paid		0	0
Lottery tax paid	9	-1,452	-1,464
Cash flow from operating activities before changes in working capital		-78	170
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in receivables		164	-91
Increase (+)/Decrease (-) in liabilities		54	23
Cash flow from operating activities		140	102
Investing activities			
Purchase of intangible assets	11	-344	-142
Purchase of PPE	13	-148	-77
Decrease in long-term receivables	12	-107	23
Divestment of securities		-	-
Cash flow from investing activities		-599	-196
Financing activities			
Repayment of loans	15, 18, 21	-9	-8
Increase (+)/Decrease (-) in long-term liabilities	15, 18, 21	501	3
Cash flow from financing activities		492	-5
Cash flow for the year		33	-99
Opening cash and cash equivalents		488	587
Exchange-rate differences in cash and cash equivalents		0	0
Closing cash and cash equivalents¹⁾	19	521	488

1) Cash and cash equivalents at the end of the year included MSEK 297 (245) from funds held on behalf of account customers.

PARENT COMPANY INCOME STATEMENT

<i>AMOUNTS IN MSEK</i>	<i>NOTE</i>	<i>2018</i>	<i>2017</i>
Net turnover	2	4,162	4,209
Other operating income	3, 10	486	394
Capitalised work for own account		114	48
Personnel expenses	4	-306	-252
Other external expenses	6, 10, 18	-808	-858
Other operating expenses	5	-93	-98
Depreciation, amortisation and impairment of PPE and intangible assets	11, 13	-89	-73
Operating result		3,466	3,370
Financial income	7, 10	7	4
Financial expenses	7	-2	-1
Result from financial items		5	3
Result before tax and funds to horse racing		3,471	3,373
Funds to trotting and thoroughbred racing	8, 10	-2,093	-1,758
Commitment pursuant to agreement with the State		-50	-50
Result before tax		1,328	1,565
Lottery tax	9	-1,455	-1,466
Result for the period		-127	99

The Parent Company had no items in 2018 and 2017 that were recognised in other comprehensive income. Result 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."

PARENT COMPANY BALANCE SHEET

AMOUNTS IN MSEK	NOTE	2018	2017
Fixed assets			
Intangible assets	11	651	367
Total intangible assets		651	367
Property, plant and equipment	13	183	75
Total PPE		183	75
Financial assets			
Participations in Group companies	26	0	0
Other long-term receivables	12, 15	185	79
Total financial assets		185	79
Total fixed assets		1,019	521
Current assets			
Accounts receivable	14, 15	29	39
Receivables from Group companies	15	135	163
Other receivables	15, 16	242	381
Prepaid expenses and accrued income	17	77	69
Cash and bank balances	15, 19	521	488
Total current assets		1,004	1,140
TOTAL ASSETS		2,023	1,661
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
<i>Restricted equity</i>			
Share capital		40	40
Statutory reserve		8	8
Development costs reserve		521	155
		569	203
<i>Non-restricted equity</i>			
Retained earnings		100	367
Result for the year		-127	99
		-27	466
Total shareholders' equity		543	670
Long-term liabilities			
Liabilities to credit institutions	21	499	0
Total long-term liabilities		499	0
Current liabilities			
Accounts payable	15	170	110
Liabilities to Group companies	15	17	99
Liabilities, account customers	15, 22	368	271
Lottery tax	9	150	148
Current provisions	24	0	11
Other current liabilities	15, 22	194	226
Accrued expenses and deferred income	23	83	126
Total current liabilities		982	991
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		2,023	1,661

For disclosures on pledged assets and contingent liabilities, see Note 27.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

<i>AMOUNTS IN MSEK</i>	<i>RESTRICTED EQUITY</i>			<i>NON-RESTRICTED EQUITY</i>	
	<i>Share capital (400,000 shares)</i>	<i>Statutory reserve</i>	<i>Development costs reserve</i>	<i>Retained earnings, including result for the year</i>	<i>Total share- holders' equity</i>
Shareholders' equity, 1 January 2017	40	8	10	512	571
Result for the year				99	99
The year's provision to the development costs reserve			155	-155	-
The year's reversal of the development costs reserve			-10	10	-
Shareholders' equity, 31 December 2017	40	8	155	466	670

<i>AMOUNTS IN MSEK</i>	<i>RESTRICTED EQUITY</i>			<i>NON-RESTRICTED EQUITY</i>	
	<i>Share capital (400,000 shares)</i>	<i>Statutory reserve</i>	<i>Development costs reserve</i>	<i>Retained earnings, including result for the year</i>	<i>Total share- holders' equity</i>
Shareholders' equity, 1 January 2018	40	8	155	466	670
Result for the year				-127	-127
The year's provision to the development costs reserve			389	-389	-
The year's reversal of the development costs reserve			-23	23	-
Shareholders' equity, 31 December 2018	40	8	521	-27	543

PARENT COMPANY CASH-FLOW STATEMENT

AMOUNTS IN MSEK	NOTE	2018	2017
Operating activities			
Operating result		3,466	3,370
Adjustments for non-cash items			
Depreciation, amortisation and impairment of PPE and intangible assets	11, 13	89	73
Change in provision	24	-11	-18
Other items		-8	-11
Funds to trotting and thoroughbred racing	8	-2,150	-1,758
Commitment pursuant to agreement with the State		-50	-50
Interest received	7	7	4
Interest paid	7	-2	-1
Lottery tax paid	9	-1,452	-1,464
Cash flow from operating activities before changes in working capital		-111	145
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in receivables		169	-98
Increase (+)/Decrease (-) in liabilities		64	0
Cash flow from operating activities		121	48
Investing activities			
Purchase of intangible assets	11	-342	-136
Purchase of PPE	13	-137	-35
Increase (-)/Decrease (+) in long-term receivables	12	-107	23
Cash flow from investing activities		-585	-148
Financing activities			
Increase (-)/Decrease (+) in long-term liabilities	21	498	-
Increase (-)/Decrease (+) in long-term receivables		-	-
Cash flow from financing activities		498	-
Cash flow for the year		34	-100
Opening cash and cash equivalents		488	587
Closing cash and cash equivalents¹⁾	19	521	488

1) Cash and cash equivalents at the end of the year included MSEK 297 (245) from funds held on behalf of account customers.

ACCOUNTING POLICIES

GENERAL INFORMATION

The Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on 13 March 2019 and will be presented for adoption to the Annual General Meeting on 11 June 2019. Aktiebolaget Trav och Galopp (ATG), company registration number 556180-4161, is the Parent Company of the ATG Group. ATG has its registered office in Stockholm, under the address SE-161 89 Stockholm.

The operations of the Parent Company ATG intend 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.

The consolidated financial statements encompass the Parent Company, ATG, and the wholly owned subsidiary Kanal 75 AB, which is under the controlling influence of ATG. The Swedish Trotting Association (802003-5575) owns 90 per cent of ATG. The remaining 10 per cent is owned by the Swedish Jockey Club (802001-1725).

Functional currency, amounts and dates

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for the Group. Amounts are stated in millions of Swedish kronor (MSEK), unless otherwise stated. Amounts within parentheses pertain to the preceding year. The statement of comprehensive income (income statement) refers to the 1 January to 31 December period and the statement of financial position (balance sheet) to 31 December.

COMPLIANCE WITH REGULATIONS AND STANDARDS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations of the IFRS Interpretations Committee (IFRIC) as adopted by the EU, apart from the exceptions stated below.

Moreover, the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary Accounting Rules for Groups" have also been applied.

The Parent Company applies RFR 2, "Accounting for Legal Entities" and the Annual Accounts Act. In cases where the

Parent Company's accounting policies differ from those of the Group, this is specified separately at the end of this note.

NEW AND AMENDED ACCOUNTING POLICIES

The new standards applied for financial periods commencing on or after 1 January 2018 are presented below.

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 treating revenue recognition. Under IFRS 15, revenue is recognised when the customer obtains 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, describe the effects on the financial figures and establish how revenue should be recognised. ATG's net turnover is derived from betting on horses and recognised when the results of trotting and thoroughbred races have been confirmed following the completion of races. ATG acts as an agent and recognises revenue net, based on the stakes placed by bettors (Swedish betting turnover) less the winners' shares. Under IFRS 15, a customer of ATG is mainly 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 was conducted using the forward-looking retrospective method, which means that the cumulative effect of applying the new standard was recognised in retained earnings at 1 January 2018, and the comparative figures in the 2018 financial statements have not been restated. No cumulative effects arose in retained earnings.

IFRS 9 Financial instruments

IFRS 9 Financial instruments replaced IAS 39 Financial instruments. IFRS 9 brings together all aspects of the recognition of financial instruments and updates classification, measurement, impairment and disclosures for financial instruments. Under IFRS 9, the classification and measurement of financial assets is based on the company's business model and the contractual cash flows of the asset. Impairment is based on expected credit losses instead of incurred credit loss events. ATG does not apply hedge accounting. For ATG, one effect of the application of IFRS 9 is that impairment losses on accounts receivable will be determined based on lifetime expected credit losses instead of when objective information shows that the Group will not receive full payment. The transition to IFRS 9 on 1 January 2018

led to a change in accounting policies, where IFRS 9 was applied for the current financial year and IAS 39 continued to apply for the comparative periods. ATG has not restated the comparative figures, but used a simplified transitional approach in accordance with the IFRS 9 transitional arrangement. Transition to the new standard did not have any impact on either the result or shareholders' equity.

NEW AND REVISED ACCOUNTING POLICIES NOT YET APPLIED

Listed below are new or revised standards, and interpretations of existing standards, that will be applied for financial periods beginning on or after 1 January 2018 and are deemed relevant to the Group. None of these have been applied prospectively.

The following new or revised standards, and interpretations of existing standards, which are mandatory for financial periods beginning on or after 1 January 2018 and have been adopted by the EU are deemed relevant to the Group.

IFRS 16 Leases

The new leases standard IFRS 16 replaces IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease, and related rules. The standard will be applied from 1 January 2019. The new standard means that the lessee must recognise all contracts that meet the definition of a lease, except contracts for 12 months or less and contracts for low-value assets, as an asset and liability in the statement of financial position. Implementation of the new standard will result in increased assets and interest-bearing liabilities in the statement of financial position. This will also have a positive impact on the operating result in the income statement since some of the lease payments will be recognised as an interest expense in net financial items. In the cash-flow statement, lease payments are allocated between interest paid in operating cash flow and repayment of lease liabilities in financing activities. This will therefore have a positive effect on operating cash flow.

ATG applies the simplified transitional approach, whereby comparative periods are not restated. IFRS 16 will affect ATG's financial statements in that rental contracts for premises and other minor leased objects will be recognised in the statement of financial position. For leases previously classified as operating leases with the Group as lessee, a lease liability is recognised at the present value of future lease payments, amounting to MSEK 98 at 1 January 2019. The assets are recognised at the same amount as the lease liabilities, with no effect on shareholders' equity.

In the Parent Company, all leases are still recognised using the rule for operating leases.

No other new or revised IFRS standards or IFRIC interpretations approved by the IASB are considered relevant to the Group's reporting.

Basis for preparing the financial statements

The consolidated financial statements have been prepared using the cost method.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements encompass the Parent Company, ATG, and the wholly owned subsidiary Kanal 75 AB, which is under the controlling influence of ATG. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group. They are eliminated from the consolidated accounts as of the date the controlling influence ceases.

When preparing the consolidated financial statements, the financial statements of the Parent Company and its subsidiaries are merged item by item by means of a compilation of corresponding items for assets, liabilities, shareholders' equity, revenues and costs. To ensure that the consolidated financial statements are able to contain financial information about the Group as a financial entity, necessary adjustments are made.

The accounting policies for subsidiaries have, when applicable, been changed in order to guarantee consistent application of the Group's accounting policies.

ACQUISITION METHOD

The acquisition method is applied for recognition of the Group's acquisitions of subsidiaries. The cost of an acquisition corresponds to the fair value of the assets received as compensation, issued equity instruments and liabilities arising or assumed on the acquisition date. Acquisition-related costs are expensed in the periods in which they arise and when the services are obtained.

The acquisition date is the time at which the acquirer gains controlling influence over the acquired company. As per the acquisition date, the acquirer recognises, separated from goodwill, the identifiable acquired assets, the assumed liabilities and any non-controlling interests in the acquired company. Identifiable acquired assets and assumed liabilities

ties and contingent liabilities in a business combination are initially measured at fair value on the acquisition date. The acquirer recognises the fair value of the contingent earn-out at the acquisition date as part of the consideration that was transferred in exchange for the acquired company. Contingent earn-outs are classified as liabilities. Certain changes in the fair value of contingent earn-outs that are recognised by the acquirer after the acquisition date may arise due to additional information received by the acquirer after that date concerning facts and circumstances that prevailed on the acquisition date. Such changes are offset during the measurement period against identified surplus value. The measurement period may not exceed 12 months from the acquisition date. The surplus comprising the difference between the cost and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is recognised as goodwill. If the cost is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognised directly in the statement of comprehensive income.

Goodwill arising from a business combination is tested for impairment at least annually. Testing is conducted more frequently if there are indications of an impairment requirement. Implemented impairment losses are recognised in the statement of comprehensive income.

ELIMINATION OF INTRA-GROUP TRANSACTIONS

Intra-Group receivables, liabilities and transactions, including revenue and expenses, and unrealised gains or losses arising from transactions between Group companies, are eliminated in their entirety.

IMPORTANT ESTIMATES AND ASSUMPTIONS

The preparation of financial accounts and the application of various accounting standards are often based on judgements, assumptions and estimates by Group Management that are regarded as reasonable under prevailing conditions. These assumptions and estimates are usually based on historical experience but also on other factors, including expectations about future events. If other assumptions and estimates are made, the results could be different and the actual outcome could differ from the estimated outcome. Assumptions and estimates are reviewed regularly and any changes are recognised in the period in which the change is made if the change only affects that period, or in the period in which the change is made and future periods if the change affects the period in question and future periods.

Information about the Group's judgements in the application of IFRS that have a material impact on the financial statements and estimates made and that could entail significant adjustments of the financial statements of subsequent years is provided in connection with the particular note in which the items that they are assessed as affecting are addressed. The table below shows where these disclosures are presented.

Impairment testing of intangible assets and PPE	Notes 11 and 13	Intangible assets and PPE
Assumptions when posting provisions	Note 24	Provisions
Assumptions when measuring other receivables	Note 16	Other receivables

REVENUE RECOGNITION

ATG's revenue is derived from betting on horses and is recognised when the results of trotting and thoroughbred races have been confirmed following the completion of races. Betting revenue is measured at the fair value of the sums received. Turnover only includes betting conducted in Sweden. The Group's betting revenue comprises a net amount "Net turnover" based on the stakes placed by bettors (Swedish betting turnover) less paid-out winnings.

