



ANNUAL REPORT

AKTIEBOLAGET
TRAV OCH GALOPP 2017



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Photographer: Lars Jakobsson



Photographer: Stefan Olsson

ATG IN ONE MINUTE

The operations of AB Trav och Galopp are based around its assignment: to safeguard the long-term development of trotting and thoroughbred racing through a responsible betting offering. Since its inception in 1974, the company has been the sole operator permitted to offer betting on horse racing to the Swedish betting market. ATG is 90 per cent owned by the Swedish Trotting Association and 10 per cent owned by the Swedish Jockey Club.

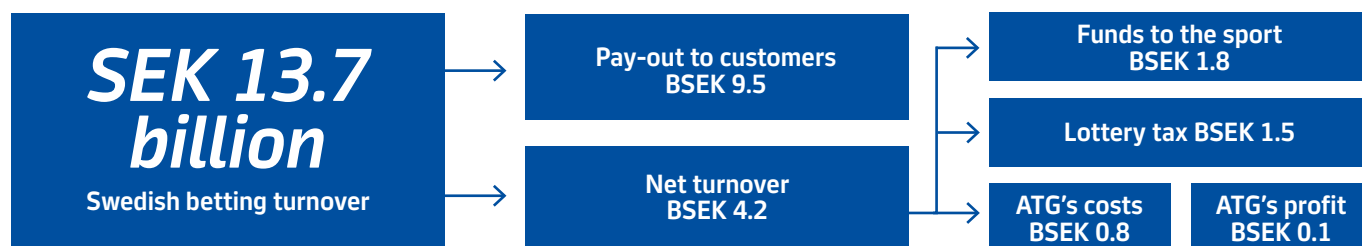
ATG offers betting through slightly more than 2,000 agents and via digital platforms. Betting is also offered at 37 trotting and thoroughbred racetracks across Sweden. During 2017, some 20,000 races were arranged on which betting was permitted.

Since 2000, ATG has a subsidiary, Kanal 75, which produces all TV and internet broadcasts of trotting and thoroughbred racing.

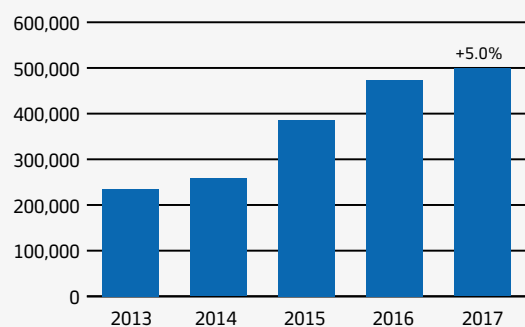
ATG's vision is to be the Nordic region's largest and most profitable betting company in a global market. Group-wide objectives, strategic priorities and values set strict parameters for activities in both the short and the long term.

Responsible betting is ATG's principal sustainability issue and the customer promise is to be Sweden's most engaging betting experience and meeting place for betting.

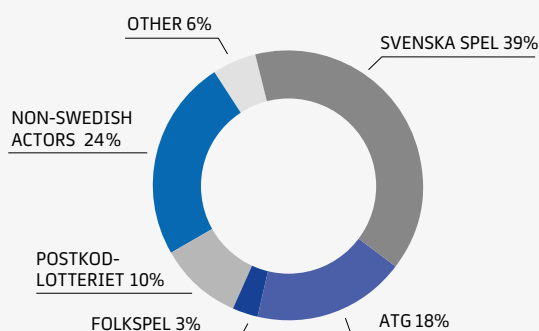
ATG's figures for 2017



Trend in number of ATG members 2013–2017



ATG's share of the betting market



Source: Swedish Betting Authority

Message from the CEO

In September 2013, we launched ATG's manifesto. The vision of being "The Nordic region's largest and most profitable betting company in a global market" marked out the direction of the journey we faced.

A year later, in November 2014, we were tasked by our owners – the Swedish Trotting Association and the Swedish Jockey Club – with increasing their funds by MSEK 300 by the 2018 financial year to a record-high BSEK SEK 2.

At the time of writing, mid-February 2018, we have made substantial progress towards realising the vision and can tick the box "Record: BSEK 2 to the sport."

ATG's responsibility is both extensive and unique. Our entire surplus is returned to trotting and thoroughbred racing. Almost 90 per cent of the total revenue of trotting and thoroughbred racing comes from ATG and betting on horses. However, the funds do not only go to trotting and thoroughbred racing. As the engine in the Swedish horse industry, our operations, both directly and indirectly, influence the equestrian landscape in Sweden. For that reason, I am both proud and delighted to report that we followed up the record-breaking year of 2016 with a new record-breaking year in 2017.

On the following pages, you can read our financial report for the past year. Among all the figures, I would particularly like to highlight seven items:

- Swedish betting turnover: MSEK 13,651 (+2.8 per cent)
- Net turnover: MSEK 4,209 (+3.0 per cent)
- Net expenses: MSEK 837 (-5.1 per cent)
- Winnings to Swedish customers: MSEK 9,494 (+3.0 per cent)
- Number of million-krona wins: 209 (193)
- Number of members: 500,000 (+5.0 per cent)
- Earnings: MSEK 99.0 (8.6)

The secret? We have continued to live up to our customer promise from the manifesto – to create the most engaging betting experience and meeting place for betting. In 2017, the V75 on Saturdays and the V86 on Wednesdays got a new sibling in the form of the Grand Slam 75 on Sundays. We now have three major betting days each week that attract many customers. In addition to these, we continuously fine tune and improve our products and services – from easier log-ins to the possibility of using Swish money transfer to transfer stakes to TOP 7. Add to this the fantastic commitment of our customers, the employees of ATG, the staff of ATG betting shops and all the others – from breeders to horse handlers – who are involved in trotting and thoroughbred racing. All of these jointly laid the foundation for 2017 ending up as a new record year for ATG.

Our vision not only includes the word "largest" it also includes the phrase "most profitable." Which means cost control is just as important as growth. At the same time as we increased our net turnover by 3 per cent, we also reduced our net expenses by 5.1 per cent. This is a clear signal that we are doing a lot of things in very much the right way. We are not yet the largest betting company in the Nordic region. We will therefore continue to invest in ATG in order to achieve the objective of increasing market shares and realising our vision.

Responsible betting is our most important sustainability issue. I am convinced that sustainable betting is the foundation of a sustainable business; if the wellbeing of our two million customers is secured, they will continue to be customers of ATG. However, sustainability is not just about our customers' wellbeing. It is also about our entire approach and how we act in a number of issues, from environmental impact to human rights. Last year, ATG signed up to the UN Global Compact's principles for responsible enterprise, a key undertaking that we will adhere to. We are already doing good things but a lot still remains. Our journey to sustainability now continues and it is a journey that we will report on along the way.

On 31 March 2017, the new inquiry into betting licences presented its findings concerning the future betting market in Sweden. Later this spring, we hope that the Riksdag will pass the new betting act, so that we will have a new betting licence market when we wake up on New Year's Day 2019.

The new act represents a major success for ATG and Swedish trotting and thoroughbred racing. Since 2011, we have actively lobbied for equal terms in the licence market. We know that of every hundred kronor currently spent on betting by our customers, ATG's products account for SEK 24 and other betting products for the remaining SEK 76. For us, the new licence market means that we will release our monopoly on betting on horse racing but in return be given an opportunity to develop completely new products and start to battle for the other SEK 76. That's good.

The new betting act also represents opportunities for ATG to expand internationally. I am convinced that the combination of world-class Swedish horse racing and our betting products has the potential to become a strong export product, and thus to generate more revenue for our owners. As a first step in this journey, we completed the acquisition of the Danish group of betting companies, Ecosys, in autumn 2017. This transaction will become a reality when the new betting act is in place.

We appear to be living in a time of many exciting challenges. Accordingly, my co-workers and I will be focusing on two things in 2018:

1. Every day of the week, we will continue our efforts to live up to our customer promise of offering the most engaging betting experience and meeting place for betting.
2. To make sure that we are prepared and ready for the off when the new licence market starts on 1 January 2019.



Hans Skarplöth

Managing Director and Group CEO

ATG'S CUSTOMER PROMISE, VISION AND MISSION

ATG's vision is to be the Nordic region's largest and most profitable betting company in a global market. Group-wide objectives, strategic priorities and values set strict parameters for activities in both the short and the long term.

Promise to customers

Sweden's most engaging betting experience and meeting place for betting.

Vision

The Nordic region's largest and most profitable betting company in a global market.

Mission

We make Sweden more alive.

ATG's four core values for the image projected by the organisation, the employees and the company's products to realise our customer promise are:

- Always appealing,
- Exciting — before, during and after,
- Ideal for sharing with others,
- Genuine and credible.

ATG's business concept is to provide a meaningful leisure activity and to apply an innovative and responsible approach to make betting on horse racing exciting, entertaining and accessible. The new services and products developed by the company must live up to the promise and thus approach the vision, without eroding the responsibility requirements set by the Group, the State and other stakeholders.



The ambassador for ATG's Dream Fund, Swedish ice hockey legend Peter "Foppa" Forsberg, together with Vinnie.

Photographer: Tommy Hall

A large number of activities conducted within the company's own organisation and in close collaboration with suppliers, agents and other partners are prerequisites for the successful work to realise the customer promise of being Sweden's most engaging betting experience and meeting place for betting.

ATG's Board of Directors has decided to adopt an operational instruction describing how ATG is to be organised, the way responsibilities are to be divided between departments and how work is to be followed up. The operational instruction also specifies the company's overall position, which forms the foundation for responsible conduct and contributes to a company-wide impression of how employees should behave in relation to each other, to customers, agents, race tracks, suppliers, business partners and other stakeholders.

Sales of the company's products require a smoothly functioning IT infrastructure. For existing and new customers to find ATG's products engaging, it is necessary to satisfy their expectations for user friendliness and availability, and for ATG to continue to develop an engaging product offering.

Ensuring that the products are available where the customers want them is a key aspect of ATG's successes. Products are sold at atg.se, at agents throughout Sweden and at the trotting and thoroughbred racetracks in connection with race meetings.

Cooperating with the right suppliers is an important success factor for ATG and a critical factor for value creation. The major supplier categories include IT services such as, IT consultants and the various IT platforms that are required to keep ATG's business in operation every day, throughout the year. To reach out to existing and potential customers, another significant part of the company's suppliers are active in the media and marketing sector.

Kanal 75 covers all trotting and thoroughbred races in Sweden in order to stimulate interest in betting on horses. This is done by disseminating betting and race information in various formats, such as TV, internet and print. Most of what is produced is broadcast via ATG-live while TV4's channels transmit a number of hours per week. Kanal 75 also produces transmissions in the agents' TV service and for the channels of international partners.



Betting products

Currently, the portfolio comprises 18 betting products, of which V75 and Dagens Dubbel are the two largest individual products in terms of turnover and the number of players. ATG offers tote betting, which means that the players bet against each other at fluctuating odds.

It is also possible to bet on many of the products together with other players in what are known as betting shares. The customer then buys an optional number of shares in a system either from an agent or on atg.se. The cost and winnings are shared based on the number of shares. Trotting is the dominant sport for betting products. Trotting races accounted for 98.4% (98.3) of turnover in Sweden during 2017.

Swedish betting turnover, per betting product, during the year

MSEK	
V-Bets (V75, V86, V65, V64, V5, V4, V3 and Grand Slam 75)	8,588
Other products involving horse racing (Win, Show, Daily Double, Lunch Double, Trifecta, Quinella and Top 7)	4,842
Games of chance (VR and Boost)	221
SWEDISH BETTING TURNOVER	13,651

DEVELOPMENT OF BETTING

Factors in the business environment

The route to Sweden's most engaging betting experience and meeting place for betting is marked out by development. ATG needs to continue to develop and launch new betting experiences and to market them in a way that appeals to both existing and new customers. At the same time, the business environment is changing continuously and the company has to position itself and respond to these changes in order to conduct successful long-term operations.

The betting market is preparing for new regulations, which will entail a switch to a licenced market and is expected to result in more equal conditions for all actors. An important part of the forthcoming legislation is a duty of care and how the actors that offer betting products are to protect players from unsound betting. Responsible betting is the most important sustainability issue for ATG and there is already a keen focus in the organisation for the company to stand

strong in this issue. This, together with exciting betting experiences, will help ATG to establish a strong position in the reregulated betting market.

Other reregulations that will have a major impact on ATG are the new Data Protection Regulation, which enters force in 2018, and the fact that in 2017, additional demands were placed on the companies' work to prevent money laundering.

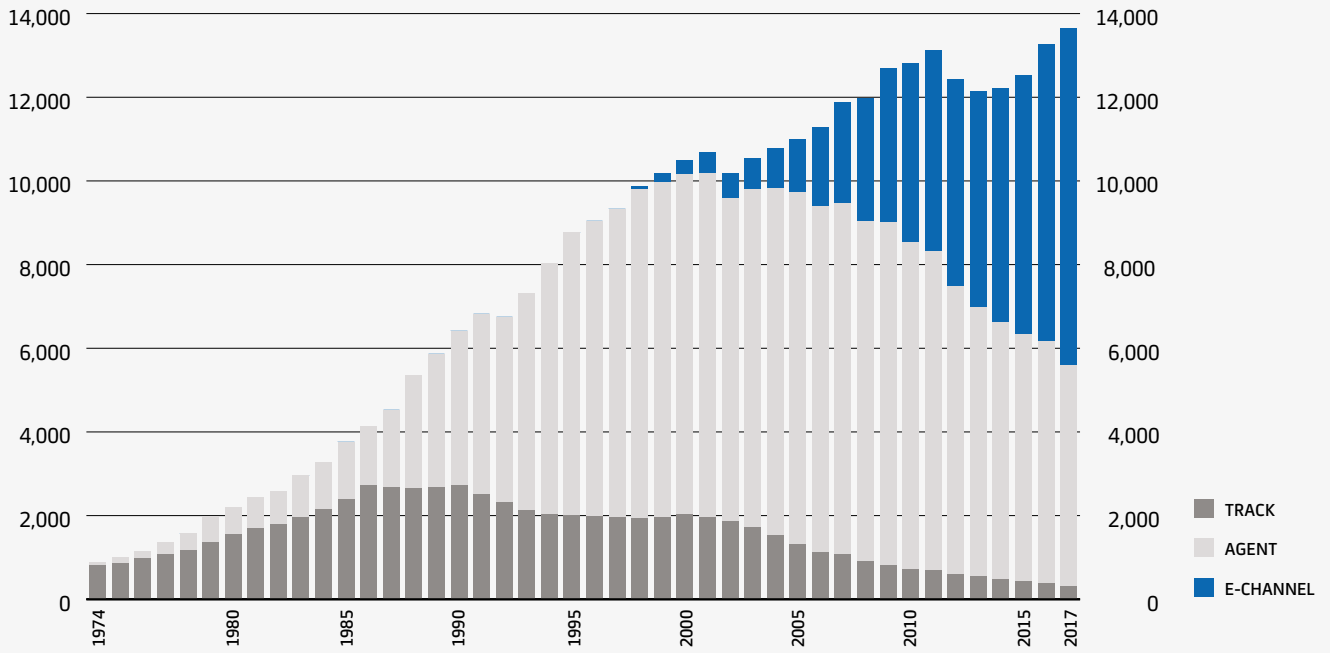
Betting market

The betting market is characterised by competition both between Swedish regulated companies and from the unregulated betting companies in Sweden that offer betting products from abroad. The strongest factor correlating with the betting market's growth is the increase in disposable household incomes.

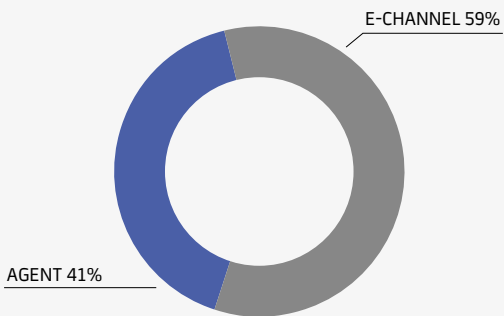


Vinnie at the "Like a Horse" Photographic Exhibition, where ATG was an exhibiting partner.

Swedish betting turnover, MSEK



ATG's turnover, by sales channel



ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer of AB Trav och Galopp (ATG), with its registered office in Stockholm, Sweden and Corp. Reg. No. 556180-4161, hereby submit the annual report and financial statements for the Parent Company and the Group for the 2017 financial year.

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 sales, 100% (100) was generated by the Parent Company during the period January–December 2017.

ATG conducts operations pursuant to an 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 licence to arrange betting in connection with trotting and thoroughbred horse racing.

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, 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 2017

- ATG invested heavily in a product for Sundays and launched Grand Slam 75.
- The results of the betting inquiry were presented on 31 March.
- The Dream Fund was launched with Swedish ice hockey legend Peter "Foppa" Forsberg as ambassador; Unite Peoples' dream comes true — awarded SEK 150,000 from ATG's Dream Fund.
- ATG signed a conditional acquisition agreement with Ecosys A/S. A condition for completing the transaction is the legislative change concerning the reregulation of the betting market that is expected during 2019.
- Decision about a record increase in funds to trotting and thoroughbred racing. ATG followed the plan laid in 2014 and the Board decided to increase funding of trotting and thoroughbred racing by some MSEK 300 during 2018 to about BSEK 2, the highest amount in the company's history.
- V75 Winter Burst — eight V75s in nine days, with a MultiJackpot on New Year's Eve.

Events after the closing date

- ATG offers betting on show jumping during the Gothenburg Horse Show in February.
- Per Gutesten appointed new IT Manager of ATG effective 22 January and becomes a member of the Group Management.
- ATG initiates a new V75 festival during Easter week — the V75 Spring Race! Four V75 meetings will be decided in four days and end with a multijackpot on Easter Sunday.

Swedish betting turnover and net revenue

ATG has entered a period of intensive development, which is reflected in the positive revenue trend. In 2017, the turnover from Swedish betting was the highest in ATG's history. During the year, ATG's largest betting product, the V75, had one fewer Saturday year-on-year and there were a total of 17 jackpots, which is four fewer than in 2016.

During 2017, ATG's Swedish turnover amounted to MSEK 13,651 (13,277), of which MSEK 1,030 (959) pertained to Swedish customers betting on foreign trotting and thoroughbred races. In 2017, net turnover rose to MSEK 4,209 (4,086), corresponding to growth of 3.0 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 declined to MSEK 2,471 (2,520). The countries in the Nordic region account for the majority of international betting. International turnover is recognised and taxed in the country concerned.

Pool betting (V75, V86, GS75, V64, V65, V4, V5 and V3) accounted for approximately 63 per cent of turnover from Swedish betting. V75 was the single largest betting product, with a turnover of MSEK 5,063 (5,143). V75 was also the betting product that attracted the largest number of players. Of the other betting products, Dagens Dubbel (Daily Double) — including Lunch Dubbel (Lunchtime Double) — accounted for a large share of the turnover from Swedish betting, at MSEK 1,765 (1,752).

During the year, ATG had other operating income, i.e. income from activities other than betting, in the amount of MSEK 623 (622). Revenue from TV productions, commissions for international sales and agent sales of partner products are the predominant sources of such income.

Costs

ATG's costs during the year totalled MSEK 1,461 (1,504). The largest individual cost item comprised personnel expenses for employees, including social security fees, in the amount of MSEK 293 (271). Other external expenses include costs for IT systems, advertising, marketing and sales-related costs, such as terminals installed in stores and on race tracks, betting slips and commissions to agents.

Costs incurred during the year included costs for the launch of Grand Slam 75 and increased personnel expenses. Also during the year, a change in capitalisation and amortisation periods for intangible assets was implemented to better reflect the assets and their useful lives.

This change in method reduced costs during the year.

Amortisation and depreciation of fixed assets amounted to MSEK 98 (99).

ATG's net expenses, which are costs less other operating income, declined to MSEK 837 (882).

Funds to trotting and thoroughbred racing

During the year, a total of MSEK 1,758 (1,705) was allocated to the owners – the Swedish Trotting Association and the Swedish Jockey Club. The increase was in line with the plan adopted during 2014 for the years 2015–2018.

The allocation of funds to trotting and thoroughbred race-tracks 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.

Of the total funds to trotting and thoroughbred racing, MSEK 1,592 (1,562) was allocated to central associations and trotting and thoroughbred racetracks, most of which comprised prize money compensation to racetracks in a total amount of MSEK 766 (759). Allocations to racetracks for operation and race activities represented the next largest item at MSEK 538 (537). Other operating costs, investments and marketing contributions amount to MSEK 288 (266). Contributions to breeders and owners totalled MSEK 166 (143).

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

Lottery tax

Lottery tax is calculated as a percentage (35%) of net turnover. Lottery tax for the year totalled MSEK 1,466 (1,440).

Earnings

ATG's profit before funds allocated to trotting and thoroughbred racing, commitments pursuant to agreements with the State and taxes amounted to MSEK 3,373 (3,205). Profit for the year after these items amounted to MSEK 99.0 (8.6).

Financing, and liquidity

The balance-sheet total at year-end amounted to MSEK 1,747 (1,657).