Net and gross turnover are specified in Note 2. Other income refers to production revenue from Kanal 75, store revenue, online services, international sales, partner income and miscellaneous. Other income is specified in Note 3.

The transition to IFRS 15 did not result in any changes to the Group's revenue recognition.

OPERATING SEGMENTS

An operating segment is a part of the Group that conducts business operations from which it can generate revenue and incur costs, whose operations are regularly reviewed by the Group's chief operating decision maker as a basis for decisions about the allocation of resources to the segment and assessments of its performance, and about which independent financial information is available. ATG's CEO is the chief operating decision maker in respect of the operations. Sales occur in Sweden and the products are intended for the same area of use among the customers. Accordingly, the CEO monitors and controls the operations as a single entity, of which ATG reports only one operating segment.

INCOME TAXES

All of the Group's taxes are recognised in accordance with IAS 12 Income Taxes. Lottery tax is recognised in the consolidated income statement after net financial items. Pursuant to Chapter 1, Section 2 of the Income Tax Act (1999:1229), the Parent Company ATG is tax exempt. However, in accordance with Chapter 7, Section 17 of the Gambling Tax Act (1991:1482), ATG is liable to pay lottery tax. ATG is of the opinion that, from the company's viewpoint, lottery tax replaces ordinary income tax due to the specific legislation. The subsidiary Kanal 75 AB is subject to the Income Tax Act and the subsidiary's tax is recognised as income tax.

DEFERRED TAX

Deferred tax is recognised in its entirety according to the balance-sheet method based on all temporary differences arising between the value for tax purposes of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognised if it arises from a transaction comprising initial recognition of an asset or liability that is not a business combination and which, on the transaction date, affects neither recognised nor taxable earnings. Deferred tax is calculated applying tax rates and tax laws that have been decided or announced on the balance-sheet date and that are expected to apply when the particular deferred tax asset is sold or the deferred liability has been settled. The carrying amount of the deferred tax asset is adjusted insofar as the future estimated taxable surplus has changed.

FUNDS TO TROTTING AND THOROUGHBRED RACING AND COMMITMENT PURSUANT TO AGREEMENT WITH THE STATE

ATG's mission is to safeguard the long-term existence of Swedish trotting and thoroughbred racing. ATG's surplus is returned to racing. Funds to trotting and thoroughbred racing and the Commitment pursuant to agreement with the State are regarded as relevant and material for understanding ATG's financial statements whereby, pursuant to IAS 1, they are recognised separately in the statement of comprehensive income. The items originated from the same agreement. Since these items are material, they are recognised individually. Because the surplus is not considered to constitute part of ATG's current running costs or non-current funding costs, the items are recognised after operating result and net financial items.

EARNINGS PER SHARE

Earnings per share are based on result for the year attributable to Parent Company shareholders divided by the average number of shares outstanding during the year. No potential dilution effects exist.

INTANGIBLE ASSETS

According to the main rule, intangible assets are recognised in the statement of financial position when:

- the asset is identifiable
- the Group can calculate the cost in a reliable manner
- the Group can ensure that future economic benefits from the asset will accrue to the Group

ATG's intangible assets mainly comprise capitalised development costs for new or improved betting products and betting systems. The intangible assets are recognised as assets in the balance sheet if it is probable that the future economic benefits attributable to the asset will flow to the company and that the cost of the asset can be measured reliably. The carrying amount of an intangible asset is derecognised from the balance sheet on retirement or disposal of the asset or when no future economic benefits are expected from its use or disposal. Maintenance and support costs are expensed on an ongoing basis. Capitalised development costs and licences are recognised at cost less amortisation and impairment losses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment. Cost includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. There are no material components in property, plant and equipment that are treated as separate components.

The carrying amount of an asset classed as PPE is derecognised from the statement of financial position on disposal or scrapping of the asset or when no future economic benefits are expected from its use or disposal/scrapping. The gain or loss on disposal or scrapping of an asset is the difference between the proceeds and the carrying amount of the asset less direct sales costs. The gain or loss is recognised in other operating income or operating expenses. Depreciation is applied straight line over the expected useful life with consideration to material residual value.

DEPRECIATION/AMORTISATION

Depreciation/amortisation is based on the original cost. Depreciation/amortisation is applied over the asset's useful life down to an estimated residual value. The amounts by which the assets may be depreciated/amortised are allocated systematically over the asset's useful life. The assets' economic benefits are assessed to accrue straight line over the period of depreciation/amortisation. To reflect the expected breakdown of future economic benefits, the straight-line amortisation method is used over the estimated useful life. The assets' useful life is tested at least at the end of every financial year and, if a significant change has occurred in the expected consumption of future economic benefits associated with the asset, the useful life is adjusted.

The following depreciation/amortisation periods are applied:

	GROUP	PARENT COMPANY
<i>Intangible assets</i>		
Betting products	3-8 years	3-8 years
System platform	5-10 years	5-10 years
Store terminal software	8-10 years	8-10 years
Other	3-5 years	3-5 years
<i>Property, plant and equipment</i>		
Store terminals	8 years	8 years
Leasehold improvements	5-30 years	5-30 years
Servers	5-10 years	5-10 years
Office equipment	3-5 years	3-5 years
Computers	3 years	3 years
Other equipment	5 years	5 years

IMPAIRMENT

Impairment of non-financial assets

PPE and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. At the end of every reporting period, impairment testing is performed (goodwill and ongoing investments in intangible assets are tested annually regardless of whether there is an indication of a value decline). An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its

recoverable amount. The recoverable amount is the higher of an asset's fair value less disposal costs and value in use. Value in use is calculated as the present value (discounted by the Group's average capital cost) of expected future cash flows until the end of the useful life that an asset or a cash-generating unit is expected to give rise to. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Should the recoverable amount be lower than the carrying amount, the asset is impaired to the recoverable amount.

Impairment losses are recognised in the statement of comprehensive income. Prior impairments of PPE and intangible assets are reviewed for possible reversal at each balance-sheet date. Impairment losses are recognised in the statement of comprehensive income. However, impairment of goodwill is never reversed in the consolidated financial statements.

Impairment of financial assets

At the end of every reporting period, the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. An impairment loss is only recognised when there is objective evidence of impairment due to one or more events occurring after initial recognition of the asset and that this event, or events, will have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If such circumstances exist, the impairment loss is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the financial asset's original effective interest rate. The impairment amount is recognised in the statement of comprehensive income.

Objective evidence indicating that a financial asset or group of financial assets requires impairment includes significant financial difficulties of the issuer or the debtor, breach of contract, the closure of an active market and the probability that the borrower will be declared bankrupt. Other objective evidence includes significant changes with an unfavourable impact that have occurred in the technological environment, market environment, economic environment or legal environment in which the issuer operates and that this indicates that it will not be possible to recover the cost of the investment in the equity instrument. A significant or protracted decline in the fair value of an investment in equity instruments to less than its cost also constitutes objective evidence of an impairment requirement.

FINANCIAL INSTRUMENTS

General policies

Purchases and sales of financial instruments are recognised on the transaction date — the date on which the Group undertakes to buy or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs, which applies to all financial assets not recognised at fair value through the statement of comprehensive income. Financial assets measured at fair value through the statement of comprehensive income are initially recognised at fair value, while the associated transaction costs are recognised in the statement of comprehensive income. For recognition after the date of acquisition, see under the respective headings below. A financial asset is derecognised in full or in part from the statement of financial position when the contractual rights to cash flows cease or when the Group transfers the contractual rights to the asset's cash flows or, in certain cases, when the Group retains the rights but undertakes to pay the cash flows to one or more recipients. A financial liability is derecognised in full or in part from the statement of financial position when the contractual obligation has been fulfilled, cancelled or extinguished. The fair value of currency derivatives, forward contracts and warrants is established using listed prices for currency forwards on the balance-sheet date.

Effective interest method

The effective interest method is a method for calculating the accrued cost of a financial asset or a financial liability, and for the accrual of interest income or interest expense over the relevant period. Effective interest is the interest that precisely discounts estimated future inflows and outflows during the financial instrument's anticipated term or, where applicable, a shorter term, to the recognised net value of the financial asset or liability.

Classification

In accordance with IFRS 9, the Group classifies its financial instruments into the following three categories: financial instruments measured at fair value through profit or loss, financial instruments measured at fair value through other comprehensive income and financial instruments measured at amortised cost. The classification is based on the financial instrument's business model. The classification also includes an assessment of the SPPI condition (Solely payments of principal and not on the principal amount) to determine whether the asset's contractual cash flows represent solely interest and repayment.

Financial assets measured at amortised cost

Financial assets that meet the SPPI condition and are held to collect their contractual cash flows are measured at amortised cost. Assets included this category are accounts receivable, other receivables and other interest-bearing receivables.

Financial assets measured at fair value through other comprehensive income

Financial assets that meet the SPPI condition and are held, in accordance with the objective of a business model, to collect their contractual cash flows as well as for sale are measured at fair value through other comprehensive income. The Group has no assets classified in this category.

Financial assets measured at fair value through profit or loss

Financial assets that do not meet the SPPI condition or do not belong to either of the two categories above are measured at fair value through profit or loss. The Group has no assets classified in this category.

Measurement

Financial assets that are not measured at fair value through profit or loss are initially measured at fair value, including direct transaction costs attributable to the cost of the financial asset. Additional costs for financial assets measured at fair value through profit or loss are recognised as expenses in the income statement.

Impairment

The Group makes assessments of future expected credit losses for financial assets measured at amortised cost where a provision for expected future losses is recognised for the entire term.

Financial liabilities measured at amortised cost

Accounts payable are initially recognised at fair value and thereafter at amortised cost, for longer maturities (at least 3 months) using the effective interest method. The carrying amount for accounts payable is assumed to match their fair value, since this item is current by nature. Borrowings are recognised initially at fair value, net after transaction costs.

Borrowings are recognised at amortised cost and any differences between the amount received (net after transaction costs) and the principal amount are recognised in the statement of comprehensive income distributed over the term of the loan, using the effective interest method. Bor-

rowing is classified as current liabilities unless the Group has an unconditional right to defer payment of the debt for at least 12 months after the balance-sheet date. The carrying amount of the Group's borrowing is assumed to match its fair value since the loans carry a variable market interest rate. Borrowing costs are recognised in the statement of comprehensive income for the period to which they pertain.

LEASES

The Group as a lessee

Leases are defined in two categories – operating and finance – depending on the financial implication of the leases. The Group is a lessee through both operating and finance leases.

The Group is a lessee through finance leases. A finance lease exists when the financial risks and rewards of ownership are essentially transferred to the lessee. If this is not the case, the lease is an operating lease. Assets leased under the terms of a finance lease are recognised as an asset in the consolidated balance sheet. The obligation to pay future lease payments is recognised as long-term and current liabilities. These assets are depreciated according to plan, while lease payments are recognised as interest and amortisation of liabilities.

The Group is also a lessee through operating leases when the financial risks and rewards associated with the asset have not been transferred to the Group. The lease payments, including an initial higher rent, are recognised as an expense straight line over the lease term.

The Group as a lessor

Leases in which the Group is a lessor pertain to the leasing out of terminals used by ATG's agents and when ATG sublets parts of its office premises to the Swedish Trotting Association, the Swedish Jockey Club and the Swedish Horse Industry Foundation. All such leases are recognised as operating leases. Lease income is recognised in the statement of comprehensive income.

ACCOUNT CUSTOMERS

Account customer funds held by ATG are recognised in the balance sheet under the Current liabilities heading as Liabilities, account customers.

PROVISIONS

Provisions are recognised when the Group has a legal or an informal obligation due to previous events, when it is probable that an outflow of resources will be required to settle the obligation and when the amount has been calculated in a reliable manner. Provisions are retested at the end of each reporting period and are adjusted to reflect the best estimate at the particular time. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision will be reversed.

EMPLOYEE BENEFITS

Pension obligations

The Group only has defined-contribution pension plans. For defined-contribution pension plans, the Group pays contributions to publicly or privately administered pension insurance schemes on a statutory, contractual or voluntary basis. The Group has no other payment obligations once these contributions have been paid. The contributions are recognised as personnel expenses when they fall due for payment. Prepaid contributions are recognised as an asset insofar as a cash repayment or a decrease in future payments could accrue to the Group.

A defined-contribution pension plan is a pension plan under which the Group pays fixed premiums to a separate legal entity. The Group does not have any legal or informal obligation to pay further premiums if this legal entity has insufficient assets to pay the full remuneration to employees corresponding to their service during current or previous periods.

Severance pay

Payments in connection with termination of employment are made when an employee has received notice of termination of employment from ATG prior to the normal retirement age or when an employee accepts voluntary redundancy in exchange for such payments. ATG recognises severance pay when the Group is demonstrably obligated either to terminate employment according to a detailed formal plan without any option for recall or to provide compensation if employment is terminated due to an offer made to encourage voluntary resignation. Benefits that are due more than 12 months after the balance-sheet date are discounted to current value.

CONTINGENT LIABILITIES

Contingent liabilities comprise existing obligations related to occurred events that have not been recognised as liability or a provision. This is because it is no longer probable that an outflow of resources will be required to settle the obligation, or because the size of the obligation cannot be calculated with sufficient reliability.

CASH-FLOW STATEMENT

The cash-flow statement has been prepared according to the indirect method and shows the Group's receipts and payments during the period. The statement is divided up into operating activities, investing activities and financing activities. Cash flow from operating activities is recognised by adjusting profit/loss for:

- transactions that did not result in inflows and outflows (such as depreciation/amortisation, provisions and deferred tax); and
- accrued or prepaid items pertaining to previous or coming periods (accounts receivable, accounts payable and other current assets or liabilities), and any revenue and expenses pertaining to cash flows from investing or financing activities.

The principal inflows and outflows attributable to investment or financing activities are recognised separately in the cash-flow statement. The amounts are stated gross, with the exception of inflows and outflows regarding balances and changes in overdraft facilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank balances and, where applicable, current liquid investments with a maturity of less than three months from the date of acquisition and that can easily be converted into a known amount and are exposed to only an insignificant risk of value fluctuation. The use of overdraft facilities for borrowing is included as current liabilities in the statement of financial position.