Cash flow from operating activities amounted to MSEK 101 (172). Cash flow from investing activities amounted to MSEK -196 (127). Cash flow for the year amounted to MSEK -100 (39). The change was mainly attributable to a reduction in liabilities and an increase in the investment volume. Total cash and cash equivalents at year end amounted to MSEK 488 (587).

Most of the investments in intangible assets pertained to the development of software for internet, betting and sports systems. Investments in property, plant and equipment primarily comprising technical equipment for the IT operating environment.

At year-end, total equity amounted to MSEK 671 (572) and the equity/assets ratio was 38.4 per cent (34.5).

Investments and trends

All investments in intangible assets are assessed on the basis of expected life and financial viability. Development of the Grand Slam 75 betting product was completed during the year. In addition, continued development of the atg.se and tillsammans.atg.se sales channels was implemented. Further development of Top 7 and Harry Boy was also implemented. This comprehensive development is a prerequisite for continued growth. ATG's growth in 2017 derived from e-channels.

The company also invested in the development of new betting experiences and new functionality, which will be unveiled in 2018 or later. Moreover, we continuously invest in the IT operating environment, in betting safety and in enhanced customer experiences.

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

	<i>Q1</i>	<i>Q2</i>	<i>Q3</i>	<i>Q4</i>	<i>TOTAL</i>
2017	12	13	14	13	52
2016	13	13	13	14	53
2015	13	13	13	13	52

Employees

Employees are a major contributor to the progress enjoyed by ATG and Kanal 75. The average number of employees in 2017 was 321 (299). Expansion in the number of employees will continue in 2018, with the greatest need still in the IT area. More information on employees is presented on pages 84–85 and in Note 4.

Sustainability

The Sustainability Report for ATG and Kanal 75 has been prepared on the basis of the disclosure requirements in the Annual Accounts Act. The contents of the statutory sustainability report and the auditor's statement are on page 73.

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, operational, financial, sustainability and compliance-related risks can impact the possibility of achieving the goals according to the business plan. By consistently and systematically dealing with risk management, the risks are identified well in advance, the necessary measures are identified, and good internal control is ensured. Risk management is an integral part of the processes 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 14–15.

Transition to IFRS

As of the 2017 annual report, ATG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The date for the Group's transition to IFRS is 1 January 2016. Previously, the Group prepared its consolidated financial statements in accordance with the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board 2012:1, K3.

The transition to IFRS is recognised in accordance with IFRS 1 First Time Application of International Financial Reporting Standards. The financial information previously published for the 2016 financial year has been restated according to IFRS. The same accounting policies are applied in opening balances and for all periods as those recognised in ATG's first financial statements according to IFRS. These accounting policies comply with every standard that is in effect on the balance-sheet date of 31 December 2017. There are a number of compulsory or voluntary exceptions from this main rule, of retroactively applying all standards that have become effective on the balance-sheet date of 31 December 2017, and these are stated in IFRS 1. Only compulsory exceptions according to IFRS 1 have been applied.

The transition to IFRS had no impact on the Group's shareholders' equity. For more information about the transition to IFRS, see Note 28.

Outlook

ATG expects the Swedish betting market to grow in 2018. The strongest factor that correlates with the betting market's growth is the increase in disposable household incomes.

New legislation governing the Swedish betting market is being formulated and is expected to be enacted on 1 January 2019. ATG currently occupies a favourable position in the market and looks forward with confidence to the forthcoming licenced market in 2019.

Proposed allocation of the company's profit

In accordance with the Articles of Association, the Annual General Meeting is not entitled to decide on dividends to shareholders and other similar measures. For more information about the proposed allocation of the company's profit, see Note 27.

Unappropriated earnings at the disposal of the Annual General Meeting amount to:

SEK	
Retained earnings	367,317,543
Profit for the year	98,985,019
TOTAL	466,302,562

The Board of Directors and the CEO propose that the unappropriated earnings of SEK 466,302,562 be utilised so that available retained 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 155 (10), which is included in restricted equity. The Parent Company's shareholders' equity totals MSEK 670 (570).



V75

ATG



ELIT HARRY

2 x V75

DUBBLA MILJONCHANSER!

RISKS AND RISK MANAGEMENT

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 processes for planning and following operations within ATG. Risk management is conducted in accordance with the COSO framework and is a feature of ATG's strategic plan for continued profitable growth. Strategic, operational, financial and sustainability risks that are the Group's most material risk areas are presented below.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
STRATEGIC RISKS		
Reregulation	For ATG, a reregulated market will enable the company to compete on more equal terms than in the past. One risk is that the reregulation of the Swedish betting market will not come to fruition or that it gets deferred until the future without a timetable being established for reregulation. Accordingly, ATG is exposed to the risk that its investments have been in vain, the competition will not be on equal terms and that ATG will lose turnover to foreign unregulated betting companies. Another risk is that the new market regulation results in price pressure that will impact ATG's earnings. A further risk is that ATG will encounter competition for betting on horse racing and will not succeed in capturing market shares with its new product offerings.	ATG currently occupies a favourable position in the market and looks forward with confidence to the forthcoming licenced market in 2019. ATG will continue to invest in business development to be ready for the new betting market.
Economic risks	Demand for ATG's products is dependent on economic developments and an economic slowdown could negatively impact the Group's revenues and profitability. The strongest factor that correlates with the betting market's growth is the increase in disposable household income.	The Group works continuously to ensure cost effectiveness and aims to be highly solvent to be able to resist economic fluctuations.
OPERATIONAL RISKS		
Legal and regulatory compliance	Compliance with laws and regulations governing betting operations and responsible betting, and to counter money laundering, is a prerequisite for providing betting products to customers and the 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 having to change its business methods, losing its licence to conduct operations, incurring costs or losing the confidence of customers.	The Group has processes and procedures in place to ensure compliance with the regulatory framework. ATG has a Compliance Department to further ensure compliance with the applicable requirements and regulations. The department is an independent control function tasked with identifying, evaluating and reporting risks that are connected to how the company conducts itself in terms of customers and the market, money laundering and permit and prudential requirements. This function reports continuously to ATG's Board of Directors.
IT environment and operation	ATG's operating activities are exposed to risks associated with the IT environment and systems operations, including betting systems and online activities. An increasingly large part of turnover is generated online, which continuously increases the risk of operational disturbances and disruptions. Critical IT systems must be up and running to facilitate sales. In connection with disruptions and operational stoppages, ATG risks reduced sales and turnover.	In order to minimise the risk of operational disturbances and disruptions, ATG has redundancy for betting systems and IT operation. Meticulous demands are placed on technical platforms and the expertise of employees. IT is a top-priority area and rapid advances are made continuously in order to offer safe betting and attractive services to customers with good access, both on the racetracks, at agents and via e-channels.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Loss of customer data	Since ATG handles and stores customer information, there are meticulous requirements for the safe management of customer data. Were ATG not to comply with the regulations and requirements set for the management of customer data, the Group would risk high sanctions and lost confidence among customers and authorities, which could have a negative impact on the ATG brand.	ATG has a business enterprise system for security in accordance with ISO 27 000. Projects for adapting to GDPR are under way. Processes have been established for the approval and testing of system changes.
Personnel, skills and recruitment	Skilled and committed employees whose wellbeing is ensured and who have their rights satisfied are important for ensuring that both the employees and the Group develop in line with the long-term strategic plan and for achieving established targets. If ATG does not have access to the right skills at the right time, the Group's operations and earnings could be impacted negatively.	<p>ATG works continuously to retain, recruit and develop employees. Being an attractive employer is an important feature of efforts to ensure the Group's continued profitable growth.</p> <p>A fitness agenda and a balance between work and leisure have been assigned priority at ATG. ATG conducts systematic health and safety work according to SAM and, as of January 2018, new guidelines for the work environment are in place. Good management is important for the development of the company and all managers attend an extensive leadership training course. Employee commitment surveys are conducted regularly.</p>
FINANCIAL RISKS		
Price, currency risk, and liquidity and cash-flow risks	A business operation is continuously exposed to various financial risks.	<p>The Group's financial risk management is governed by the Group's investment policy and credit policy.</p> <p>The Group has abundant liquidity and low interest-bearing liabilities. Since sales and purchases in foreign currencies are limited, the company has slight exposure to currency risks. The cash-flow risk to the Group is limited because the operations' sales are paid for on the sales occasion. No purchase credit is granted to customers.</p>
Credit risks	ATG is exposed to credit risk.	<p>No customer consumption of the Group's products is conducted on credit. One credit risk refers to the funds regularly generated by approximately 2,000 ATG agents that sell the company's products on commission. Procedures for the establishment of ATG agents are based on defined requirements and risk assessments. Funds are partially guaranteed by pledged assets in funds deposited with ATG, via bank guarantees or personal sureties. Funds are collected at least weekly in accordance with revenue recognition, and actions are taken depending on ATG's assessment of future payment capacity.</p> <p>The proportion of charge card sales in stores is increasing. In total, the credit risk associated with the ATG stores channel is estimated to be limited.</p> <p>The Group grants ongoing credits to the majority of the country's trotting and thoroughbred racing associations. These credits are calculated based on the track's budgeted operational funds from ATG. ATG conducts several assessments every year of the associations' finances, which provide insight and reduce the credit risk.</p>

RISK	RISK DESCRIPTION	RISK MANAGEMENT
SUSTAINABILITY RISKS		
Risks in the supply chain	Risks in the supply chain include but are not limited to corruption and bribery, human rights and labour conditions, health and safety and environmental considerations. Were ATG's suppliers to breach international regulations or not confirm with customary standards, the Group runs the risk of damaged profitability and negative publicity.	ATG expects all suppliers to work in an ethically correct manner and in line with internationally acceptable standards in respect of human rights, environmental conditions, labour conditions, anti-corruption and bribery. ATG's principles and values are communicated through ATG's Code of Conduct for suppliers and are based on the principles of the UN Global Compact, ATG assesses suppliers based on the risk associated with the areas described above.
Betting problems	Betting is associated with the risk that individual customers could develop betting problems, which could have a negative impact on the health and wellbeing of the customer and his/her relatives.	ATG focuses on developing long-term and healthy customer relationships, which means that rigorous demands are placed on preventive work, combined with responsible betting and responsible marketing. ATG's Board and Management have decided not to offer high-risk products.
Business ethics, anti-corruption	Business ethics and anti-corruption have been assigned a high priority in efforts to maintain a long-term business characterised by fair terms and conditions. Corruption can lead to distorted competition in the market, impede the company's development, be punishable for individual employees and damage ATG's brand.	ATG works to increase awareness of the guidelines contained in the operational instruction. The company's Compliance Department works preventively in the form of information, risk assessment procedures and follow-up.
Horses are hurt before, during and after a race	Good horse husbandry is paramount for ATG to be able to arrange betting on horses. Should the wellbeing of the horses not be satisfied, horse racing risks getting a bad reputation that would have a direct negative impact on ATG's brand and profitability.	ATG engages in a close dialogue and follow-up with the Swedish Trotting Association and the Swedish Jockey Club, whose rules and regulations for racing represent much more rigorous demands compared with the regulations under animal protection legislation.
Waste from the operations	It is difficult for ATG to check that betting slips, receipts and marketing materials are disposed of in an eco-friendly way because this waste largely arises at the agents' premises. The responsible management of electronic waste is another high priority, due to environmental considerations and because it may contain sensitive corporate information.	A segmentation effort is under way at agents to adapt the amount of material sent to them and to thus reduce the environmental impact. Increased digitalisation of the agent environment could also contribute to reduced paper consumption. Larger supermarket chains that act as ATG agents often conduct their own environmental work. ATG has a process for the safe and eco-friendly recycling of electronic waste.