EXCHANGE-RATE DIFFERENCE IN CASH AND CASH EQUIVALENTS

The impact of exchange-rate changes on cash and cash equivalents in foreign currency is recognised in the cash-flow statement to enable opening balances for cash and cash equivalents to be reconciled against closing balances for cash and cash equivalents. These effects are recognised separately from cash flows from operating activities, investing activities and financing activities.

TRANSACTIONS WITH RELATED PARTIES

Related parties are defined as the constituent companies in the Group and companies over which closely related physical persons have decisive, jointly decisive or significant influence. Board members, senior executives and closely related family members are considered related physical persons. Disclosures are provided should a transaction with a related party have occurred; i.e. a transfer of resources, services or obligations regardless of whether or not payment has been made. All related-party transactions were conducted on market terms.

EVENTS AFTER THE REPORT PERIOD

If significant events occur after the balance-sheet date that had not been considered when amounts in the statement of comprehensive income and statement of financial position were adopted, disclosures are provided concerning the nature of the event and, if possible, an estimate of the financial impact in a note.

PARENT COMPANY

The Parent Company applies different accounting policies compared with the Group in the cases noted below.

Presentation of income statement and balance sheet

The financial statements contain an income statement, a statement of comprehensive income, a balance sheet, a cash-flow statement and a statement of changes in equity. The Parent Company applies the presentation stipulated in the Annual Accounts Act, which entails a different presentation of shareholders' equity and that provisions are recognised under a separate heading in the balance sheet. In the Parent Company, shareholders' equity is divided into non-restricted and restricted equity.

Development costs reserve

ATG capitalises expenditure on work for own account in the Parent Company's balance sheet as an intangible asset and allocates a corresponding amount in a restricted reserve in equity.

The preconditions for capitalisation are that the Parent Company transfers a corresponding amount from non-restricted equity to a development costs reserve that is included in restricted equity. This reserve will be reversed at the same pace as the company applies amortisation or impairment losses for the capitalised development costs. The reserve will also be reversed in conjunction with the company divesting the assets.

Shares in subsidiaries

Shares in subsidiaries are recognised at cost after deduction of any impairment losses. When there is an indication that the value of shares and participations in subsidiaries has declined, the recoverable amount is calculated. If that amount is lower than the carrying amount, an impairment loss is recognised.

Leases

In the Parent Company, all leases are recognised according to the rule for operating leases.

Group contributions and shareholders' contributions

Shareholders' contributions paid are recognised as an increase in the value of shares and participations in Group companies. An assessment is subsequently made of whether the value of such shares and participations is impaired. Group contributions that the Parent Company pays to, or receives from, subsidiaries are recognised as an appropriation in accordance with the alternative accounting rule.

NOTES

Amounts in MSEK, unless otherwise stated.

NOTE 2 NET AND GROSS TURNOVER

BRANDS WITH A CONNECTION TO BETTING	2018	2017
V bets (V75, V86, V65, V64, V5, V4, V3 and Grand Slam 75)	8,800	8,588
Other horse betting products (Vinnare®, Plats®, DD®, LD®, Trio®, Tvilling®, Komb® och Top® 7)	4,337	4,842
Games of chance (VR and Boost®)	197	221
SWEDISH BETTING TURNOVER	13,334	13,651

NET TURNOVER BY SALES CHANNEL

GROUP	2018				2017			
	Store*	E-channel	Other	Total	Store*	E-channel	Other	Total
Turnover	4,973	8,361		13,334	5,596	8,055		13,651
Pay-out to customers	-3,404	-5,832		-9,236	-3,831	-5,664		-9,495
Unredeemed	33			33	40			40
Rounding-off to the nearest whole krona			31	31			13	13
NET TURNOVER	1,602	2,529	31	4,162	1,805	2,392	13	4,209

PARENT COMPANY	2018				2017			
	Store*	E-channel	Other	Total	Store*	E-channel	Other	Total
Turnover	4,973	8,361		13,334	5,596	8,055		13,651
Pay-out to customers	-3,404	-5,832		-9,236	-3,831	-5,664		-9,495
Unredeemed	33			33	40			40
Rounding-off to the nearest whole krona			31	31			13	13
NET TURNOVER	1,602	2,529	31	4,162	1,805	2,392	13	4,209

* Including racetrack.

Turnover according to the above pertains to Sweden in its entirety. No single customer accounts for more than 10 per cent of turnover. For disclosures on intra-Group sales, refer to Note 10, Transactions with related companies.

NOTE 3 OTHER INCOME

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Production income, Kanal 75	239	230	-	-
Store income	66	65	66	65
Online services	5	5	5	5
Sales international	179	168	179	168
Partner income	106	111	106	111
Exchange gains	1	1	1	1
Other income	129	44	129	44
TOTAL	725	623	486	394

Through collaboration with foreign partners, international customers are able to bet on ATG's products in Sweden. ATG received commission of MSEK 179 (168) from abroad.

ATG offers other services from its agents, through cooperation with various service providers. Customers can, for example, collect tickets and buy phone cards and lots from the agents, revenues from which are recognised as partner revenue.

Store income of MSEK 66 (65) pertains to the rental of store terminals; see Note 17 Leases.

The subsidiary Kanal 75's revenue pertains to production of TV and internet services related to trotting and thoroughbred racing.

The programmes are also broadcast internationally to countries that bet on Swedish races. Kanal 75 also assists Swedish trotting and thoroughbred racetracks in their TV productions.

NOTE 4 EMPLOYEES AND PERSONNEL EXPENSES**SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES**

GROUP	2018				2017			
	<i>Salaries and other remuneration</i>	<i>Pension costs</i>	<i>Social security expenses</i>	<i>Number of employees*</i>	<i>Salaries and other remuneration</i>	<i>Pension costs</i>	<i>Social security expenses</i>	<i>Number of employees*</i>
Board members (excl. employee representatives)	2.0	-	0.6	-	1.5	-	0.5	-
CEO and other senior executives	18.0	4.4	6.7	11	18.2	4.9	6.9	12
Other employees	205.2	27.2	72.1	342	179.3	21.3	60.6	309
TOTAL	225.2	31.5	79.4	353	199.0	26.2	68.0	321

* Translated to FTEs

PARENT COMPANY	2018				2017			
	<i>Salaries and other remuneration</i>	<i>Pension costs</i>	<i>Social security expenses</i>	<i>Number of employees*</i>	<i>Salaries and other remuneration</i>	<i>Pension costs</i>	<i>Social security expenses</i>	<i>Number of employees*</i>
Board members (excl. employee representatives)	2.0	-	0.6	-	1.5	-	0.5	-
CEO and other senior executives	16.2	3.9	6.0	10	16.4	4.5	6.2	11
Other employees	175.8	24.3	62.3	291	152.4	18.6	51.6	260
TOTAL	194.0	28.2	68.9	301	170.3	23.0	58.3	271

* Translated to FTEs

NOTE 4, CONTINUED

For 2018, the remuneration of senior executives consisted of fixed salary, other benefits and defined-contribution pension. Since the financial year of 2018 was expected to place exceptional demands on the organisation in regard to the efforts required to achieve the year's targets, the Board decided that a bonus corresponding to one monthly salary, and two monthly salaries in one case, would be paid to senior executives excluding the CEO, who are also department heads, for the financial year should the set targets be achieved. Whether or not the targets have been achieved will be determined in 2019 and the expense will be recognised at that point in time. For Board members appointed by employees, no information is provided about salary, remuneration and pensions since they do not earn these in their capacity as Board members.

A mutual period of notice of six months has been established between the CEO and the company. If the CEO's employment is terminated by the company, he will be entitled to severance pay corresponding to one annual salary, from which salary from any new employment will be deducted.

A mutual period of notice of six months has been established between the CEO of Kanal 75 AB and the company. If the CEO's employment is terminated by the company, he will be entitled to severance pay corresponding to six months' salary, from which salary from any new employment will be deducted.

There are both defined-contribution and defined-benefit pension plans in the Group. Obligations for retirement and family pensions for salaried employees are secured via insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined-benefit multi-employer plan. However, the Group did not have access to information that would enable it to be recognised as a defined-benefit plan. Accordingly, the ITP (individual supplementary pension) plans that are secured through insurance in Alecta are recognised as defined-contribution plans. The year's fees for pension insurance taken up in Alecta totalled MSEK 12 (19). Alecta's surplus may be distributed to the policyholders and/or the insured.

At the end of 2018, Alecta's preliminary surplus in the form of its collective solvency rate was 142 per cent (154).

2018, MSEK	Basic salary/Board fees	Other benefits	Pension costs	Other remuneration	Total
Board members (11)	2.0	–	–	–	2.0
CEO and other senior executives					
CEO and other senior executives (12)	17.5	0.6	4.4	–	22.4
TOTAL	19.5	0.6	4.4	–	24.4

2017, MSEK	Basic salary/Board fees	Other benefits	Pension costs	Other remuneration	Total
Board members (11)	1.5	–	–	–	1.5
CEO and other senior executives					
CEO and other senior executives (12)	17.6	0.6	4.9	–	23.1
TOTAL	19.1	0.6	4.9	–	24.6

GENDER BREAKDOWN OF EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES*	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Women	116	105	103	91
Men	237	216	198	180
TOTAL	353	321	301	271

* Translated to FTEs

GENDER BREAKDOWN OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

GROUP/ PARENT COMPANY	2018		2017	
	Number on the balance-sheet date	Of whom, men	Number on the balance-sheet date	Of whom, men
Board members	12	5	12	6
CEO and other senior executives	11	9	12	8
TOTAL	23	14	24	14

NOTE 5 OTHER EXPENSES

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Partner expenses	88	93	88	93
Research and grants	4	4	4	4
Exchange-rate losses	1	1	1	1
TOTAL	93	98	93	98

NOTE 6 FEES TO AUDITORS

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Ernst & Young AB				
Audit assignment	1	2	1	2
Audit activities in addition to audit assignment	-	0	-	0
Other services	2	1	2	1
TOTAL	3	3	3	3

Auditing assignments are defined as the statutory auditing of the Annual Report and consolidated accounts, as well as the administration of the Board of Directors and the CEO, and the audit and other review conducted in accordance with contracts or agreements. This includes other assignments that are the responsibility of the company's auditors, as well as guidance and assistance occasioned by observations made in conjunction with such reviews or the completion of such other work assignments. All other work is defined as other assignments.

NOTE 7 FINANCIAL ITEMS

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
FINANCIAL INCOME				
Interest income	5	1	5	1
Interest income, Group	2	2	2	2
Exchange-rate differences	-	-	-	-
Other financial income	0	1	0	1
TOTAL	7	4	7	4
FINANCIAL EXPENSES				
Interest expenses	2	1	2	1
Interest expenses, leasing	1	2	-	-
Exchange-rate differences	0	0	0	0
TOTAL	3	3	2	1
NET FINANCIAL ITEMS	4	1	5	3

Interest on winnings exceeding SEK 500,000 is calculated on the basis of the Riksbank's reference interest rate and is paid 32 days after the race day.

Information on how large a share of income and expenses in net financial items that will derive from financial instruments is recognised in Note 15, Financial instruments and financial risk management.

NOTE 8 FUNDS TO TROTTING AND THOROUGHBRED RACING

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Trotting				
Swedish Trotting Association	242	228	242	228
Racetracks	1,475	1,211	1,475	1,211
Active horse racing participants	178	159	178	159
Business administration	2	3	2	3
TOTAL TO TROTTING	1,896	1,602	1,896	1,602
Thoroughbred racing				
Swedish Jockey Club	56	26	56	26
Racetracks	133	123	133	123
Active horse racing participants	7	7	7	7
TOTAL TO THOROUGHBRED RACING	196	156	196	156
TOTAL TO TROTTING AND THOROUGHBRED RACING	2,093	1,758	2,093	1,758

NOTE 9 INCOME TAX AND LOTTERY TAX**INCOME TAX**

The Group recognised income tax of MSEK 0 (0) for the year. Tax expense pertains to the subsidiary Kanal 75, which is subject to the Income Tax Act, and calculation of the tax is based on the company's taxable result.

LOTTERY TAX

The Parent Company recognised lottery tax of MSEK 1,455 (1,466) for the year. This is calculated as a percentage (35 per cent) of Swedish betting turnover less deductions for winnings. ATG does not recognise income tax because the company is exempt from tax liability under the Income Tax Act. See Note 1, Accounting policies. Lottery tax is paid monthly to the State.

DEFERRED TAX LIABILITY

Deferred tax liabilities of MSEK 0 (0) pertain to temporary differences between the taxable value and the carrying amount in the statement of financial position. The Group's subsidiaries have untaxed reserves of MSEK 0 (0) attributable to tax deferment reserves. No reconciliation of the effective tax rate is presented because income tax is insignificant. There are no tax-loss carryforwards in the Group.

NOTE 10 TRANSACTIONS WITH RELATED PARTIES

ATG is 90.00025 per cent owned by the Swedish Trotting Association and 9.99975 per cent owned by the Swedish Jockey Club, whereby both are considered related parties. The Group includes the wholly owned subsidiary Kanal 75 AB (556578-3965). ATG is a related party of the State. The Swedish State has a controlling influence over ATG through the current licence. During the period, ATG sold the horse racing system for horse racing data to a company owned by the Swedish Trotting Association for MSEK 80. The Group had no other significant transactions with related parties, except for ongoing management transactions. For information and remuneration of senior executives and Board members, see Note 4.

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Sale of goods/services to related parties				
Kanal 75 AB	–	–	2	5
Swedish Jockey Club	–	–	–	–
Swedish Trotting Association	222	217	7	8
Property AB (subsidiary of the Swedish Trotting Association)	80	–	80	–
TOTAL	302	217	89	13
Purchases of goods/services from related parties				
Kanal 75 AB	–	–	40	39
Swedish Jockey Club	–	–	–	–
Swedish Trotting Association	644	443	644	443
TOTAL	644	443	684	482
Financial income from related parties				
Kanal 75 AB	–	–	–	–
Swedish Jockey Club	0	0	0	0
Swedish Trotting Association	–	–	–	–
TOTAL	0	0	0	0
Receivables from related parties as per 31 December				
Kanal 75 AB	–	–	47	86
Swedish Jockey Club	–	72	–	72
Swedish Trotting Association	88	109	88	78
Property AB	100	–	100	–
TOTAL	188	181	235	235
Liabilities to related parties as per 31 December				
Kanal 75 AB	–	–	16	10
Swedish Jockey Club	–	–	–	–
Swedish Trotting Association	1	89	1	89
TOTAL	1	89	17	99

Pledged assets and contingent liabilities for the benefit of related parties

ATG provided surety for the wholly owned subsidiary Kanal 75 AB's rental contract.

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
State-owned companies				
Purchases of goods/services from State-owned companies				
Svenska Spel	13	10	13	10
TeliaSonera	22	24	22	24
PostNord	1	16	1	16
TOTAL	36	50	36	50
Sales of goods/services to State-owned companies				
Svenska Spel	2	–	2	–
TOTAL	2	–	2	–

NOTE 11 INTANGIBLE ASSETS

GROUP	Betting products	System platform	Store terminal software	Projects in progress	Other	Total
2018 financial year						
Acquisition value brought forward	76	211	114	51	673	1,125
Purchases during the year				342	2	344
Capitalised projects		60		-84	24	0
Sales and scrapping during the year				-1	-88	-89
Reclassification					0	0
Accumulated acquisition carried forward	76	270	114	309	610	1,379
Amortisation brought forward	-22	-36	-59	-	-622	-739
Sales and scrapping during the year				1	89	90
Amortisation and impairment for the year	-9	-25	-10	-1	-20	-64
Reclassification	-	-	-	-	-	-
Accumulated amortisation carried forward	-30	-61	-69	0	-553	-713
Book value carried forward	46	210	45	309	57	666
2017 financial year						
Acquisition value brought forward	43	98	113	78	653	985
Purchases during the year				136	6	142
Capitalised projects	33	113	1	-162	15	0
Sales and scrapping during the year				-2		-2
Reclassification	-	-	-	-	0	0
Accumulated acquisition carried forward	76	211	114	51	673	1,125
Amortisation brought forward	-14	-19	-49	-	-610	-693
Sales and scrapping during the year				2		2
Amortisation and impairment for the year	-8	-17	-10	-2	-12	-48
Reclassification	-	-	-	-	0	-0
Accumulated amortisation carried forward	-22	-36	-59	0	-622	-739
Book value carried forward	54	175	55	51	51	386

NOTE 11, CONTINUED

PARENT COMPANY	Betting products	System platform	Store terminal software	Projects in progress	Other	Total
2018 financial year						
Cost at 1 Jan	76	211	114	51	646	1,098
Purchases during the year				342		342
Capitalised projects		60	0	-84	24	0
Sales and scrapping during the year				-1	-86	-87
Accumulated cost	76	270	114	309	584	1,353
Accumulated depreciation at 1 Jan	-22	-36	-59	0	-615	-731
Sales and scrapping during the year				1	87	88
Amortisation and impairment for the year	-9	-25	-10	-1	-15	-59
Accumulated amortisation	-30	-61	-69	0	-542	-702
Carrying amount	46	210	45	309	42	651
2017 financial year						
Cost at 1 Jan	43	98	113	78	632	964
Purchases during the year				136	0	136
Capitalised projects	33	113	1	-162	15	0
Sales and scrapping during the year				-2		-2
Accumulated cost	76	211	114	51	646	1,098
Accumulated depreciation at 1 Jan	-14	-19	-49	0	-608	-690
Sales and scrapping during the year				2		2
Amortisation and impairment for the year	-8	-17	-10	-2	-7	-43
Accumulated amortisation	-22	-36	-59	0	-615	-731
Carrying amount	54	175	55	51	32	367

The worked-up intangible assets consist of internal development of betting (such as Top 7 and Grand Slam 75, ATG's digital betting platforms (atg.se and tillsammans.atg.se) and the positioning system. Projects in progress include work with conditions for betting in a new licensed market and the Group's new betting areas – sports and casino games.

Amortisation is recognised in profit or loss straight line over the intangible assets' estimated useful life. Amortisable intangible assets are amortised from the date they are put into use.

The value of the Group's intangible assets is tested for impairment when indicators of impairment exist. During the year, the company recognised an impairment loss of MSEK 1 (2) for a minor project in progress, and MSEK 2 (0) for a previously capitalised asset. No impairment losses on intangible assets were reversed during the current or preceding year.

NOTE 12 OTHER LONG-TERM RECEIVABLES

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Stockholm Trotting Association*	71	72	71	72
Swedish Jockey Club	-	-	-	-
Loans, Ecosys A/S	35	7	35	7
Troperty AB**	80	-	80	-
TOTAL	185	78	185	78

*ATG participated in and financed the conversion and extension of the Hästsportens Hus property at Solvalla. The loan has a maturity up to 2045.

** Name change to Svensk Travsport AB is ongoing.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

GROUP	Servers	Computers	Store terminals	Leasehold improvements	Other	Projects in progress	Total
2018 financial year							
Acquisition cost							
Acquisition value brought forward	126	10	30	92	231	34	521
Purchases during the year	10	7	2	5	16	108	148
Capitalised projects	19			8	8	-34	0
Sales and scrapping during the year	-12	-3		-5	-38		-58
Accumulated acquisition carried forward	142	14	32	99	216	108	612
Accumulated depreciation							
Depreciation brought forward	-82	-6	-21	-80	-144	0	-333
Sales and scrapping during the year	12	3		5	38		58
Depreciation during the year	-27	-3	-3	-7	-18		-57
Accumulated depreciation carried forward	-96	-7	-23	-82	-124	0	-333
Book value carried forward	46	7	8	17	92	108	279
2017 financial year							
Acquisition cost							
Acquisition value brought forward	101	7	24	90	222	0	444
Purchases during the year	25	3	6	2	9	34	77
Sales and scrapping during the year							0
Accumulated acquisition carried forward	126	10	30	92	231	34	521
Accumulated depreciation							
Depreciation brought forward	-67	-4	-19	-74	-118	0	-282
Sales and scrapping during the year							0
Depreciation during the year	-14	-2	-2	-6	-26	0	-50
Accumulated depreciation carried forward	-82	-6	-21	-80	-144	0	-332
Book value carried forward	44	4	9	12	87	34	188

NOTE 13, CONTINUED

PARENT COMPANY	<i>Servers</i>	<i>Computers</i>	<i>Store terminals</i>	<i>Leasehold improvements</i>	<i>Other</i>	<i>Projects in progress</i>	<i>Total</i>
2018 financial year							
Acquisition cost							
Acquisition value brought forward	78	7	30	88	57		260
Purchases during the year	10	6	2	5	6	108	137
Sales and scrapping during the year	-9	-1		-2	-20		-32
Accumulated acquisition carried forward	80	13	32	90	43	108	366
Accumulated depreciation							
Depreciation brought forward	-38	-4	-21	-77	-45		-185
Sales and scrapping during the year	9	1		2	20		32
Depreciation during the year	-14	-3	-3	-4	-6		-30
Accumulated depreciation carried forward	-44	-6	-24	-79	-31		-183
Book value carried forward	36	7	8	11	12	108	183
2017 financial year							
Acquisition cost							
Acquisition value brought forward	70	5	24	87	73		260
Purchases during the year	20	2	6	2	5		35
Sales and scrapping during the year	-12	0		-1	-20		-34
Accumulated acquisition carried forward	78	7	30	88	57	-	260
Accumulated depreciation							
Depreciation brought forward	-37	-2	-19	-73	-58		-189
Sales and scrapping during the year	12	0		1	20		34
Depreciation during the year	-13	-2	-2	-6	-7		-30
Accumulated depreciation carried forward	-38	-4	-21	-77	-45		-185
Book value carried forward	40	3	9	11	12	-	75

All fixed assets are in Sweden.

Of the recognised cost of fixed assets for the Group, lease assets accounted for MSEK 34 (40).

NOTE 14 ACCOUNTS RECEIVABLE

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Accounts receivable	38	49	35	43
Provision for future credit losses	-6	-3	-6	-3
TOTAL	32	46	29	39

GROUP	2018		2017	
	Gross	Provision for future credit losses	Gross	Provision for doubtful receivables
Age analysis of accounts receivable				
Not due accounts receivable	32		41	
Accounts receivable 1-30 days past due	0		4	
Accounts receivable 31-60 days past due	0		0	
Accounts receivable 61-180 days past due	0		1	-1
Past-due accounts receivable >180 days	6	-6	3	-2
TOTAL	38	-6	49	-3

At 31 December 2018, the Group's future credit losses for accounts receivable amounted to MSEK 6 (3).

Changes in the provisions are presented below:

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Provision for future credit losses				
Opening balance	-3	-2	-3	-2
Provision for the year	-4	-2	-4	-2
Reversal of previously posted impairment losses	1	1	1	1
CLOSING BALANCE	-6	-3	-6	-3

Accounts receivable

ATG's accounts receivable consist of receivables from agents. The credit quality of accounts receivable not past due and not covered by provisions is considered good.

Customer-credit risks in the Group are managed according to the credit instruction. Outstanding accounts receivable are monitored and reported regularly in the Group. No single customer accounts for more than 5 per cent of the Group's total turnover, which means that dependence on individual customers is limited.

The credit risk associated with past due accounts receivable not covered by provisions is not considered major. Because the probability that these customers could encounter potential payment difficulties is slight, the Group sees no impairment requirements in respect of these receivables. The size of the provision is determined on the basis of historical credit loss levels combined with expected credit losses.

NOTE 15 FINANCIAL INSTRUMENTS

Through its business operations, the Group is exposed to financial risks. The CFO is responsible for investments of ATG's excess liquidity in accordance with the Board's instruction for the management of investments of surplus liquidity in the Group. The objective of the investment activity is to obtain an acceptable return considering the need for liquidity over the investment horizon. That part of ATG's cash and cash equivalents that is not assessed to be needed in daily operational activities (including a certain buffer) is equated with surplus liquidity; i.e. funds that in a longer perspective of three to 12 months need not be used in the business to manage current and anticipated payments. The function is centralised to ensure appropriate controls and to obtain advantageous terms and conditions in financial markets. Speculation in financial markets, meaning transactions that increase the financial risks that arise from operating activities, are not permissible.

Market risk

Market risk is defined as a company's exposure to changes in financial markets, encompassing other price risks, credit and counterparty risks, financing and liquidity risks, interest-rate risks and currency risks.

Interest-rate risk

The Group's borrowing costs and yield on cash and cash equivalents are impacted by changes in the general level of interest rates. Interest-rate risk is the risk that interest-rate changes will have a negative impact on the Group's net interest income and/or cash flow. A +1% change in the interest rate on the Group's financial loans would have a negative impact of approximately MSEK 5 on net interest income.

Currency risk

At ATG, currency exposure consists mainly of transaction exposure; i.e. payments in foreign currency due to investments, purchases or sales of goods and/or services. ATG's transaction exposure in operating activities is limited. In addition, the instruction adopted by the Board of Directors stipulates that all investments are to be denominated in SEK and in relation to at least three Swedish counterparties. The Group does not apply currency hedging. A currency change would only have a marginal effect on the Group's financial position.

Other price risks

Other price risks refer to the risk that the fair value of a financial instrument may be impacted by factors other than currency and interest rate fluctuations. ATG is not exposed to any other price risks.

Credit and counterparty risks

Credit and counterparty risk pertains to the risk that the counterparty to a transaction may not be able to satisfy its commitment and that this results in a loss for ATG. ATG is particularly exposed to this risk when surplus liquidity is invested in financial assets. ATG's instruction for managing investments of surplus liquidity describes how liquidity may be invested. All investments must be made on market interest rates and following procurement, whereby at least two market participants are contacted at the same time. Access to future market valuation rates and interest rates must always be ensured. Investments must be effected at individual and well-spread maturities, with the longest maturity being 18 months. For Swedish housing-finance institutions and mortgage institutions, the counterparty's credit rating

NOTE 15, CONTINUED

must correspond to at least an AAA rating and, for company bonds, a long-term rating of at least BBB/Baal. A credit rating is not required for the State, municipalities and county councils. Investments as deposits in commercial banks are permissible in Handelsbanken, Nordea, SEB, SBAB and Swedbank. All ratings that form a foundation for the aforementioned credit classes are to be performed by Standard & Poor or Moody's Investor Service. Where applicable, the issuer/security must have been credit rated by at least one of these institutions. In the event of a split rating, the lowest rating applies. All of ATG's balances are measurable on active markets and are thus included in either Level 1 or Level 2 of the measurement hierarchy. The Board of Directors is permitted, if proposed by the CFO, to decide to invest surplus liquidity in low-risk fund units. In this case, the definition of low risk is that the average rating in the fund may not be lower than BBB and

the term may not exceed 12 months. ATG is also impacted by credit and counterparty risks for customer credits to trotting and thoroughbred racing associations and accounts receivable from agents.

Financing and liquidity risk

Financing and liquidity risk is defined as the risk that when renegotiating loans or when meeting payment obligations, financing opportunities are limited or the price scenario has changed considerably. ATG's main sources of financing are cash flow from operating activities and loans from credit institutions. Financing and liquidity risks are managed within the framework of an established policy. The Group's financial liabilities, which primarily consist of a liability pertaining to funds held on behalf of account customers, accounts payable and liabilities to credit institutions, are presented below.

	<i>Within 1 year</i>	<i>Within 1-5 years</i>	<i>Later than 5 years</i>	<i>Total</i>
Due date structure, financial liabilities, 31 Dec 2018				
Liabilities to credit institutions	9	524		533
Liabilities to Group companies	1			1
Accounts payable	198			198
Liabilities, account customers	368			368
Other current liabilities	198			198
TOTAL	774	524		1,298

Due date structure, financial liabilities, 31 Dec 2017				
Liabilities to credit institutions	8	31		39
Liabilities to Group companies	89			89
Accounts payable	139			139
Liabilities, account customers	271			271
Other current liabilities	231			231
TOTAL	739	31		770

The following table shows the Group's financial assets and liabilities as per 31 December 2018. The classification of financial assets and liabilities has changed due to transition to IFRS 9. The difference compared with previous accounting policies is that the assets previously classified as Loans and accounts receivable are now classified as Financial assets measured at amortised cost.

GROUP, 2018	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Fixed assets			
Financial assets			
Other long-term receivables	185		185
Accounts receivable	32		32
Receivables from Group companies	88		88
Other receivables	243		243
Cash and cash equivalents	521		521
TOTAL FINANCIAL ASSETS	1,069		1,069
Financial liabilities			
Liabilities to credit institutions		533	533
Liabilities to Group companies		1	1
Accounts payable		198	198
Liabilities, account customers		368	368
Other current liabilities		198	198
TOTAL FINANCIAL LIABILITIES		1,298	1,298

NOTE 15, CONTINUED

The following table shows the Group's financial assets and liabilities as per 31 December 2017.