CORPORATE GOVERNANCE REPORT

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 the exclusive rights to conduct betting on horses in Sweden, through a licence from the Swedish Government and the agreement between the State and its owners, the Swedish Trotting Association (ST) and the Swedish Jockey Club (SG).

CORPORATE GOVERNANCE

Regulations

ATG's corporate governance is regulated by Swedish legislation (the Companies Act and the Annual Accounts Act), the agreement between the State and the owners, and a licence from the Swedish government. ATG is not subject to the Swedish Code of Corporate Governance, but it chooses 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 vital internal governing documents for corporate governance are the Board of Directors' rules of procedure, the instructions for the CEO, policies, processes, handbooks and manuals.

ATG's current Articles of Association were adopted on 3 June 1999 after approval by the Government on 27 May 1999. The Articles of Association define the company's business, the composition of the Board of Directors and the Government's influence over the appointment of Board members. In addition to provisions pertaining to audits, the Annual General Meeting (AGM) and the financial year, the Articles of Association stipulate that the AGM is not entitled to decide on dividends to shareholders and other similar measures. 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 resulting from liquidation is to be allocated by the owners in a manner determined by the Government.

Permit and agreements with the State

There is a time-limited agreement between ST, SG and the Swedish Government. The purpose of this agreement is to regulate and reflect the parties' responsibilities. The current agreement applies through 31 December 2018.

ATG's mandate and exclusive rights to arrange betting for money on horse races on behalf of the public are defined in the agreement. The company's mandate is conditional upon a special permit, the licence, which is granted by the Government. The agreement entitles 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 will be available. The agreement also regulates ATG's right to decide on profits from betting operations and other income in the company's operations.

The agreement also regulates the special investments in the Swedish equine sector that ATG must make. In the current agreement, this means transferring MSEK 50 to the Swedish Horse Council Foundation (HNS) in 2017. Taxation of the company is regulated by the Swedish Lottery Tax Act.

The licence regulates the conditions for betting, receiving bets, types of bets and distribution of winnings. The licence provides ATG with permission to organise and act as an intermediary for betting in ATG stores and via the internet and to organise bets in cooperation with foreign organisations. It also regulates the age limit and social protection.

The licence tasks the Swedish Betting Authority with establishing special conditions, supervisory, administrative and marketing rules for betting operations, and with responsibility for supervision and inspections of the company's operations. The company must pay the cost of supervision and inspections.

According to the licence, ATG must determine whether the trotting and thoroughbred racing organisations' finances are satisfactory, since this is a requirement for the company's right to sign agreements with others to conduct on-track betting on the company's behalf.

The government is expected to propose to the Riksdag that a new betting act will become effective on 1 January 2019. The new act will be based on a licencing system whereby all companies that are active in the Swedish betting market must have a necessary permit — a licence. Companies that are adjudged to have the knowledge, experience and organisation required for conducting the operations in accordance with laws and other regulations governing the operations will be granted a licence.

Owners

ATG is 90 per cent owned by the Swedish Trotting Association (ST) and 10 per cent owned by the Swedish Jockey Club (SG). The two owners are both central organisations for their respective sports, and they organise associations and stakeholders within trotting and thoroughbred racetracks.

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 of Directors and CEO from liability, and the election of Board members and auditors as well as their fees.

2017 AGM

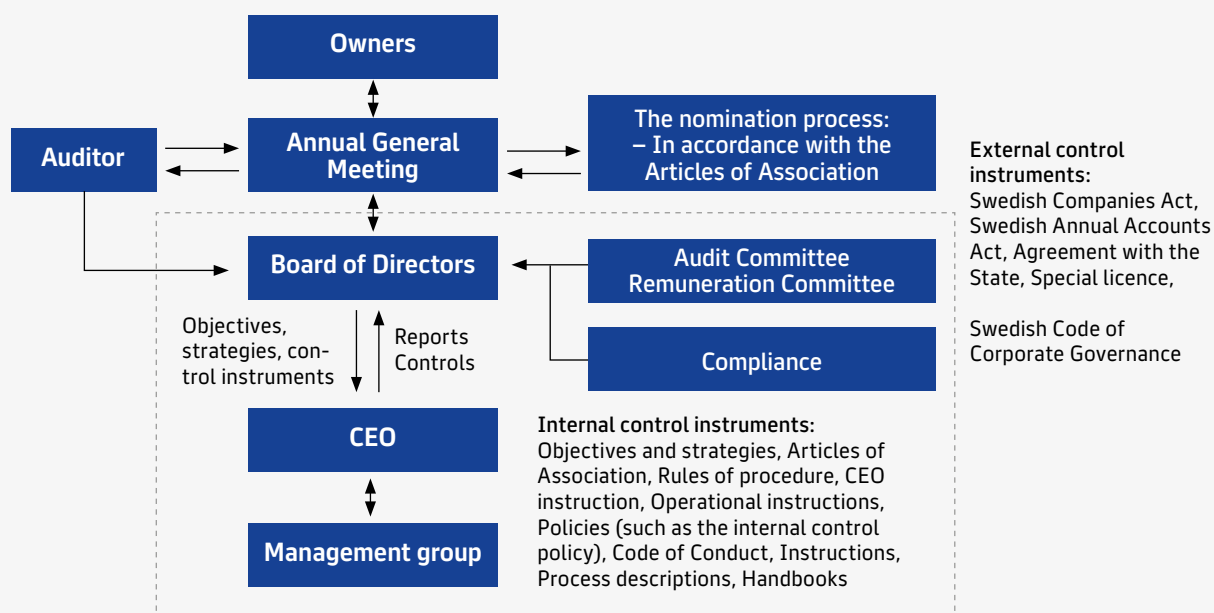
The most recent AGM was held on 7 June 2017 at Solvalla in Stockholm. Representatives of the owners accounted for 100 per cent of votes and the share capital. At the proposal of the owners and the Government, the AGM re-elected board members Hans Ljungkvist, Marjaana Alaviuhkola, Arendt Cederqvist, Mats Denninger, Karin Strömberg, Anne Wartin, Susanna Rystedt, Petra Forsström and Bo Netz, and elected Mats Norberg and Lars Nordström for the first time. The company’s trade union Unionen is represented on the Board of Directors by Marianne Martinsson as an ordinary member, with Christer Utterberg as a deputy, and Akademikerförbundet is represented by Fabian Rivière as a deputy.

Mats Denninger was elected Chairman of the Board and Hans Ljungkvist Deputy Chairman. The AGM resolved to pay Board fees of SEK 220,000 to the Chairman, SEK 110,000 to the Deputy Chairman and SEK 90,000 to each member

OWNER GOVERNANCE

Corporate governance model

ATG’s operations are governed, controlled and followed up in accordance with policies and instructions adopted by the Board of Directors and the CEO.



who is not employed by the company. In addition, a meeting fee of SEK 2,200 is to be paid per member and meeting. A fee of SEK 30,000 is payable to chair Susanna Rystedt and SEK 20,000 to member Arendt Cederqvist for membership of the Audit Committee. A fee of SEK 10,000 is payable to the chair of the Remuneration Committee, Mats Denninger. No fee is payable to employee representatives.

The AGM adopted the 2016 income statement and balance sheet and the allocation of the 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 2016.

2018 AGM

The AGM for the 2017 financial year will be held at the company's premises in Hästsportens Hus, Solvalla, Stockholm on 11 June 2018. The annual report will be available as of 30 March 2018 on the company's websites atg.se and atg2017.se.

The nomination process

ATG does not have a nomination committee, which is not in compliance with the Code. The process described in Section 7 of the Articles of Association is a substitute for this function. The shareholders' representative at the AGM is appointed by the organisations' boards, and the Government's representative is appointed by the Swedish Ministry of Finance.

The Board of Directors prepares for the AGM and submits proposals concerning:

- Chairman of the AGM.
- The choice of auditor, and deputy auditor (if needed).

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 of Directors, thus contributing to more successful and efficient Board work. During 2017, the Board of Directors of ATG comprised 45 per cent female members and 55 per cent male members.

BOARD OF DIRECTORS

Responsibilities of the Board of Directors

ATG's Board of Directors is responsible for the company's organisation and the administration of the company's business, 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 administration, and for the control of the company's financial position. The Board of Directors is also responsible for designing 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 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 of Directors determines the salary and remuneration paid to the CEO and other senior executives. The Board of Directors proposes its choice of auditor and audit fee to the AGM, and is responsible for ongoing contact with the company's auditor. The Board of Directors must always work to promote the interests of the company and all of its shareholders.

Composition of the Board of Directors

ATG's Board of Directors comprises 12 ordinary members and two deputies; five 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 Secretary General 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 24–25.

The Swedish Government has a controlling influence over the composition of the Board of Directors, 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 of Directors is conducted efficiently and is well organised. The Chairman directs the work of the Board of Directors and monitors the operations in a dialogue with the CEO. The Chairman is responsible for ensuring that other members receive satisfactory information and decision-data for their work as well as requisite training. The Chairman of the Board coordinates the annual evaluation of the Board's and CEO's performance. The evaluation, which takes the form of a written questionnaire, is compiled and presented at the following Board meeting.

Mats Denninger was re-elected as Chairman of the Board at the 2017 AGM. He has been the Chairman of the Board since 2007.

The work of the Board in 2017

During the 2017 financial year, the Board of Directors held 11 ordinary meetings, including one statutory meeting and one unscheduled meeting. At these meetings, the Board considered and took decisions on issues addressing business conditions, market conditions, financial reporting, the budget, forecasts and projects. They also analysed overall strategic issues including the company's focus, product range, the business environment and growth opportunities. The CEO, CFO, Secretary General of 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 remuneration of senior executives. Department heads and other senior managers participated in a large number of Board meetings during the year.