<i>GROUP, 2017</i>	<i>Loans and accounts receivable</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Financial assets			
Other long-term receivables	78		78
Accounts receivable	46		46
Receivables from Group companies	109		109
Other receivables	382		382
Cash and cash equivalents	488		488
TOTAL FINANCIAL ASSETS	1,103		1,103
Financial liabilities			
Liabilities to credit institutions		40	40
Liabilities to Group companies		89	89
Accounts payable		139	139
Liabilities, account customers		271	271
Other current liabilities		231	231
TOTAL FINANCIAL LIABILITIES		770	770

The following table shows the Parent Company's financial assets and liabilities as per 31 December 2018.

<i>PARENT COMPANY, 2018</i>	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Financial assets			
Other long-term receivables	185		185
Accounts receivable	29		29
Receivables from Group companies	135		135
Other receivables	242		242
Cash and bank balances	521		521
TOTAL FINANCIAL ASSETS	1,112		1,112
Financial liabilities			
Liabilities to credit institutions		499	499
Liabilities to Group companies		17	17
Accounts payable		170	170
Liabilities, account customers		368	368
Other current liabilities		194	194
TOTAL FINANCIAL LIABILITIES		1,248	1,248

NOTE 15, CONTINUED

The following table shows the Parent Company's financial assets and liabilities as per 31 December 2017.

PARENT COMPANY, 2017	Loans and accounts receivable	Financial liabilities measured at amortised cost	Total carrying amount
Financial assets			
Other long-term receivables	78		78
Accounts receivable	39		39
Receivables from Group companies	163		163
Other receivables	381		381
Cash and bank balances	488		488
TOTAL FINANCIAL ASSETS	1,150		1,150
Financial liabilities			
Liabilities, account customers		99	99
Liabilities to Group companies		110	110
Accounts payable		271	271
Other current liabilities		226	226
TOTAL FINANCIAL LIABILITIES		707	707

The fair value of all financial assets and liabilities is consistent with their carrying amount in all material respects. Assets and liabilities measured at amortised cost have a short time to maturity, which means that the difference between their carrying amount and fair value is not significant.

Fair value of financial instruments

Measurement at fair value contains a fair-value hierarchy whereby measurements are based on input data. The three levels are:

Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities to which the company has access at the time of measurement.

Level 2: Input data other than the quoted prices included in Level 1, which is directly or indirectly observable for the asset or the liability.

This could also involve input data other than quoted prices that are observable for the asset or the liability, such as interest rates, yield curves, volatility and multiples.

Level 3: Unobservable input data for the asset or the liability. At this level, assumptions that market players would use when pricing the asset or the liability, including risk assumptions, are taken into account.

For all of the above items, with the exception of loan receivables and loan liabilities, the carrying amount is an approximation of the fair value, which is why these items are not divided into levels according to the fair value hierarchy.

Loan receivables and loan liabilities belong to Level 2. Since the loan to the Stockholm Trotting Association carries fixed interest that, in all material respects, is considered to reflect current market rates, the carrying amount of the loan is also considered, in all material respects, to reflect the fair value.

NOTE 16 OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Receivable, Swedish Jockey Club	0	43	0	43
Receivable, agents	119	105	119	105
Receivable, Group bank account	36	149	36	149
Current receivables regarding customers' betting accounts	52	42	52	42
Other receivables	36	43	35	42
TOTAL	243	382	242	381

ATG uses bank guarantees from the company's agents as collateral. During the year, these amounted to 25 (24) with a total value of MSEK 2 (2). The Group has decided that, in addition to bank guarantees, it will increase collateral in relation to the agents by demanding personal guarantees. At year-end, 158 (18) had been signed.

NOTE 17 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Commissions, terminal partners	14	2	14	2
Prepayment, funds, SG	-	8	-	8
Prepayment, licence cost, support and maintenance agreements	30	29	30	29
Prepayment, communication network	5	4	5	4
Sponsorship agreements	2	7	2	7
Marketing costs	4	0	4	0
Other interim receivables	24	21	22	20
TOTAL	79	70	77	69

NOTE 18 LEASES

ATG is a lessee in terms of both financial and operating leases. Since ATG is a lessee, the finance lease assets are recognised as fixed assets in the balance sheet, while the financial obligations are recognised as liabilities in the balance sheet. ATG is not a lessor in terms of finance leases, but is a lessor with regard to operating leases.

Operating leases as a lessee

The Group and the Parent Company's operating leases as a lessee mainly comprise a long-term lease on the Hästsportens Hus property. The lease extends until 2045. Future minimum lease payments for non-cancellable operating leases fall due for payment as follows:

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Within 1 year	8	8	5	14
Later than 1 but within 5 years	31	20	18	45
Later than 5 years	92	98	89	98
TOTAL	131	125	112	157
Expensed lease payments	8	6	15	14

Finance leases as a lessee

The Group's finance leases as a lessee consist mainly of store terminals. The lease carries fixed interest over eight years and expires in 2020. In addition, the Group has finance leases for cars.

FINANCE LEASES	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Property, plant and equipment				
Equipment	34	40	-	-
TOTAL	34	40	-	-
Cost	71	68	-	-
Accumulated depreciation at 1 Jan	-28	-20	-	-
Depreciation during the year	-9	-8	-	-
Carrying amount	34	40	-	-

Future minimum lease payments for finance leases fall due for payment as follows:

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Within 1 year	10	10	-	-
Later than 1 but within 5 years	20	28	-	-
Later than 5 years	-	-	-	-
TOTAL	30	38	-	-
Future minimum lease payments	30	38	-	-
Less interest charge	-2	-3	-	-
Present value of future minimum lease fees	28	35	-	-

NOTE 18, CONTINUED

Operating leases as a lessor

The Group and the Parent Company's operating leases as a lessor consist of the renting out of equipment to ATG's agents. These leases can be terminated with one to three months' notice. The fees for the equipment include contractual conditions entailing minimum rents subject to a revenue clause. The contractual rent comprises a revenue-based supplement in addition to the minimum rent. During the year, the variable increment of the agents' rent accounted for MSEK 23 (37) of the total rent of MSEK 66 (65). ATG also sublets parts of its office premises to the Swedish Trotting Association, the Swedish Jockey Club and the Swedish Horse Industry Foundation. Future minimum lease income for non-cancellable operating leases falls due for payment as follows:

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Within 1 year	14	10	14	10
Later than one year but within five years	–	–	–	–
Later than 5 years	–	–	–	–
TOTAL	14	10	14	10
Expensed lease income	69	68	68	68

NOTE 19 CASH AND BANK BALANCES

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Cash and cash equivalents				
Cash and bank balances	224	242	224	242
Cash and bank balances ATG account customers	297	245	297	245
TOTAL	521	488	521	488

NOTE 20 SHAREHOLDERS' EQUITY

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Shareholders' equity, MSEK	544	671	543	670
Equity/assets ratio, %	26	38	27	40

Group*Share capital*

According to the Articles of Association, ATG must have share capital of at least MSEK 20 and at most MSEK 80. All shares have been fully paid. No shares are held in treasury or by the company's subsidiary. ATG has no Class A shares, Class B shares or preference shares. The number of shares is 400,000 (400,000) and the quotient value is SEK 100 per share.

Other contributed capital comprises the difference between what has been contributed in total by the shareholders and what is recognised as share capital.

Retained earnings, including profit for the year

Retained earnings comprises prior years' unrestricted equity, profit for the year and that part of untaxed reserves that consists of shareholders' equity.

Parent Company*Restricted and non-restricted reserves*

Shareholders' equity is divided into restricted equity and non-restricted funds. Restricted share capital comprises share capital of MSEK 40 (40) and statutory reserves of MSEK 8 (8), as well as the development costs reserve of MSEK 521 (155).

NOTE 21 LONG-TERM LIABILITIES TO CREDIT INSTITUTIONS

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Liabilities to credit institutions	499	–	499	–
Liability related to finance lease	25	31	–	–
TOTAL	524	31	499	–

On 10 October 2012, ATG entered into a finance lease with SEB concerning financing of ATG's store terminals. The lease carries fixed interest over eight years, starting on 1 January 2014. In addition, ATG has finance leases for cars. These are 3-year leases with a residual value of 40 per cent. Liabilities to credit institutions pertains to a bank loan with variable rates linked to STIBOR. The loan is an interest-only loan and falls due for payment in November 2021. The loan carries a covenant related to the Group's net debt and EBITDA.

NOTE 22 OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Liabilities, account customers	368	271	368	271
Winnings liability	27	50	27	50
Swedish Jockey Club	-	3	-	3
Liability, trotting and thoroughbred racing associations	9	19	9	19
Terminal partners	67	66	67	66
Jackpot	9	8	9	8
International partners	16	48	16	48
Liabilities to credit institutions	9	8	0	-
Swedish Trotting Association	18	-	18	-
Other current liabilities	51	38	47	33
TOTAL	575	511	562	498

No interest is paid on the liability to account customers.

NOTE 23 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Accrued expenses to racetracks and active horse racing participants	30	51	30	51
Accrued salaries and employer's contributions	29	24	24	21
Commission from stores	1	1	1	1
Commission foreign betting	5	2	5	2
Other accrued expenses	37	68	23	51
TOTAL	102	146	83	126

NOTE 24 PROVISIONS

	GROUP		PARENT COMPANY	
	2018	2017	2018	2017
Amounts on 1 January	11	29	11	29
Provisions for the year	-	-	-	-
Provisions utilised	8	-2	8	-2
Unutilised amount that has been reversed	-19	-16	-19	-16
Other adjustments	-	-	-	-
AMOUNTS ON 31 DECEMBER	0	11	0	11

ATG offers its customers an opportunity to participate in a random bet related to the V75 brand. By choosing the V75 and Boost brands together, the player can win up to one hundred times the V75 winnings. The maximum winnings are MSEK 100. ATG has previously made provisions to cover these high winnings. In accordance with the new Gambling Ordinance, this provisioning has ceased.

NOTE 25 LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

GROUP	2018	2017
Opening balance	40	45
Cash flow		
Loans raised	501	3
Repayment of loans	-9	-8
Non-cash items		
Interest	0	0
CLOSING BALANCE*	532	40

* In the closing balance, MSEK 524 (31) pertains to long-term liabilities to credit institutions and MSEK 9 (8) to current liabilities to credit institutions (recognised in Other current liabilities)

NOTE 26 PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY	2018	2017
Accumulated cost		
Acquisition value brought forward	0.1	0.1
Acquisitions and capital contributions	–	–
Impairment losses	–	–
BOOK VALUE CARRIED FORWARD	0.1	0.1

Specification of the company's shareholdings and participations in Group companies.

PARENT COMPANY

GROUP COMPANY/ CORP. REG. NO./ REG. OFFICE	Number of partici- pations	Participa- tion, %	Book value 2018	Book value 2017
Kanal 75 AB/ 556578-3965/ Stockholm	1,000	100%	0.1	0.1

The share of equity corresponds to the share of voting rights.
Kanal 75 AB produces TV and Internet services for trotting and thoroughbred racetracks.

NOTE 27 PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**Contingent liabilities**

ATG provided surety for the wholly owned subsidiary Kanal 75 AB's rental contract.

ATG occasionally becomes a party to legal disputes. No ongoing dispute is assessed to have a material impact on the Group's position or earnings.

NOTE 28 PROPOSED APPROPRIATION OF PROFITS

The Board of Directors and Chief Executive Officer propose that earnings for 2018 be appropriated as follows:

NON-RESTRICTED EQUITY IN THE PARENT COMPANY, SEK	2018
Retained earnings	100,192,985
Result for the year	-126,866,201
TOTAL	-26,673,216

The Board and CEO propose that the unappropriated earnings be carried forward.

The Parent Company has a development costs reserve of MSEK 521 (155). This reserve is included in restricted equity.

The Parent Company's shareholders' equity totals MSEK 543 (670).

NOTE 29 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

1 January 2019 was an historic day when ATG launched sports betting and casino games for its customers.

In March, ATG acquired the Danish gaming group Ecosys A/S in line with the previously signed conditional acquisition agreement. The Group consists of the Parent Company Ecosys A/S and the wholly owned subsidiaries Bet25 A/S and Ecosys Ltd. The Group offers horse racing, sports betting (Bet25.dk), casino (Rød25.dk) and mobile casino (casinogo.dk).

In the 2017 financial year, the Group's turnover amounted to MSEK 64 and EBITDA to MSEK -26.

On the publication date of this Annual Report, there is insufficient information to perform a preliminary acquisition analysis.

BOARD'S SIGNATURES

The Board of Directors and Chief Executive Officer hereby give their assurance that the Annual Report and the consolidated financial statements, including the statutory Sustainability Report, have been compiled in compliance with the European Parliament's and Council of Europe's Regulation (EC) No. 1606/2002 dated 19 July 2002 regarding the application of international accounting standards and with generally acceptable accounting practices and thus provide a fair

and accurate impression of the financial position and earnings of the Group and the Parent Company. The Administration Reports for both the Group and the Parent Company accurately review the Group's and the Parent Company's operations, financial position and earnings and describe the significant risks and uncertainties facing the Parent Company and the companies included in the Group. The Annual Report and consolidated financial statements were approved by:

Stockholm, 13 March 2019

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 LORD SKARPLÖTH

Managing Director and Chief Executive Officer

Our audit report was submitted on 13 March 2019

Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant

AUDITORS' REPORT

To the general meetings of shareholders of AB Trav och Galopp,
Corp. Reg. No.: 556180-4161

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Aktiebolaget Trav och Galopp for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 46-99 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 the parent company as of 31 December 2018 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 2018 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 53-63. 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 104-121. 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 intend 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 skepticism 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 Aktiebolaget Trav och Galopp for the year and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit 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 skepticism 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 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 53-63 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, 13 March 2019

Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant

SUSTAINABILITY REPORT

Under the Annual Accounts Act, ATG is required to prepare a Sustainability Report. Sustainability information on the basis of the disclosure requirements in the Annual Accounts Act is presented on the following pages:

Business model	14-15
Risks and risk management	50-52
Governance, follow-up, earnings and performance measures:	
Environment	108-111, 114
Human rights	29, 42, 108-111
Anti-corruption	42, 108-111
Personnel	44-45, 108-113
Responsible gambling (Social conditions)	38-41, 108-111, 113-114
Horse welfare	29, 42, 108-111, 113

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

To the general meeting of the shareholders of Aktiebolaget Trav och Galopp, corporate identity number 556180-4161

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2018 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 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.

Opinions

A statutory sustainability statement has been prepared.