Board of Directors – Composition and attendance

<i>Member</i>	<i>Elected</i>	<i>Title</i>	<i>Attendance</i>	<i>Independent to the company and executive management</i>	<i>Independent in relation to the owner</i>
Mats Denninger	2007	Chairman of the Board	12/12	Yes	Yes
Hans Ljungkvist	2007	Deputy Chairman	9/12	Yes	No
Erik Adielsson*	2016	Member	4/5	Yes	No
Marjaana Alaviuhkola	2014	Member	12/12	Yes	No
Arendt Cederqvist	2011	Member	11/12	Yes	No
Petra Forsström	2016	Member	12/12	Yes	Yes
Hans Hansson*	2009	Member	5/5	Yes	No
Bo Netz	2011	Member	12/12	Yes	Yes
Mats Norberg**	2017	Member	6/7	Yes	No
Lars Nordström**	2017	Member	6/7	Yes	No
Susanna Rystedt	2009	Member	12/12	Yes	Yes
Karin Strömberg	2007	Member	11/12	Yes	Yes
Anne Wartin	2010	Member	12/12	Yes	Yes
Marianne Martinsson	2010	Member	10/12	Yes	Yes
Fabian Rivière	2013	Deputy Board member	11/12	Yes	Yes
Christer Utterberg**	2017	Deputy Board member	4/7	Yes	Yes

*Stepped down at the AGM on 7 June 2017

**Joined the Board on 7 June 2017

Committees

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

Audit Committee

The Audit Committee's assignments are described in the Instructions for the Audit Committee. The Audit Committee consists of two members, who are elected annually by the Board at the statutory meeting. For 2017, Susanna Rystedt was re-elected as the Chairman and Arendt Cederqvist as a member of the Committee. The Audit Committee held six meetings during the year. During the year, the company's external auditor participated in the Committee's meetings on three occasions. 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 of Directors.

Remuneration Committee

The Remuneration Committee's assignments are described in the Instructions for the Remuneration Committee. The Remuneration Committee consists of two members, who are elected annually by the Board at the statutory meeting. Mats Denninger was re-elected as Chairman and Hans Ljungkvist as a member of the Committee for 2017. The CEO participates in a reporting function in committee meetings. The Remuneration Committee reports to the entire Board of Directors after every meeting.

Compliance

The Compliance function is responsible for identifying, evaluating and reporting compliance risks associated with ATG's business operations. Compliance is independent from the company's continuous operations. The function works on assignment from the CEO and the Board of Directors. Its work is conducted proactively and on the basis of information, support, control and follow-up, 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 picture of the Group to Board meetings. The CEO or the CEO's representative report to the Board. The CEO keeps the Board and the Chairman continuously informed of the company's financial position and performance. The Board of Directors 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. The management serves as a sounding board for the CEO and manages overall operational, development and policy issues in the Group. The management holds minuted meetings every other week. The CFO has a duty to report to the Board of Directors, which is intended to ensure that the Board is informed of all significant financial information.

AUDITORS

The 2017 AGM appointed the accounting firm Ernst & Young AB with Åsa Lundvall as the 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 affiliated 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 participated in three meetings of the Audit Committee and one board meeting. On these occasions she also presented written audit reports.

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 work 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 steering 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.

Guidelines and governing documents are regularly revised. During the year, the Board also adopted a new policy for internal control in respect of financial reporting, as well as a new sustainability policy.

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 imbued with the company's core values; i.e. compliance with laws and regulations and that the company operates 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 satisfy targets in the Group's business areas, processes and companies. The Accounting function has responsibility for coordinating, managing and following up work involving the internal control of 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 correct financial reporting.

Control activities

The material risks regarding financial reporting are managed through the control procedures for the respective main process. Its purpose is to prevent, detect and correct any errors or deviations in the financial reports and to prevent irregularities from occurring. In connection with shortcomings, action plans are continuously reported to Board of Directors, 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 implemented a new payroll system, and a new budget and earnings follow-up system. The aim is to establish a more efficient and secure working approach.

Continuous follow-up based on the monthly accounts is performed 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 of Directors 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 the management and the Board of Directors. These recommendations are followed up, 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 governing documents and guidelines.

Internal audit

The Board has made the assessment that ATG, in addition to existing systems, processes and functions, does not need a formalised internal audit. Follow-ups are conducted of the Board and Group Management and the assessment is that the control level currently meets the company's requirements. An annual assessment is conducted of whether an internal audit function is considered necessary to maintain satisfactory control within ATG. 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), ATG will commission an external party to perform the duties of the independent examination function.

Stockholm, 26 March 2018

Board



BOARD OF DIRECTORS

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



Mats Denninger

Position: Chairman of the Board (State representative), Chairman of the Remuneration Committee
Elected: 2007
Born: 1953
Education: Agricultural studies
Other assignments: Chairman of the Board of the Swedish Horse Industry Foundation (HNS), member of the Board of the Royal Swedish Academy of Agriculture and Forestry and Chairman of the Academy's General section and of Leader Sörmlandskusten
Background: Secretary of State in the Ministry of Agriculture (1991–1994); the Federation of Swedish Farmers; international cooperation; the Swedish Government Offices (2008–2014)

Hans Ljungkvist

Position: Deputy Chairman (Swedish Trotting Association representative); member of the Remuneration Committee
Elected: 2007
Born: 1952
Education: Accounting degree
Other assignments: Chairman of the Swedish Trotting Association, Deputy Chairman of the European Trotting Union; various board assignments within Swedish industry
Background: Trotting track manager in Östersund and Åby; various board assignments and commitments in horse racing organisations

Marjaana Alaviuhkola

Position: Board member (Swedish Trotting Association representative)
Elected: 2014
Born: 1959
Education: Veterinarian specialising in equine diseases
Other assignments: Board member of the Swedish Trotting Association
Background: Former chairman of the Halland Trotting Association, CEO/owner of Hallands Djursjukhus, horse owner and breeder. Owns and manages a trotting training facility with 140 horses in Holm outside Halmstad

Arendt Cederqvist

Position: Board member (representing of the Swedish Trotting Association), member of the Audit Committee
Elected: 2011
Born: 1949
Education: Engineering degree
Other assignments: Entrepreneur/business owner/CEO. SHB Office Board, Visby, Board member of the Swedish Trotting Association
Background: Trotting horse breeder and owner; entrepreneur and Board assignments in the Comfort chain

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)

Bo Netz

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

**Mats Norberg**

Position: Board member (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 Hästklänik AB and own companies
 Background: Business consultant LRF Konsult, specialised in the equine sector. Various assignments involving trotting and horse ownership, and breeder

Lars Nordström

Position: Board member (Swedish Jockey Club representative)
 Elected: 2017
 Born: 1965
 Education: MBA
 Other assignments: Works in the finance sector
 Background: About 30 years in the finance sector, specialising mainly in customer contact and business development. Former horse owner and breeder, with a background in thoroughbred racing since 2004

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 in SEB, such as in Corporate Finance and as IT Manager at SEB Trygg Liv

Karin Strömberg

Position: Board member (State representative)
 Elected: 2007
 Born: 1956
 Education: Business administration graduate
 Other assignments: Entrepreneur, Chairman of the Board of the Swedish Motor Vehicle Inspection Company (Svensk Bilprovning); Board member of Lernia AB and partly owned companies
 Background: Senior Vice President SAS; Board member of LfV, Posten AB and others

Anne Wartin

Position: Board member (State representative)
 Elected: 2010
 Born: 1964
 Education: Master of Laws
 Other assignments: District Court Judge.
 Background: Betting matters at the Swedish Government Offices; investigation adviser

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 Sverige 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 Skarplöth

Position: Managing Director and Group CEO
Employed: 2013

Education: Bachelor's degree in accounting and bachelor's degree in commercial law from Mälardalen University College
Born: 1972

Other assignments: Board member of EPMA (European Pari Mutual Association), SPER and Almega Tjänsteföretagen and Chairman of the Board of Kanal 75 AB

Background: Sales Director and CEO of Viasat Sweden; Head of Viasat Nordics; other roles within MTG/Viasat. Business Development Manager, Sales Director and other roles within Volvo Construction Equipment and Philip Morris

Leif Almgren

Position: CEO Office

Employed: 1981

Born: 1957

Education: Law studies at Stockholm University

Other assignments: Board member of ATG Hästklinikerna AB

Background: Operating Manager, Totalisator Manager, International Manager and Information Manager at ATG

Sten Andersen

Position: Head of Marketing

Employed: 2014

Born: 1965

Education: Economics degree from Lund University

Other assignments: Board member of Nowonomics AB, Quartiers Properties and Kanal 75 AB

Background: Head of Marketing and CEO of the International Network of Advertising Agencies, OBH Nordica and Unilever

Patrik Brissman

Position: Information Manager

Employed: 2013

Education: Upper-secondary school education, three-year accounting programme
Born: 1964

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: Product and Business Development Manager

Employed: 2014

Education: Information Management for Business BSc, UCL

Born: 1986

Other assignments: Board member of Kungsbacken 14 Tenant-Owners' Association

Background: Product Manager at ATG, Business Developer, Product Owner and Project Manager in CRM at MTG

Lotta Jansson

Position: CEO Office

Employed: 1995

Education: Preschool teacher, IHR, Qualified Coach, teacher in Kundalini yoga
Born: 1959

Other assignments: No

Background: ATG (International and Marketing Division); conference work in Sweden and France; preschool teacher

**Magnus Lunner**

Position: Security Manager
 Employed: 2000
 Education: The National Swedish Police College in Sörentorp, Solna; business administration graduate of Uppsala University
 Born: 1961
 Other assignments: No
 Background: Police officer, Information Security Manager, Security Manager

Tobias Melin

Position: Head of BI and Research
 Employed: 2014
 Education: Master's degree in statistics, economics and political science, Örebro University
 Born: 1971
 Other assignments: No
 Background: Market analyst at Svenska Spel, Statistician at Reader's Digest

Lotta Nilsson Viitala

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

Per Gutestén

Position: IT Manager
 Employed: 2016
 Born: 1973
 Education: Computer engineer
 Other assignments: No
 Background: Nordea, SEB, Connecta (now Acando), Sun Microsystems (now Oracle)

Per Tellander

Position: CEO of Kanal 75 AB
 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 and other roles at Svenska Spel

Katarina Widman

Position: Sales Manager
 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 within marketing and sales at Viasat/MTG. Marketing Manager Sweden, Norwegian. Product Manager, L'Oréal Sweden

COMPLIANCE**Carin Kappe**

Position: Compliance officer
 Employed: 2016
 Education: Master of laws, Stockholm University
 Born: 1964
 Other assignments: No
 Background: Unit Manager, Swedish Consumer Agency, Specialist, Ministry of Agriculture, Food and Fisheries, Unit and Department Head, Swedish Betting Authority, Undersecretary, Ministry of Finance

FINANCIAL STATEMENTS

GROUP

MULTI-YEAR REVIEW AND KEY PERFORMANCE MEASURES	2017	2016	2015¹⁾	2014¹⁾	2013¹⁾
Key performance measures under IFRS					
Net turnover, MSEK	4,209.4	4,085.8	3,819.6	3,726.3	3,692.5
Result for the year, MSEK	99.0	8.6	25.7	10.9	-52.7
Earnings per share, SEK	247.4	21.6	64.4	27.4	-131.7
Key performance measures not calculated in accordance with IFRS					
EBITDA, MSEK	3,469.7	3,301.8	3,205.4	3,095.3	3,000.8
Operating result, MSEK	3,372.1	3,203.3	3,107.7	2,992.4	2,902.2
Operating margin, %	80.1	78.4	81.4	80.3	78.6
Net loan receivables, MSEK	668.3	742.5	730.3	686.8	459.4
Debt/equity ratio, multiple	1.6	1.9	1.6	1.5	1.3
Profit before tax, MSEK	1,565.4	1,449.3	1,411.4	1,362.3	1,290.8
Equity/assets ratio, %	38.4	34.5	38.8	40.7	43.7
Shareholders' equity, MSEK	671.1	572.0	563.4	537.7	526.8
Shareholders' equity per share, SEK	1,677.8	1,430.0	1,408.5	1,344.3	1,317.0
Return on total capital, %	5.7	0.5	1.8	0.8	-
Return on equity, %	15.9	1.5	4.6	2.0	-
Cash flow from operating activities, MSEK	101.2	172.2	197.9	157.8	128.8
Cash flow from operating activities per share, SEK	252.9	430.5	494.8	394.5	322.0
Key operational performance measures					
Funds to trotting and thoroughbred racing, MSEK	1,757.9	1,705.3	1,699.6	1,636.5	1,623.1
Swedish betting turnover, MSEK	13,651.0	13,277.4	12,535.1	12,231.1	12,155.4
Average number of employees	321	299	281	272	255

1) key performance measures from 2015 and earlier are based on the previous accounting policies. Definitions are shown on page 92.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>AMOUNTS IN MSEK</i>	<i>NOTE</i>	<i>2017</i>	<i>2016</i>
Net turnover	2	4,209.4	4,085.8
Other income	3, 10	623.3	621.7
Capitalised work for own account		47.7	27.5
Personnel expenses	4	-292.7	-271.3
Other external expenses	6, 10, 17	-1,020.3	-1,042.6
Other expenses	5	-97.7	-119.0
Depreciation, amortisation and impairment of PPE and intangible assets	11, 13	-97.6	-98.8
Operating result		3,372.1	3,203.3
Financial income	7, 10	3.5	3.4
Financial expenses	7	-2.3	-2.1
Result from financial items		1.2	1.3
Result before tax and funds to horse racing		3,373.3	3,204.6
Funds to trotting and thoroughbred racing	8, 10	-1,757.9	-1,705.3
Commitment pursuant to agreement with the State		-50.0	-50.0
Result before tax		1,565.4	1,449.3
Income tax	9	-0.1	-0.1
Lottery tax	9	-1,466.3	-1,440.6
Result for the year		99.0	8.6
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		99.0	8.6
Earnings per share, SEK		247.5	21.6
Before and after dilution ¹⁾			
Number of shares, thousand		400	400
Average number of shares outstanding			

1) No dilution occurred during the reporting period.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>AMOUNTS IN MSEK</i>	<i>NOTE</i>	<i>2017</i>	<i>2016</i>
Fixed assets			
Intangible assets	11	385.7	292.0
Total intangible assets		385.7	292.0
Property, plant and equipment	13, 17	188.3	160.5
Total PPE		188.3	160.5
Financial assets			
Other long-term receivables	12, 15	78.4	101.6
Total financial assets		78.4	101.6
Total fixed assets		652.4	554.1
Current assets			
Accounts receivable	14, 15	45.6	45.6
Receivables from Group companies	15	109.3	75.0
Other receivables	15, 23	381.6	348.4
Prepaid expenses and accrued income	16	70.2	46.2
Cash and cash equivalents	15, 18	487.6	587.3
Total current assets		1,094.3	1,102.5
TOTAL ASSETS		1,746.7	1,656.6
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	19		
Share capital		40.0	40.0
Other contributed capital		-39.7	-39.7
Retained earnings		670.8	571.7
Total shareholders' equity		671.1	572.0
Long-term liabilities			
Liabilities to credit institutions	15, 17, 20	31.1	36.0
Deferred tax liability	9	0.1	0.1
Total long-term liabilities		31.2	36.1
Current liabilities			
Accounts payable	15	139.4	141.3
Liabilities to Group companies	15	88.8	60.4
Liabilities, account customers	15, 21	271.4	275.9
Current tax liabilities	9	0.1	0.1
Lottery tax	9	147.6	145.5
Current provisions	24	11.4	29.2
Other current liabilities	15, 17, 21	239.3	234.2
Accrued expenses and deferred income	22	146.4	161.9
Total current liabilities		1,044.4	1,048.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,746.7	1,656.6

FINANCIAL STATEMENTS

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 2016	40.0	-39.7	563.2	563.5
Result for the year			8.6	8.6
Other comprehensive income	-	-	-	-
Shareholders' equity, 31 December 2016	40.0	-39.7	571.8	572.1

<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	40.0	-39.7	571.8	572.1
Result for the year			99.0	99.0
Other comprehensive income	-	-	-	-
Shareholders' equity, 31 December 2017	40.0	-39.7	670.8	671.1

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOW

<i>AMOUNTS IN MSEK</i>	<i>NOTE</i>	<i>2017</i>	<i>2016</i>
Operating activities			
Operating result		3,372.1	3,203.3
Adjustments for non-cash items			
Depreciation, amortisation and impairment of PPE and intangible assets	11, 13	97.6	98.7
Change in provision	24	-17.8	29.2
Other items		-10.8	-
Funds to trotting and thoroughbred racing	8	-1,758.3	-1,710.8
Commitment pursuant to agreement with the State		-50.0	-50.0
Interest received	7	3.5	3.4
Interest paid	7	-2.3	-2.1
Income tax paid		-0.1	-0.1
Lottery tax paid	9	-1,464.2	-1,413.5
Cash flow from operating activities before changes in working capital		169.7	158.1
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in receivables		-91.5	-139.4
Increase (+)/Decrease (-) in liabilities		23.0	153.5
Cash flow from operating activities		101.2	172.2
Investing activities			
Purchase of intangible assets	11	-141.6	-102.1
Purchase of PPE	13	-77.5	-45.6
Increase (-)/Decrease (+) in long term receivables	12	23.2	1.2
Divestment of securities		-	20.0
Cash flow from investing activities		-195.9	-126.5
Financing activities			
Repayment of loans	15, 17	-7.7	-7.1
Increase (+)/Decrease (-) in long-term liabilities	15, 17	2.8	-
Cash flow from financing activities		-4.9	-7.1
Cash flow for the year		-99.6	38.6
Opening cash and cash equivalents		587.3	548.6
Exchange-rate differences in cash and cash equivalents		-0.1	0.1
Closing cash and cash equivalents¹⁾	18	487.6	587.3

1) Cash and cash equivalents at the end of the year included MSEK 245.2 (212.0) of funds held on behalf of account customers.

FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

<i>AMOUNTS IN MSEK</i>	<i>NOTE</i>	<i>2017</i>	<i>2016</i>
Net turnover	2	4,209.4	4,085.8
Other operating income	3, 10	393.8	395.4
Capitalised work for own account		47.7	27.3
Personnel expenses	4	-252.3	-234.4
Other external expenses	6, 10, 17	-857.3	-870.8
Other operating expenses	5	-97.7	-119.0
Depreciation, amortisation and impairment of PPE and intangible assets	11, 13	-73.2	-82.9
Operating result		3,370.4	3,201.4
Financial income	7, 10	3.5	3.4
Financial expenses	7	-0.7	-0.2
Result from financial items		2.8	3.2
Result before tax and funds to horse racing		3,373.2	3,204.6
Funds to trotting and thoroughbred racing	8, 10	-1,757.9	-1,705.3
Commitment pursuant to agreement with the State		-50.0	-50.0
Result before tax		1,565.3	1,449.3
Lottery tax	9	-1,466.3	-1,440.6
Result for the period		99.0	8.7

The Parent Company had no items in 2016 and 2017 that were recognised in other comprehensive income. Profit for the year for the Parent Company is thus the same as comprehensive income for the year.

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

FINANCIAL STATEMENTS

PARENT COMPANY BALANCE SHEET

AMOUNTS IN MSEK	NOTE	2017	2016
Fixed assets			
Intangible assets	11	366.8	273.8
Total intangible assets		366.8	273.8
Property, plant and equipment	13, 17	75.1	70.4
Total PPE		75.1	70.4
Financial assets			
Shares in Group companies	25	0.1	0.1
Other long-term receivables	12, 15	78.4	101.6
Total financial assets		78.5	101.7
Total fixed assets		520.4	445.9
Current assets			
Accounts receivable	14, 15	39.4	41.3
Receivables from Group companies	15	163.3	120.4
Other receivables	15, 23	381.0	348.1
Prepaid expenses and accrued income	16	69.0	45.3
Cash and bank balances	15, 18	487.6	587.3
Total current assets		1,140.3	1,142.4
TOTAL ASSETS		1,660.7	1,588.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
<i>Restricted equity</i>			
Share capital		40.0	40.0
Statutory reserve		8.0	8.0
Development costs reserve		155.2	10.4
		203.2	58.4
<i>Non-restricted equity</i>			
Retained earnings		367.3	503.3
Profit for the year		99.0	8.7
		466.3	512.0
Total shareholders' equity		669.5	570.4
Current liabilities			
Accounts payable	15	109.6	107.0
Liabilities to Group companies	15	99.3	87.4
Liabilities, account customers	15, 21	271.4	275.9
Lottery tax	9	147.6	145.5
Current provisions	24	11.4	29.2
Other current liabilities	15, 21	226.4	225.2
Accrued expenses and deferred income	22	125.5	147.7
Total current liabilities		991.2	1,017.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,660.7	1,588.3

For disclosures on pledged assets and contingent liabilities, see Note 26.