Stockholm 13 March 2019

Ernst & Young AB

Åsa Lundvall

Authorized Public Accountant



SUSTAINABILITY REPORTING PRINCIPLES



ATG has prepared its Sustainability Report in accordance with the Global Reporting Initiative’s Standards (Core option) since 2017. The Sustainability Report for the Group (AB Trav and Galopp and Kanal 75 AB) is prepared annually. The Sustainability Report is integrated with the Annual Report, so the information in the Sustainability Report should not be viewed as a separate section but read together with the entire Annual Report. All disclosures in this Sustainability Report pertain to the financial year 1 Jan 2018 to 31 Dec 2018, unless otherwise stated.

ATG is a signatory member of the UN Global Compact and this report is also the Communication on Progress (COP) that members prepare to detail their efforts to implement the Ten Principles of the Global Compact.

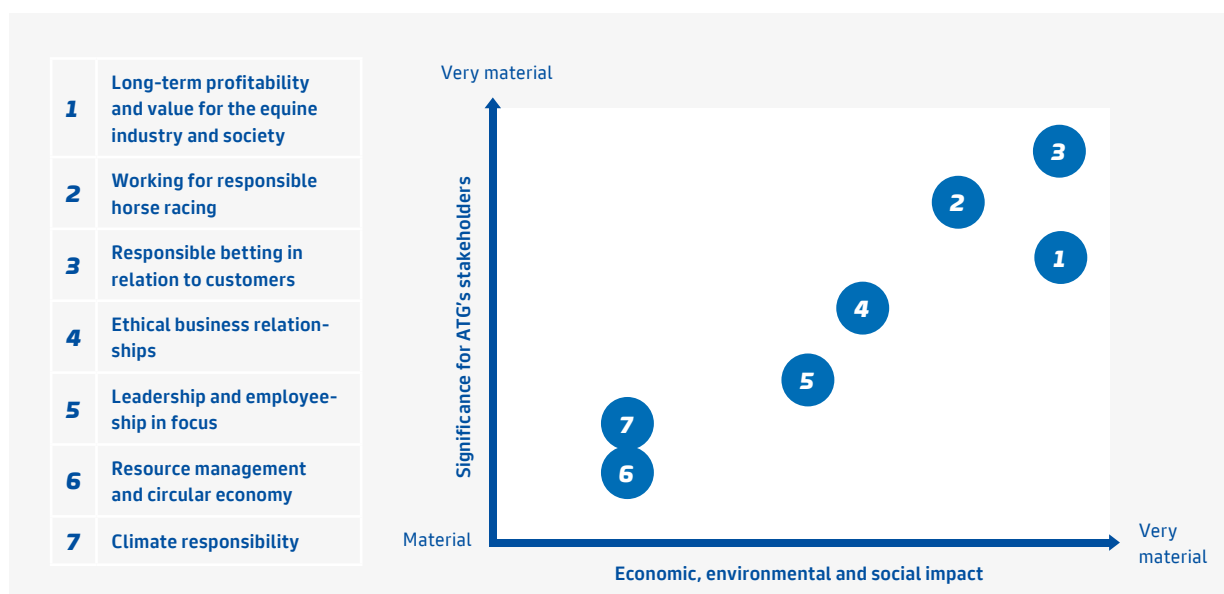
The Sustainability Report is not audited externally on the basis of the GRI Standards. ATG deems that the report has been prepared in accordance with the Core option. For the auditor’s opinion on the statutory Sustainability Report according to the Annual Accounts Act, see page 104.

MATERIALITY ASSESSMENT

The contents of this Sustainability Report are based on a materiality assessment performed by ATG to identify and prioritise the areas in which ATG has a significant economic, environmental and social impact and/or that influence the assessments and decisions of ATG’s stakeholders. The materiality assessment was first performed in 2016 and has since been updated and validated in order to remain up-to-date with ATG’s operations and stakeholders’ expectations. The assessment included the GRI Standards and other relevant issues based on ATG’s sustainability context. ATG’s material sustainability topics and their order of priority are outlined in the matrix at the bottom of this page. The sustainability topics have been prioritised using two parameters:

1. ATG’s economic, environmental and social impact for each topic
2. The significance of each topic for the company’s stakeholders

In 2018, a survey of key stakeholder groups was conducted to validate the materiality assessment and to gain in-depth knowledge of stakeholders’ priorities in relation to ATG’s sustainability efforts. The stakeholder groups included in the survey were Board members, Owners, Employees, Customers, Agents and Industry and Gambling Addiction Organisations. These groups were selected because they are considered to have the most influence, or be influenced



the most, by ATG's decisions and activities. By engaging in stakeholder dialogue, the previous materiality assessment could be validated. The conversations also provided important inputs and gave new insights into ATG's ongoing efforts. It emerged, for example, that indirect emissions from business travel should be included in ATG's climate responsibility, which ATG has now done since 2018. At the same time, emissions for 2017 were restated for comparability.

MEASUREMENT METHODS

ATG's aim is to make the Sustainability Report as transparent as possible. The bases for calculations and measures used to report the topic-specific disclosures in the Sustainability Report are presented below.

Employee figures

The number of employees is calculated on 31 December of the relevant reporting year and is recognised in accordance with the GRI Standards broken down by gender, employment contract (permanent/temporary), employment type (full-time/part-time) and age (under 30, between 30-50, over 50). Disclosures for employees are based on information from salaries paid in December of the relevant year.

- A permanent employment contract is a contract with an employee for an indeterminate period. This also includes employees on probation.
- A temporary employment contract is of limited duration.
- A full-time employee has an employment rate of 100 per cent.
- A part-time employee has an employment rate of less than 100 per cent.

In GRI reporting, disclosures for employees include employees on service leave or sick leave. This may mean that a role/position is counted twice if a temporary employee is engaged to cover the absence.

Disclosures for employees who commence or end their employment with the company during the year only include permanent employment contracts.

Responsible betting

The proportion of employees who completed training in responsible betting refers to those employees who were employed at 31 December of the reporting year. Employees who were absent from work during the year, due to service leave or sick leave, etc., are not included. The base of calculation also includes employees who have been employed for less than six months, which means that the figure is not always directly comparable with ATG's target that 100 per cent of ATG's employees should have completed training within six months of joining the company.

The proportion of agents who completed training in responsible betting is 100 per cent. ATG has a technical block that prevents agents from selling bets until they have undergone training in responsible betting.

In 2018, ATG introduced new requirements for mandatory registration of bets. Alongside of this, ATG has replaced age verifications with ID checks. In this year's reporting, these are presented separately from each other and in future, ATG will report ID checks only.

The proportion of products assessed for health and safety impacts refers to the proportion of products risk-assessed using the Gamgard tool. Gamgard is a tool developed by researchers and used by members of the Swedish Gambling Association (SPER).

Information about non-compliance with regulations concerning marketing communications has been obtained from ATG's compliance function and is based on incidents reported. ATG reports cases during the reporting period where marketing was considered to breach regulations and/or voluntary codes concerning marketing communications. Reported cases may result in a court order to pay a fine or penalty/warning by the regulator. This could also pertain to cases of non-compliance with voluntary codes such as SPER's guidelines for responsible marketing or decisions by the Swedish Advertising Ombudsman. Any ongoing cases involving ATG will be outlined in the report.

Materials used (paper)

Resource use and circular economy involves offering ATG's products and services in a resource-efficient manner and promoting sustainable and informed material choices. This sustainability topic is linked to GRI 301 Materials, and is reported under topic-specific disclosure 301-1 Materials used by weight or volume. The disclosure relates to the weight of paper used for marketing and sales of ATG's products. This includes the paper used for marketing material, and the use of betting slips and receipts by ATG's agent.

The weight of paper used for marketing material is calculated, and obtained from the printers that ATG uses to print the material. Other materials, such as plastic, textiles and cardboard are also measured, but the volumes are relatively small and not therefore reported.

ATG collaborates with a supplier for the printing of betting slips and receipts. The weight of betting slips and receipts is based on information received from the supplier.

Greenhouse gas emissions (GHG)

ATG users the GHG Protocol Corporate Accounting and Reporting Standard to report its greenhouse gas emissions. To delineate and allocate to a scope, ATG uses the operational control approach. Scope and boundaries are described below:

Direct (Scope 1) GHG emissions

Direct GHG emissions occur from business trips with vehicles that ATG is deemed to own or control. These include service cars that are only used for work, and benefit cars when they are used for business trips. Emissions from service cars are calculated based on the amount of fuel purchased and emission factors from the Network for Transport Measures (NTM). Emissions from company cars are estimated based on the driving distance reported by drivers and emission factors from NTM. The emissions contain CO₂, N₂O and CH₄ and are reported as CO₂-e.

At ATG's office, there is also a standby generator that runs on diesel and whose emissions are included in this category. Emissions from the standby generator are an estimation based on the amount of diesel purchased.

Indirect (Scope 2) GHG emissions from purchased electricity and heating

The underlying activity data for the emissions is the number of kilowatt-hours used for electricity and district heating at ATG's office in Solvalla. Electricity consumption at Kanal 75's office in Värtahamnen is included, but it has not been possible to obtain data for district heating consumption for this office. All electricity purchased by ATG is renewable, and an emissions factor of 5 g CO₂-e per kilowatt hour was used to calculate emissions. For district heating, an emissions factor of 2 g CO₂-e per kilowatt hour has been used, based on data obtained from ATG's supplier.

GHG emissions from business trips (Scope 3)

Emissions from business trips are based on data obtained from suppliers and include travel by air, rail and rental car booked through ATG's contracted travel agent. These emissions include only CO₂. There is a risk that the emissions are slightly higher than reported because some bookings are not made through the travel agent. Scope 3 also include business trips with private cars. These emissions are calculated using information about travel expenses reimbursed and emission factors from NTM, contain CO₂, N₂O and CH₄ and are reported as CO₂-e.

Ethical business relationships

Ethical business relationships include ATG's internal efforts to counter corruption and money laundering and to safeguard personal privacy through strong protection of

personal data. ATG's efforts to manage risks and impacts in the supply chain are also included.

Reported cases of corruption, money laundering and loss of personal data are based on incidents reported to ATG's compliance function. ATG describes such incidents during the reporting period, when occurrences of corruption, money laundering or loss of personal data have been confirmed by ATG's own investigations or legal proceedings. Any ongoing legal proceedings involving ATG will be outlined in the report.

The number of suppliers assessed using social and environmental criteria pertains to suppliers who have completed ATG's Supplier Sustainability Survey. The survey is based on ATG's Supplier Code of Conduct. Suppliers are selected on the basis of risk, and may relate to both new and existing suppliers to ATG.

Responsible horse racing

ATG's owners, the Swedish Trotting Association and the Swedish Jockey Club, are responsible for measuring horse welfare. Disclosures related to the number of doping tests, stable area inspections and camp inspections are provided by the Swedish Trotting Association. Stable area inspections refer to inspections at race meetings designed to verify that those active have conducted self-inspections according to an established checklist. Camp inspections are performed at training facilities and the stables of licensed trotting and thoroughbred racing trainers to ensure good animal welfare.

Direct economic value generated and distributed

This disclosure aims to report the economic value generated by the business and how it is distributed between the company's key stakeholder groups, refer to page 15.

Value generated

The company's revenue: Revenue refers to net income, i.e. the Group's revenue after winnings have been paid to the bettors.

Value distributed

The value distributed to the company's stakeholders is divided as follows:

- Employee wages and benefits
- Payments to government
- Funds to trotting and thoroughbred racing
- Funds to other community investments, such as ATG Drömfond and the Swedish Horse Industry Foundation (HNS).
- Other expenses, including payments to suppliers and capital costs

Value retained

This is equal to direct economic value generated less economic value distributed.

GOVERNANCE AND MONITORING

GOVERNANCE OF SUSTAINABILITY EFFORTS

ATG's sustainability efforts shall focus on the topics that are most material for the operations and that generate value for the Group's stakeholders. Working continuously to identify and prioritise the areas in which ATG has the greatest impact and involving stakeholders in this process are therefore of great importance for ATG. Read more about ATG's materiality assessment on page 105.

ATG's material sustainability topics determine the priorities for sustainability efforts. Based on seven areas, ATG is working to increase the positive impacts and reduce the negative impacts and risks that the Group's operations contribute to. ATG endeavours to apply the precautionary principle when developing and marketing its products.

Within each of these seven prioritised areas, the Group has long-term ambitions that provide a direction and short-term targets policies and guidelines set out expectations and responsibilities for both the organisation and its partners.

ATG's CSR function is responsible for the Group's sustainability efforts, which include the creation of sustainability targets, monitoring and reporting. The work also includes support for the rest of the organisation's efforts to follow ATG's strategies for sustainability and responsible betting. ATG's Board establishes long and short-term targets in the sustainability area.

POLICIES AND GUIDELINES

Policies are decided by ATG's Board. Guidelines may be decided by executive management.

ATG's most important policies and guidelines are:

The operational instruction Instructions for how ATG's operations should be conducted and how authority and responsibility should be assigned within the organisation. The instruction also provides business ethics guidelines for how employees should handle, for example gifts, entertainment, conflicts of interest and secondary jobs. Responsible betting is also regulated by the operational instruction.

The Sustainability and Environmental Policy describes the level of ambition for ATG's sustainability and environmental efforts and how the operations could become more sustainable. The policy describes five guiding principles for ATG's sustainability efforts:

- Commitment to dreams, society and the equine industry
- Consideration for our customers
- Ethics in business
- Our employees facilitate ATG's successes
- Decreased environmental impact

ATG's Supplier Code of Conduct is based on the Ten Principles of the UN Global Compact, which in turn are based on the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. The Code of Conduct specifies a minimum level of sustainability for suppliers, while also enabling cooperation and dialogue with the suppliers with the aim of achieving continuous improvements.

The Purchasing Policy aims to define the main principles for purchasing within the ATG Group in order to best support the Group's objectives and strategy. The policy expresses the importance of accounting for environmental factors in purchasing and that ATG should perform all controls that are practically possible to achieve continuous improvements in the environmental area, which is also regulated in ATG's Supplier Code of Conduct.

Diversity guidelines the objective of which are to create an attractive and diverse workplace. The aim of the guidelines is to help ATG's employees accept one another for their differences, create a workplace free from bullying and harassment and ensure compliance with regulatory requirements by working pro-actively to achieve diversity.

EXTERNAL INITIATIVES, REGULATIONS AND GUIDELINES

The UN Global Compact's dedication to sustainable business is reflected by its Ten Principles in the areas of human rights, labour, environment and anti-corruption. ATG has been affiliated with the UN Global Compact since 2017 and is committed to embedding the Ten Principles in its day-to-day operations.