FINANCIAL STATEMENTS

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</i>	<i>PROFIT FOR THE YEAR</i>
Shareholders' equity, 1 January 2016	40.0	8.0		513.8	561.8
Result for the year				8.7	8.7
The year's provision to the development cost reserve			10.4	-10.4	-
Shareholders' equity, 31 December 2016	40.0	8.0	10.4	512.1	570.5

<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</i>	<i>PROFIT FOR THE YEAR</i>
Shareholders' equity, 1 January 2017	40.0	8.0	10.4	512.1	570.5
Result for the year				99.0	99.0
The year's provision to the development cost reserve			154.7	-154.7	-
The year's reversal of the development cost reserve			-9.9	9.9	-
Shareholders' equity, 31 December 2017	40.0	8.0	155.2	466.3	669.5

FINANCIAL STATEMENTS

PARENT COMPANY CASH-FLOW STATEMENT

<i>AMOUNTS IN MSEK</i>	<i>NOTE</i>	<i>2017</i>	<i>2016</i>
Operating activities			
Operating result		3,370.4	3,201.4
Adjustments for non-cash items			
Depreciation, amortisation and impairment of PPE and intangible assets	11, 13	73.2	82.9
Change in provision	24	-17.8	29.2
Other items		-10.8	-
Funds to trotting and thoroughbred racing	8	-1,758.3	-1,710.8
Commitment pursuant to agreement with the State		-50.0	-50.0
Interest received	7	3.5	3.4
Interest paid	7	-0.7	-0.2
Lottery tax paid	9	-1,464.2	-1,413.5
Cash flow from operating activities before changes in working capital		145.3	142.4
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in receivables		-97.7	-147.3
Increase (+)/Decrease (-) in liabilities		0.2	143.2
Cash flow from operating activities		47.8	138.3
Investing activities			
Purchase of intangible assets	11	-136.0	-83.3
Purchase of PPE	13	-34.7	-37.5
Increase (-)/Decrease (+) in long term receivables	12	23.2	1.2
Divestment of securities		-	20.0
Cash flow from investing activities		-147.5	-99.6
Financing activities			
Increase (-)/Decrease (+) in long-term liabilities		-	-
Increase (-)/Decrease (+) in long-term receivables		-	-
Cash flow from financing activities		-	-
Cash flow for the year		-99.7	38.7
Opening cash and cash equivalents		587.3	548.6
Closing cash and cash equivalents¹⁾	18	487.6	587.3

1) Cash and cash equivalents at the end of the year included MSEK 245.2 (212.0) of funds held on behalf of ATG account customers.

ACCOUNTING POLICIES

General information

The Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on 26 March 2018 and will be presented for adoption to the Annual General Meeting on 11 June 2018. Aktiebolaget Trav och Galopp (ATG), company registration number 556180-4161, is 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 betting 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

As of 31 December 2017, ATG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. ATG prepares its financial statements according to IFRS. The date for the Group's transition to IFRS is 1 January 2016. Previously, the Group prepared its consolidated financial statements in accordance with the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board BFAR 2012:1, K3.

The transition to IFRS is recognised in accordance with IFRS 1 First Time Adoption of International Financial Reporting Standards.

The transition to IFRS is recognised in accordance with IFRS 1 First Time Adoption of International Financial Reporting Standards. A general requirement is that a company adopts its accounting policies and applies them retroactively in order to establish its opening balance according to IFRS.

The same accounting policies have been applied in opening balances and for all periods reported in ATG's first financial statements according to IFRS. These accounting policies comply with every standard that is in effect on the balance-sheet date of 31 December 2017 for ATG's first annual report according to IFRS. There are a number of mandatory or voluntary exceptions from this main rule, of retroactively applying all standards that have become effective on the balance-sheet date of 31 December 2017, and these are stated in IFRS 1. Only mandatory exceptions according to IFRS 1 have been applied.

The transition to IFRS had no impact on earnings or shareholders' equity.

The financial information previously published for the 2016 financial year has been restated according to IFRS. For more information, see Note 28.

None of the new and amended standards have to be applied for the first time for financial years beginning on 1 January 2017 or later. Of the revised standards, and interpretations of existing standards, that have to be applied for the first time for financial years beginning on 1 January 2017 or later, none have been assessed as having any material impact on the consolidated financial statements.

New and amended accounting policies that have yet to be applied

Listed below are new or revised standards, and interpretations of existing standards, that have to be applied for the first time for financial years that begin later than 1 January 2017 and have been assessed as relevant to the Group. None of these will have early adoption. The following new or revised standards, and interpretations of existing standards, that have to be applied for financial years that begin later than 1 January 2017 and that have been adopted by the EU are assessed as relevant to the Group.

- IFRS 15 Revenue from Contracts with Customers was published by the IASB in May 2014 and was adopted by the EU in September 2016. IFRS 15 is a comprehensive policy-based standard for all revenue recognition regardless of the type of transaction or industry, which replaces all previously issued standards and interpretations that apply to revenue recognition. According to IFRS 15, revenue is recognised when the customer gains control of the sold product or service instead of when significant risks and benefits have been transferred to the customer. The standard has to be applied for financial years beginning on 1 January 2018. The Group has implemented an analysis of the standard. No revenue streams have been identified for which IFRS 15 is assessed as having a material impact on the consolidated financial statements. The transition to IFRS 15 will be effected prospectively, which means that the accumulated effect of the transition will be recognised in profit brought forward as per January 1, 2018 and that comparative figures will not be recalculated.
- IFRS 9 Financial Instruments was published in full in July 2014 and replaces IAS 39 Financial Instruments: Recognition and measurement. The standard was adopted by the EU in November 2016. IFRS 9 brings together all aspects of the recognition of financial instruments (with the exception of macro-hedges): classification; measurement; impairment; and hedge accounting. The categories to be used for classification of financial assets under IAS 39 have been replaced by two categories, fair value measurement or amortised cost. The impairment model, which under IAS 39 was based on losses incurred, is based on expected losses under IFRS 9, which requires a more timely recognition of loan losses. Hedge accounting has been improved in IFRS 9, so that the effects of how a company manages the risks associated with its financial

instruments is reflected more clearly in the financial statements. The standard has been applied since 1 January 2018. The standard had no material impact on recognition of the financial instruments held by the Group. The Group will apply IFRS 9 retroactively as of 1 January 2018 with the help of the practical relief rules stated in the standard. Additional disclosures will be provided in the interim report for the first quarter of 2018.

- IFRS 16 Leases was published by the IASB in January 2016 and was adopted by the EU in October 2017. IFRS 16 replaces IAS 17 Leases and associated interpretations: IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recognised in the balance sheet. In all material respects, recognition by the lessor will remain unchanged. For first time adoption of IFRS 16, companies are entitled to choose full retroactive application or an alternative involving relief rules. The standard has to be applied for financial years beginning on 1 January 2019 or later. However, early application is permissible for companies applying IFRS 15. ATG will apply the standard as of the financial year starting on 1 January 2019. ATG is of the opinion that IFRS 16 will impact the consolidated financial statements and intends to evaluate the effects in greater detail during 2018.

No other new or revised IFRS standards or IFRIC interpretations published by the IASB but not yet adopted by the EU are considered relevant to the consolidated financial statements.

Basis for preparing the financial statements

The consolidated financial statements have been prepared according to the cost method. Any derivative instruments and defined-benefit pension plans are measured at fair value via the statement of comprehensive income.

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 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 impairment tested at least once a year. Testing is conducted more frequently if there are indications of an impairment requirement. Implemented impairment losses are recognised in the statement of comprehensive income.

Subsidiaries

Subsidiaries are all companies over which the Group exercises controlling influence. The Group controls a company when it is exposed or entitled to variable returns from its holding in the company and is able to affect those returns through its influence over the company. 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.

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. Intra-Group losses may be an indication of a need for impairment.

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 accounts receivable	Note 14	Accounts receivable
Assumptions when measuring other receivables	Note 23	Other receivables

Revenue recognition

ATG's revenue derives from betting on horses and is recognised when the results of trotting and thoroughbred races have been confirmed following the completion of races. 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 players (Swedish betting turnover) less paid-out winnings plus an amount for rounding-off to the nearest whole krona and winnings not redeemed by customers.

Net turnover 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.

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 operations as a single entity, whereby 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 as income tax 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 Betting 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 profit and Net financial items.

Earnings per share

Earnings per share are based on profit 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 product	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 losses

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

The Group assesses at the end of each reporting period whether objective evidence exists of an impairment requirement for a financial asset or group of financial assets. Impairment losses are only recognised if there is objective evidence of impairment due to one or more events that occurred after the initial recognition of the asset and that this event, or events, has/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

The Group classifies its financial instruments in the following categories: financial assets and liabilities measured at fair value through the statement of comprehensive income, loan receivables and accounts receivable and financial liabilities measured at amortised cost. This classification depends on the purpose for which the financial asset was acquired. Group management establishes the classification of financial assets in connection with initial recognition and reassesses this decision on every reporting date. The classification affects how the instruments are measured and recognised.

Held-to-maturity investments

This group comprises non-derivative financial assets with determined payments and determined maturities, where the intention and ability is to hold the investment to maturity. For this category of financial assets, settlement-date recognition is applied, and the assets are measured at amortised cost using the effective interest method.

Loan receivables and accounts receivable

Instruments classified as loan receivables and accounts receivable are initially measured at fair value and thereafter at amortised cost.

In connection with longer maturities (at least 3 months), the effective interest method is applied, less any provision for value depletion. A change in value is recognised in the statement of comprehensive income when the financial asset is derecognised from the statement of financial position, in connection with impairment or due to accrual accounting.

An impairment of accounts receivable is recognised in the statement of comprehensive income under other external expenses. A provision for value depletion of accounts receivable is made when there is objective evidence that the Group will be unable to obtain the full amount due in accordance with the original terms of the receivable. Significant financial difficulties for the debtor, probability that the debtor will be declared bankrupt or undergo financial reconstruction and missing or late payments are considered indicators that a need for impairment of an account receivable may pertain. The size of the provision is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using the original effective interest rate.

The carrying amount for accounts receivable, after any impairments, is assumed to match their fair value, since this item is current by nature.

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 subsequently recognised at amortised cost and any differences between the amount received (net after transaction costs) and the repayment amount are recognised in the statement of comprehensive income distributed over the term of the loan and applying the effective interest method. Borrowing 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 such loans have no transaction costs and carry a variable market interest rate. Borrowing costs are recognised in the statement of comprehensive income for the period to which they pertain.

Leasing**The Group as a lessee**

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

The Group is a lessee through financial leases. Financial leases apply when the financial risks and rewards associated with ownership are essentially transferred to the lessee. If this is not the case, the lease is categorised as an operating lease. Assets leased under the terms of a financial lease are recognised as an asset in the consolidated balance sheet. The obligation to pay future leasing fees 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 benefits associated with the asset have not been transferred to the Group. The lease fees, including an initial higher rent, are recognised as an expense straight line over the leasing period.

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 revenue 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. ATG offers a random bet related to the V75 and gives players an opportunity to win up to one hundred times the V75 winnings. In accordance with ATG's betting regulations, ATG has a legal obligation in respect of the betting product V75 Boost. Accordingly, V75 Boost is recognised as a provision. The provision for the repayment of winnings is posted weekly after a V75 race meeting has been completed. ATG posts a provision of 40 per cent of turnover on V75 Boost, from which winnings are deducted. The amount of provision is based on ATG's betting regulations, which have been approved by the Swedish Betting Authority. 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 costs pertaining to cash flow from investment or funding 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 to 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.