ATG's activities are subject to a range of laws, licensing requirements, regulations and guidelines. The Swedish Gambling Authority issues regulations for the protection of social interests and to prevent money laundering. The Swedish Gambling Authority also issues ATG's license

and imposes regulations on how the operations should be conducted in terms of responsible betting. The Swedish Gambling Association's (SPER) guidelines for responsible betting and marketing are also applied when developing and marketing betting products.

ATG also cooperates in the Independent Gaming Collaboration (OSS), which is 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. Meetings within OSS are held twice per year to facilitate an exchange of knowledge and experience concerning responsible gambling matters.

Collaboration with international organisations also occurs through membership of the European Pari Mutuel Association (EPMA), an association of European companies offering horse racing and betting. Membership enables discussions and partnerships to promote the equine industry and cross-border consumer protection.

SUSTAINABILITY MONITORING

ATG's CSR function is responsible for monitoring and reporting sustainability targets.

All policies and guidelines have an owner with responsibility for ensuring that the document is up-to-date and relevant. Each policy and guideline also states the person responsible for ensuring compliance with the policy. Monitoring that covers all of ATG's prioritised sustainability topics according to the Sustainability and Environmental Policy is performed annually in connection with sustainability reporting.

At ATG, there is also a compliance function that is independent of company operations and works according to established compliance instructions. The function works proactively with information, support, control and monitoring to ensure the company's operations comply with rules and regulations and that confidence in the company is upheld and strengthened. The compliance function is responsible for monitoring in such areas as consumer protection, market conduct, money laundering, licensing and supervision.

A whistleblower function is available for employees to make reports of suspected breaches of ATG's internal rules or external regulations. Any employee who reports such informa-

tion must not suffer any retaliation in their relationship with ATG as employer, and information about the employee will be treated as strictly confidential by ATG. The whistleblower function may also be used by suppliers to report breaches of ATG's Supplier Code of Conduct.

ATG also has a Responsible Betting Council that is regulated in the operational instruction. The Head of CSR is the convenor and the company's responsible betting specialist is the secretary. The Responsible Betting Council summons the relevant managers and employees as needed.

STAKEHOLDER DIALOGUE

ATG maintains an ongoing dialogue with the company's key stakeholders. Stakeholder dialogue is conducted as both an integral part of the day-to-day operations and in the form of specific activities with a sustainability focus.

In 2018, ATG conducted a survey of customers, employees, Board members, agents and industry and gambling addiction organisations that was specifically designed for ATG's sustainability efforts. The results of the survey are presented on pages 36 and 105.

In addition, ATG maintains regular dialogue with key stakeholder groups as part of day-to-day operations. A selection of methods with key stakeholder groups is presented below.

- Dialogue with customers and the general public takes place through regular CSI and brand surveys. ATG also has its own customer service department that communicates with the company's customers on a daily basis.
- Dialogue with employees takes place through annual employee surveys and performance appraisals.
- Dialogue with retailers/agents takes place through annual surveys of consumer behaviour.
- Dialogue with authorities take place on an ongoing basis by submitting quarterly reports, at a minimum, to the Swedish Gambling Authority.
- Dialogue with SPER takes place by participation in Board meetings and working groups on several occasions per year.
- Dialogue with Board members and owners takes place through quarterly race track meetings with trotting societies arranged by the Swedish Trotting Association.

TARGETS AND OUTCOMES

ATG works with long-term ambitions that provide a direction for each of the company's prioritised undertakings. The targets are both long and short-term, and are gradually leading ATG towards the company's long-term ambition.

ATG's UNDERTAKING	TARGETS FOR 2018	OUTCOME 2018	COMMENTS
Long-term profitability and value for the equine industry and society <i>Long-term ambition: The world's best betting experience and the equine industry's engine</i>	ATG is to pay out at least BSEK 2 to horse racing.	In 2018, ATG paid out out BSEK 2,093 to horse racing.	Read more about how funds are allocated to horse racing on pages 14-15.
	MSEK 0.5 to ATG Drömfond projects.	A total of SEK 800,000 was allocated to ATG Drömfond projects.	Read more about ATG Drömfond on page 33.
	Minimum CSI score of 62.	The score was 55.	During autumn, ATG had disruptions on ATG.se and in stores on three occasions. This could have impacted ATG's image.
	In ATG's brand tracking, the score for the question of whether "ATG feels good " should be at least 52.	The score was 50.	During autumn, ATG had disruptions on ATG.se and in stores on three occasions. This could have impacted ATG's image.
Working for responsible horse racing <i>Long-term ambition: Trotting and thoroughbred racing is perceived as drug-free and sustainable in the long term</i>	Build trust in horse racing with a zero tolerance policy for doping and an effective control system for trotting and thoroughbred racing.	ATG investigates sports-related incidents and abnormal betting that could affect the betting products that ATG offers its customers.	Read more on page 42.
Responsible betting in relation to customers <i>Long-term ambition: Sound and fair betting environment for customers</i>	1,200 age verifications in stores.	In 2018, 1,236 age verifications were conducted, of which 92 per cent were approved. During the year, 323 ID checks were carried out, of which 78 per cent were approved.	Mandatory identification and registration of betting purchases was introduced in November 2018, which replaced age verifications.
	100 per cent of employees have completed responsible betting training within six months of joining the company.	90 per cent of employees have completed responsible betting training.	In 2018, ATG developed a new Responsible Betting training programme and therefore postponed training for new employees until the end of December when the training programme was launched.
	100 per cent of agents have completed responsible betting training.	100 per cent of the agents underwent responsible betting training.	Agents must have completed Responsible Betting training before they can start selling ATG's products.
	100 per cent of advertising must comply with legislation and ethical marketing self-regulating guidelines.	In 2018, ATG's advertising breached SPER's marketing self-regulation guidelines on one occasion.	

ATG's UNDERTAKING	TARGETS FOR 2018	OUTCOME 2018	COMMENTS
Ethical business relationships <i>Long-term ambition: A betting industry that is healthier tomorrow than today</i>	Zero cases of personal data breaches.	Zero cases of personal data breaches occurred.	During the year, ATG reported three possible personal data breaches to the Swedish Data Protection Authority. No breach was confirmed for any of these cases.
	Zero cases of corruption.	ATG was not aware of any cases of corruption.	
	Zero cases of money laundering in connection with ATG's products.	During the year, ATG closed down one agent because of money laundering.	ATG monitors and reports suspicious transactions on an ongoing basis. During the year, several cases of suspicious transactional behaviour by a customer or agent were reported to the Swedish Financial Intelligence Unit.
	100 per cent of employees to have completed training in money laundering prevention.	All employees are to undergo training in money laundering prevention. ATG does not currently have a system for following up employees who have completed the training. For the Group's new employees, training in money laundering prevention is mandatory.	
	100 per cent of employees to have completed training in GDPR/data protection.	In 2017, all employees completed GDPR training. For the Group's new employees, training in GDPR/data protection is mandatory.	
	All printers are to be assessed using ATG's Supplier Code of Conduct.	All printers responded to ATG's sustainability self-assessment questionnaire. In January 2019, ATG analysed the responses received to monitor whether the printers complied with ATG's sustainability requirements.	The results varied between suppliers. A common denominator was that the printers worked systematically with environmental issues. In 2019, ATG will continue to engage in dialogue and provide feedback on the results of the evaluation.
Leadership and employeeship in focus <i>Long-term ambition: Most attractive employer according to established measurement method</i>	Employee Engagement Index ¹ (EI) 82	The Employee Engagement Index score in the annual employee survey was 81.	
	Net Promoter Score ² (NPS) 20	During the year, the NPS was 26.	The benchmark score was 9.
	Above the benchmark for the "discrimination" index	The discrimination index score was 96, which is higher than the benchmark of 88.	
	Code of Conduct for employees to be determined and implemented	Efforts to develop a Code of Conduct are ongoing.	
	Guidelines for diversity to be established	In 2018, guidelines for diversity were established.	
Resource management and circular economy <i>Resource-smart company and Paper-free betting by 2030</i>	100 per cent of marketing material, betting slips and receipts to be printed on eco-labelled paper ³ .	The paper used for marketing material is 99.6 per cent FSC and/or Nordic Swan labelled. The paper used for betting slips and receipts is 100 per cent FSC and/or Nordic Swan labelled.	The information is based on data collected from ATG's suppliers.
	Commence measurement of the volumes of paper used for marketing material.	During the year, a new procedure was introduced for measuring the volume of paper used for marketing material.	Paper consumption data will be collected from ATG's printers.
	The volume of paper used for betting slips and receipts is to decrease 5 per cent compared with the preceding year.	The volume of paper used for betting slips and receipts decreased 27 per cent.	The decrease in paper consumption is due to more people betting on ATG.se instead of in stores and to ATG's simplification of the betting slips, which reduced the number of print runs.
Climate responsibility <i>Long-term ambition: Fossil-free by 2030, climate-neutral by 2045</i>	100 per cent of purchased electricity is renewable.	100 per cent of the electricity purchased for ATG's and Kanal 75's offices is renewable.	
	Begin measuring emissions from business travel in Scope 3.	ATG has been measuring emissions from business trips in Scope 3 since 2018. During the year, data was also collected for 2017 to provide comparative figures.	

¹ The Employee Engagement Index is measured within the framework of ATG's employee survey and measures employee engagement and satisfaction.

² The Net Promoter Score measures the extent to which an employee would recommend ATG as a workplace

³ FSC, Nordic Swan Ecolabel, EU Ecolabel or PEFC Certified

⁴ Scope 3 includes indirect GHG emissions

OTHER SUSTAINABILITY INDICATORS

Other disclosures that supplement the Sustainability Report are presented below.

GRI INDICATORS FOR EMPLOYEES

The following disclosures pertain to the Group’s employees and report by type of employment, gender and age.

Information on employees and other workers, and diversity of governance bodies (GRI 102-8 and 405-1)

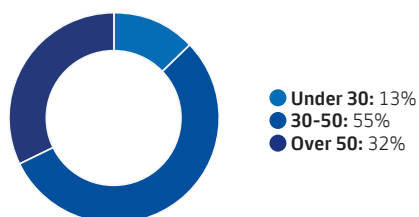
EMPLOYMENT CONTRACTS

	Total	Permanent	Temporary
Group	393	374	19
of whom women	133	123	10
of whom men	260	251	9
ATG	338	319	19
of whom women	118	108	10
of whom men	220	211	9
Kanal 75	55	55	0
of whom women	15	15	0
of whom men	40	40	0

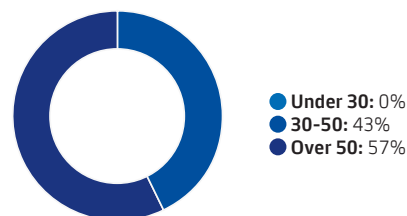
NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE

	Total	Full-time	Part-time
Group	393	375	18
of whom women	133	123	10
of whom men	260	252	8
ATG	338	321	17
of whom women	118	109	9
of whom men	220	212	8
Kanal 75	55	54	1
of whom women	15	14	1
of whom men	40	40	0

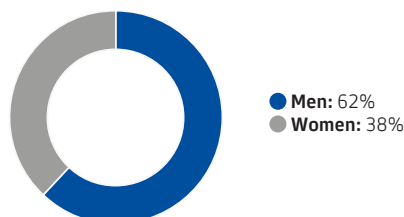
EMPLOYEES BY AGE (GROUP)



BOARD MEMBERS AND EXECUTIVE MANAGEMENT (GROUP) BY AGE



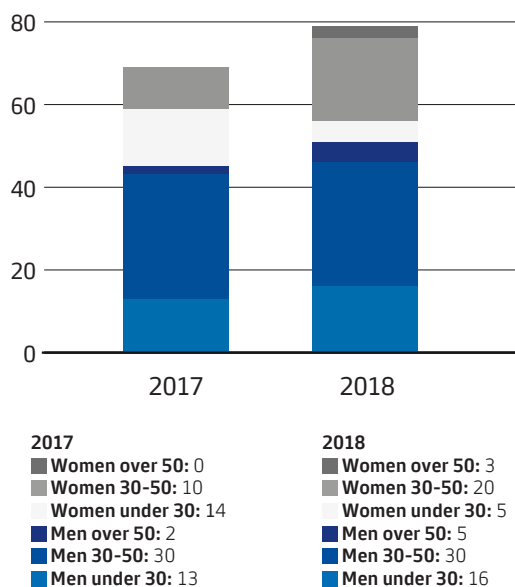
BOARD MEMBERS AND EXECUTIVE MANAGEMENT (GROUP) BY GENDER



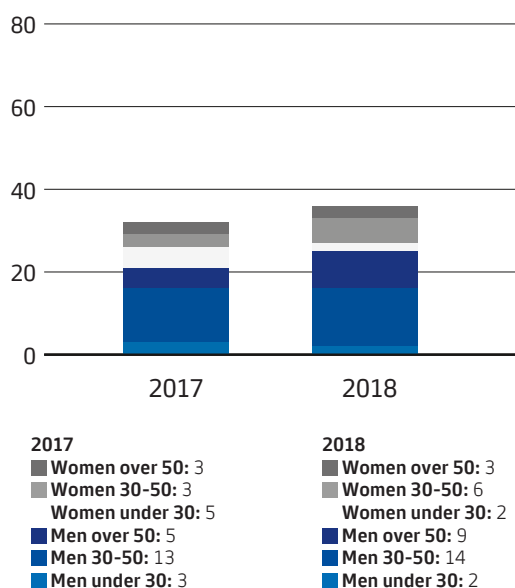
New employee hires and employee turnover (GRI 401-1)

In 2018, ATG employed 79 new people. During the same period, 36 employees left the company. The figures in the graphs below pertain to the Group and are presented by gender and age.

NUMBER OF NEW EMPLOYEES



NUMBER OF EMPLOYEES WHO LEFT THE COMPANY



Inspections in trotting and thoroughbred racing

ATG's owners, the Swedish Trotting Association and the Swedish Jockey Club, work actively to promote animal welfare through a range of inspections in the Travarhälsan (Trotting Health) programme. Camp inspections are inspection of the training facilities and stables of licensed trotting trainers. Stable area inspections are random tests at race meetings to verify that self-inspections have been performed correctly by those taking part.

NUMBER OF DOPING TESTS	2018	2017
Total	4,252	3,604
of which Swedish Trotting Association	4,018	3,383
of which Swedish Jockey Club	234	221

NUMBER OF DOPING CASES DISCOVERED IN INSPECTIONS	2018	2017
Total	1	4
of which Swedish Trotting Association	1	4
of which Swedish Jockey Club	0	0

NUMBER OF STABLE AREA INSPECTIONS	2018	2017
Total	7,103	7,407

NUMBER OF CAMP INSPECTIONS	2018	2017
Total	1,135	1,062

Responsible betting training

All employees at ATG who have completed training within six months of joining the company. ATG monitors employees who have completed training on a regular basis. At 31 December, 90 per cent of the employees had completed the responsible betting programme.

PROPORTION OF EMPLOYEES WHO HAVE COMPLETED RESPONSIBLE BETTING TRAINING, %	2018	2017
Group	90	95
ATG	91	96
Kanal 75	85	89

PROPORTION OF AGENTS WHO HAVE COMPLETED RESPONSIBLE BETTING TRAINING, %	2018	2017
Group	100	99

Age verifications and ID checks conducted at agents

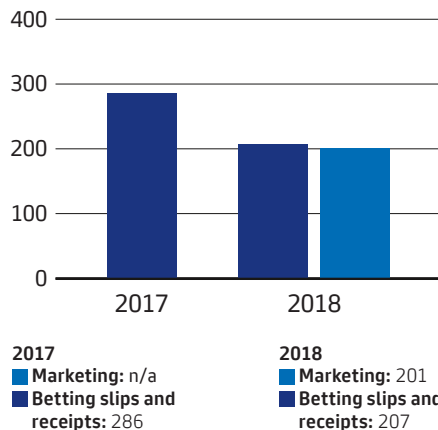
During the year, age verifications were replaced by ID checks due to the new law introduced on 1 January 2019.

AGE VERIFICATIONS	2018	2017
Total number of test purchases at agents	1,236	1,191
Number of approved test purchases at agents	1,131	1,023
Approved, %	92	86
Number of agents suspended due to non-approved test purchases	2	8
Number of agents suspended due to non-approved test purchases	0	0
ID CHECKS		
Total number of ID checks at agents	323	N/A
Number of approved ID checks at agents	253	N/A
Approved, %	78	N/A

Paper in marketing, betting slips and receipts (GRI 301-1)

ATG monitors the volume of paper used for marketing material, betting receipts and slips at agents on a regular basis. In 2018, ATG developed a new procedure for collecting paper consumption data for marketing material, which is why comparative figures are not available for marketing in 2017.

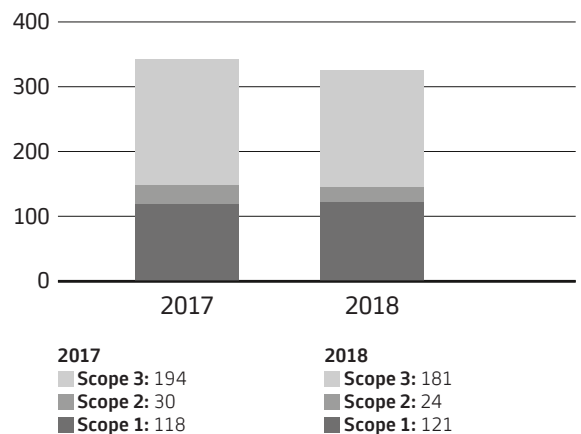
PAPER USED FOR MARKETING, BETTING SLIPS AND RECEIPTS (TONNES OF PAPER)



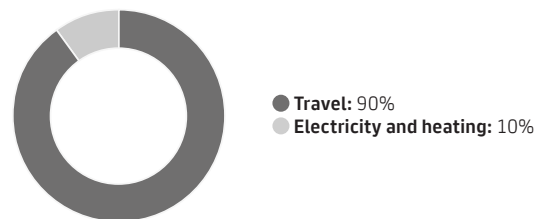
GHG emissions (GRI 305-1, 305-2 and 305-3)

In ATG's disclosures of GHG emissions, emissions are included in Scope 1 and Scope 2, and business trips in Scope 3. Scope 1 includes emissions from business travel by car and from backup electricity at the office. Scope 2 includes emissions from purchased electricity and heating. Scope 3 includes emissions from business travel by air, rented car, private car and rail. Emissions from air travel are the largest source of emissions in ATG's operations.

GREENHOUSE GAS EMISSIONS (TONNES CO₂)



GHG EMISSIONS 2018

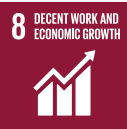






Kungsbacka ridklubb received an extra special Christmas present, delivered by ATG's ambassador Peter "Foppa" Forsberg. ATG Drömfond donated a pony to their special wellness group for children and young people.

HOW ATG CONTRIBUTES TO THE UN SUSTAINABLE DEVELOPMENT GOALS

A review was conducted in 2018 to determine how ATG contributes to the UN Sustainable Development Goals (SDGs). The survey was based on 169 targets and ATG’s impact on these, both positive and negative. The review will provide a basis for ATG’s continued sustainability efforts. A summary of the results is presented in the table below.

SDG	RELEVANT TARGETS	DESCRIPTION OF ATG’s IMPACT (POSITIVE AND NEGATIVE)	LINK TO ATG’s SUSTAINABILITY UNDERTAKING
	<p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p>	<p>When gambling, there is a risk that the customer can develop an unhealthy gambling habit, which could have serious consequences for both the customer and their family members. Systematic and responsible betting measures can largely prevent problem gambling.</p>	<ul style="list-style-type: none"> • Responsible betting in relation to customers
	<p>8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.</p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>People are employed across ATG’s entire value chain, but the risks and opportunities vary depending on the exact part of the chain.</p> <p>ATG generates value for the equine industry and society because the surplus creates many job opportunities in the equine industry and because people can find work doing something they love.</p> <p>Within ATG’s own organisation, the Group works continuously with gender equality, the psychosocial work environment and a work/life balance.</p> <p>In the supply chain, there is a risk of poor labour practices and working conditions. Insight into supply chain conditions is limited, which leads to increased risk.</p>	<ul style="list-style-type: none"> • Leadership and employeeship in focus • Ethical business relationships • Long-term profitability and value for the equine industry and society

SDG	RELEVANT TARGETS	DESCRIPTION OF ATG's IMPACT (POSITIVE AND NEGATIVE)	LINK TO ATG's SUSTAINABILITY UNDERTAKING
	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p>	<p>Through ATG Drömfond, ATG contributes to the prevention of social exclusion and poor health through sport. Another example is sponsorship of Sweden's National Paralympic Committee (Parasport Sweden).</p>	<ul style="list-style-type: none"> • Long-term profitability and value for the equine industry and society
	<p>11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.</p> <p>11.a Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.</p>	<p>ATG contributes through funds to horse racing to open landscape and biodiversity. The equine industry creates job and income, and increases the attractiveness of rural areas.</p>	<ul style="list-style-type: none"> • Long-term profitability and value for the equine industry and society • Responsible horse racing
	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>Contributing to sustainable consumption and production requires cooperation across ATG's entire value chain. ATG contributes by making informed choices and investments in digitisation. The Group sets requirements and cooperates with suppliers, agents and horse racing to use natural resources more efficiently, reduce waste volumes and increase recycling and recovery.</p>	<ul style="list-style-type: none"> • Resource management and circular economy • Ethical business relationships
	<p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>The greatest impact is indirect and beyond ATG's own control. Trotting and thoroughbred race-tracks, suppliers and transportation, for example, account for the greatest impact. Energy use is considered the cause of GHG emissions in ATG's value chain.</p>	<ul style="list-style-type: none"> • Climate responsibility • Ethical business relationships
	<p>16.1 Significantly reduce all forms of violence and related death rates everywhere.</p> <p>16.4 By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.</p> <p>16.5 Substantially reduce corruption and bribery in all their forms.</p>	<p>Risk of corruption and financial crime is inherent in ATG's value chain.</p> <p>Within ATG's own organisation, at racetracks and at agents, the prevention of money laundering is a key issue, since money laundering is often associated with organised crime. Corruption is prevented in ATG's own operations, although the risk of corruption is considered lower in Sweden than in many others countries.</p> <p>There is a risk of corruption in the supply chain, especially in those parts of the supply chain located in high-risk countries. Insight into supply chain conditions is limited, which leads to increased risk.</p>	<ul style="list-style-type: none"> • Ethical business relationships

GRI CONTENT INDEX

The entire index refers to the 2016 GRI Standards.

GRI STANDARD	INDICATOR	PAGE	COMMENT/OMISSION	
GENERAL DISCLOSURES				
GRI 102: General disclosures	Organisational profile			
	102-1	Name of the organisation	46, 105	
	102-2	Activities, brands, products, and services	22–27	
	102-3	Location of headquarters	46	
	102-4	Location of operations	GRI content index	ATG's operations are pursued in Sweden.
	102-5	Ownership and legal form	53	
	102-6	Markets served	9, 18–21	
	102-7	Scale of the organisation	9, 65–66, 112	
	102-8	Information on employees and other workers	112	
	102-9	Supply chain	42	
	102-10	Significant changes to the organisation and its supply chain	46, GRI content index	There were no significant changes in the organisation's supply chain.
	102-11	Precautionary principle or approach	108	
	102-12	External initiatives	108–109	
	102-13	Membership of associations	108–109	
	Strategy			
	102-14	Statement from senior decision-maker	10–11	
	Ethics and integrity			
	102-16	Values, principles, standards and norms of behaviour	44–45	
	Corporate governance			
	102-18	Governance structure	53–58, 108	
	Stakeholder engagement			
	102-40	List of stakeholder groups	36, 105, 109	
	102-41	Collective bargaining agreements	GRI content index	All employees are covered by collective bargaining agreements.
	102-42	Identifying and selecting stakeholders	105	
	102-43	Approach to stakeholder engagement	36, 105, 109	
	102-44	Key topics and concerns raised	33, 36, 105	
	Reporting practice			
	102-45	Entities included in the consolidated financial statements	105	
	102-46	Defining report content and topic Boundaries	105	
	102-47	List of material topics	34–35, 105	
	102-48	Restatements of information	105, GRI content index	In 2017, GHG emissions changed compared with the previous year's Sustainability Report due to the inclusion of emissions from business trips in Scope 3.
102-49	Changes in reporting	105, GRI content index	No significant changes. See the comments above in relation to boundaries for GHG emissions.	
102-50	Reporting period	105		
102-51	Date of most recent report	105		
102-52	Reporting cycle	105		
102-53	Contact point for questions regarding the report	GRI content index	Maria Guggenberger, Head of CSR maria.guggenberger@atg.se	
102-54	Claims of reporting in accordance with the GRI Standards	105		
102-55	GRI content index	118–120		
102-56	External assurance	105		

GRI STANDARD	INDICATOR	PAGE	COMMENT/OMISSION
MATERIAL SUSTAINABILITY TOPICS			
<i>With commitment to dreams, society and the equine industry</i>			
Economic performance			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	12, 16-17, 110	
	103-3 Evaluation of the management approach	16-17, 53-58, 109	
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	15	
<i>Working for responsible horse racing (company-specific topic)</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	29, 42, 110	
	103-3 Evaluation of the management approach	42	
Own indicator	Company-specific metric: Number of doping tests within the activities of the Swedish Trotting Association and Swedish Jockey Club	113	
	Company-specific metric: Number of stable area inspections within the activities of the Swedish Trotting Association	113	
	Company-specific metric: Number of Camp inspections within the activities of the Swedish Trotting Association	113	
CONSIDERATION FOR OUR CUSTOMERS			
<i>Safety and health of customers</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	38-41, 108-110	
	103-3 Evaluation of the management approach	38, 40, 109	
GRI 416: Customer health and safety	416-1 Assessment of the health and safety impacts of product and service categories	GRI content index	All of ATG's products are risk-assessed in Gamgard.
Own indicator	Company-specific metric: Number of completed self-assessment tests on www.atg.se	40	
<i>Marketing and labelling</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	39-41, 108-110	
	103-3 Evaluation of the management approach	40, 109	
GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labelling	40-41	
	417-3 Incidents of non-compliance concerning marketing communications	110	
Own indicator	Company-specific metric: Age checks	114	
ETHICS IN BUSINESS			
<i>Anti-corruption</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	42, 108, 111	
	103-3 Evaluation of the management approach	42, 58, 109	
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	42	
	205-2 Communication and training about anti-corruption policies and procedures	GRI content index	ATG trains employees and agents to prevent money laundering. It has not been possible to compile figures for the number of trained individuals for the Sustainability Report, but ATG intends to present these in future reports.

GRI STANDARD	INDICATOR	PAGE	COMMENT/OMISSION
	205-3 Confirmed incidents of corruption and actions taken	111	
Customer privacy			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	42, 108, 111	
	103-3 Evaluation of the management approach	42, 109	
GRI 418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	111	
Supplier social assessment			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	42, 108, 111	
	103-3 Evaluation of the management approach	42, 109	
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria	42	
Supplier environmental assessment			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	42, 108, 111	
	103-3 Evaluation of the management approach	42, 109	
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	42	
OUR EMPLOYEES FACILITATE ATG's SUCCESSES			
Employees			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	44-45, 108, 111	
	103-3 Evaluation of the management approach	44, 109, 111	
GRI 401: Employees	401-1 New employee hires and employee turnover	113	
Diversity and equal opportunity			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	44-45, 108, 111	
	103-3 Evaluation of the management approach	109, 111	
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	112	
DECREASED ENVIRONMENTAL IMPACT			
Materials			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	108, 111	
	103-3 Evaluation of the management approach	109	
GRI 301: Materials	301-1 Materials used by weight or volume	114	
Emissions			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	108, 111	
	103-3 Evaluation of the management approach	109	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	107, 114	
	305-2 Energy indirect (Scope 2) GHG emissions	107, 114	
	305-3 Other indirect (Scope 3) GHG emissions	107, 114	

DEFINITIONS

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.

Earnings per share

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

EBITDA

Operating result before depreciation and impairment losses.

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 expenses

Operating result less net turnover.

Net indebtedness

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

Net turnover

Net betting turnover less pay-out 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.

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.

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 races 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.

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 race-tracks in accordance with a calculation model based on parameters that impact the operating cost of the tracks.

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.

Customers

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

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.

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.

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 every betting product for horses and every 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 Gambling Association, represents the betting market in Sweden and works to promote the interests of its members. The association's mission is to promote a healthy, modern and sustainable betting market.

Swedish Gambling Authority

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

The European Pari Mutuel Association (EPMA)

An association of European companies offering betting 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 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.

Unredeemed winnings

Winnings that are not redeemed.