Related-party transactions

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.

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.

Shares in subsidiaries

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

Leasing

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

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 cost 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.

NOTES

Amounts in MSEK, unless otherwise stated.

NOTE 2 NET AND GROSS TURNOVER

BETTING PRODUCTS	2017	2016
V-Bets (V75, V86, V65, V64, V5, V4, V3 and Grand Slam 75)	8,588.0	8,335.9
Other products involving horse racing (Win, Show, Daily Double, Lunch Double, Trifecta, Quinella, Exacta and Top 7)	4,842.4	4,652.1
Games of chance (VR and Boost)	220.6	289.4
SWEDISH BETTING TURNOVER	13,651.0	13,277.4

NET TURNOVER BY SALES CHANNEL

GROUP	2017				2016			
	STORE*	E-CHANNEL	OTHER	TOTAL	STORE*	E-CHANNEL	OTHER	TOTAL
Turnover	5,595.9	8,055.1		13,651.0	6,163.4	7,114.0		13,277.4
Pay-out to customers	-3,830.9	-5,663.6		-9,494.5	-4,262.2	-4,996.2		-9,258.4
Unredeemed	39.9			39.9	42.9			42.9
Rounding-off to the nearest whole krona			13.0	13.0			24.1	24.1
NET TURNOVER	1,804.9	2,391.5	13.0	4,209.4	1,944.0	2,117.8	24.1	4,085.8

PARENT COMPANY	2017				2016			
	STORE*	E-CHANNEL	OTHER	TOTAL	STORE*	E-CHANNEL	OTHER	TOTAL
Turnover	5,595.9	8,055.1		13,651.0	6,163.40	7,114.0		13,277.4
Pay-out to customers	-3,830.9	-5,663.6		-9,494.5	-4,262.2	-4,996.2		-9,258.4
Unredeemed	39.9			39.9	42.9			42.9
Rounding-off to the nearest whole krona			13.0	13.0			24.1	24.1
NET TURNOVER	1,804.9	2,391.5	13.0	4,209.4	1,944.0	2,117.8	24.1	4,085.8

* Including racetrack.

Turnover according to the above pertains to Sweden in its entirety.

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

For disclosures on intra-Group sales, refer to Note 10, Transactions with related companies.

NOTE 3 OTHER INCOME

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Production income, Kanal 75	229.5	231.1		
Store income	65.1	65.3	65.1	65.3
Online services	5.0	4.3	5.0	4.3
Sales international	167.9	171.7	167.9	171.7
Partner income	111.2	118.4	111.2	118.4
Exchange gains	0.5	0.4	0.5	0.4
Other income	44.1	30.5	44.1	35.3
TOTAL	623.3	621.7	393.8	395.4

Through collaboration with foreign partners, international customers are able to bet on ATG's products in Sweden. ATG received commission of MSEK 167.9 (171.7) 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.

The store income of MSEK 65.1 (65.3) pertains to the rental of store terminals; see Note 17 Leasing.

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	2017				2016			
	SALARIES AND OTHER REMUNERATION	PENSION COSTS	SOCIAL SECURITY EXPENSES	NUMBER OF EMPLOYEES*	SALARIES AND OTHER REMUNERATION	PENSION COSTS	SOCIAL SECURITY EXPENSES	NUMBER OF EMPLOYEES*
Board Members (excl. employee representatives)	1.5	–	0.5	–	1.3	–	0.4	–
CEO and other senior executives	18.2	4.9	6.9	12	17.1	4.0	6.3	12
Other employees	179.3	21.3	60.6	309	163.6	21.1	56.4	287
TOTAL	199.0	26.2	68.0	321	182.0	25.1	63.1	299

* Translated to Full-time employees (FTEs)

PARENT COMPANY	2017				2016			
	SALARIES AND OTHER REMUNERATION	PENSION COSTS	SOCIAL SECURITY EXPENSES	NUMBER OF EMPLOYEES*	SALARIES AND OTHER REMUNERATION	PENSION COSTS	SOCIAL SECURITY EXPENSES	NUMBER OF EMPLOYEES*
Board Members (excl. employee representatives)	1.5	–	0.5	–	1.3	–	0.4	–
CEO and other senior executives	16.4	4.5	6.2	11	15.3	3.6	5.7	11
Other employees	152.4	18.6	51.6	260	140.1	19.0	48.0	244
TOTAL	170.3	23.0	58.3	271	156.7	22.6	54.1	255

* Translated to FTEs

Note 4, Continued

For 2017 and 2016, the remuneration of senior executives consisted of basic salary, other benefits and defined-contribution pensions. 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 19.4 (19.1). Alecta's surplus may be distributed to the policyholders and/or the insured.

At the end of 2017, Alecta's preliminary surplus in the form of its collective solvency rate was 154 per cent (149).

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

2016, MSEK	BASIC SALARY/ BOARD FEES	OTHER BENEFITS	PENSION COSTS	OTHER REMUNERATION	TOTAL
Board Members (11)	1.3	–	–		1.3
CEO and other senior executives					
CEO and other senior executives (12)	16.7	0.4	4.0		21.1
TOTAL	18.0	0.4	4.0		22.4

GENDER BREAKDOWN OF EMPLOYEES

AVERAGE NUMBER OF EMPLOYEES*	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Women	105	96	91	85
Men	216	203	180	170
TOTAL	321	299	271	255

* Translated to FTEs. The figures for 2016 and 2017 include two employees on long-term sick leave. These will end their employment in December 2017 and March 2018, respectively.

GENDER BREAKDOWN OF BOARD MEMBERS AND OTHER SENIOR EXECUTIVES

GROUP/ PARENT COMPANY	2017		2016	
	NUMBER ON THE BALANCE- SHEET DATE	OF WHOM, MEN	NUMBER ON THE BALANCE- SHEET DATE	OF WHOM, MEN
Board Members	12	6	12	7
CEO and other senior executives	12	8	12	8
TOTAL	24	14	24	15

NOTE 5 OTHER EXPENSES

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Partner expenses	92.9	104.9	92.9	104.9
Research and grants	4.0	12.5	4.0	12.5
Exchange-rate losses	0.8	1.6	0.8	1.6
TOTAL	97.7	119.0	97.7	119.0

In addition to betting on trotting and thoroughbred racing, ATG also offers other services via its agents. Through cooperation with various service providers, customers can, for example, collect tickets and buy phone cards and lottery tickets from the agents.

NOTE 6 FEES TO AUDITORS

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Ernst & Young AB				
Audit assignment	1.6	1.0	1.6	1.0
Audit activities in addition to audit assignment	0.4	0.2	0.4	0.2
Other services	1.0	0.4	1.0	0.4
TOTAL	3.0	1.6	3.0	1.6

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	
	2017	2016	2017	2016
FINANCIAL INCOME				
Interest income	0.9	0.4	0.9	0.4
Interest income, Group	2.1	2.1	2.1	2.1
Exchange-rate differences	-	0.1	-	0.1
Other financial income	0.5	0.8	0.5	0.8
TOTAL	3.5	3.4	3.5	3.4
FINANCIAL EXPENSES				
Interest expenses	0.6	0.2	0.6	0.2
Interest expenses, leasing	1.6	1.9	-	-
Exchange-rate differences	0.1	-	0.1	0.0
TOTAL	2.3	2.1	0.7	0.2
NET FINANCIAL ITEMS	1.2	1.3	2.8	3.2

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. The interest on such high winnings, which is included in interest expenses, amounted to SEK 12,300 (9,900) and is calculated according to the effective interest method.

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	
	2017	2016	2017	2016
Trotting				
Swedish Trotting Association	228.2	221.4	228.2	221.4
Racetracks	1,211.0	1,184.9	1,211.0	1,184.9
Active horse racing participants	159.1	135.6	159.1	135.6
Business administration	3.4	4.0	3.4	4.0
TOTAL TO TROTTING	1,601.7	1,545.9	1,601.7	1,545.9
Swedish Jockey Club				
Swedish Jockey Club	26.1	25.7	26.1	25.7
Racetracks	122.9	126.2	122.9	126.2
Active horse racing participants	7.2	7.5	7.2	7.5
TOTAL TO THOROUGHBRED RACING	156.2	159.4	156.2	159.4
TOTAL TO TROTTING AND THOROUGHBRED RACING	1,757.9	1,705.3	1,757.9	1,705.3

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

The Group recognises income tax for the year of MSEK 0.1 (0.1). This 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 profit.

LOTTERY TAX

The Parent Company recognises lottery tax for the year of MSEK 1,466.3 (1,440.6). 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 0.1 (0.1) 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 attributable to tax deferral reserves with a value of MSEK 0.4 (0.4). 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 COMPANIES

ATG is 90 per cent owned by the Swedish Trotting Association and 10 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.

For disclosures on employment conditions and remuneration of senior executives in the Parent Company, see Note 4.

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Sale of goods/services to related parties				
Kanal 75 AB	–	–	4.9	4.8
Swedish Jockey Club	–	–	–	–
Swedish Trotting Association	217.2	214.3	8.2	9.8
TOTAL	217.2	214.3	13.1	14.6
Purchases of goods/services from related parties				
Kanal 75 AB	–	–	39.2	36.5
Swedish Jockey Club	–	–	–	–
Swedish Trotting Association	442.9	410.1	442.7	409.8
TOTAL	442.9	410.1	481.9	446.3
Financial income from related parties				
Kanal 75 AB	–	–	–	–
Swedish Jockey Club	0.0	0.1	0.0	0.1
Swedish Trotting Association	–	–	–	–
TOTAL	0.0	0.1	0.0	0.1
Receivables from related parties as per 31 December				
Kanal 75 AB	–	–	85.7	75.9
Swedish Jockey Club	71.9	68.1	71.9	68.1
Swedish Trotting Association	109.3	75.2	77.6	44.5
TOTAL	181.2	143.3	235.2	188.5
Liabilities to related parties as per 31 December				
Kanal 75 AB	–	–	10.5	27.0
Swedish Jockey Club	–	–	–	–
Swedish Trotting Association	88.8	60.5	88.8	60.4
TOTAL	88.8	60.5	99.3	87.4

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
State-owned companies				
Purchases of goods/services from State-owned companies				
Svenska Spel	10.0	9.8	10.0	9.8
TeliaSonera	24.5	27.8	24.1	27.3
PostNord	15.8	21.6	15.8	21.6
TOTAL	50.3	59.2	49.9	58.7

Pledged assets and contingent liabilities for the benefit of related parties

Collateral in the form of a surety totalling MSEK 0 (11.6) was provided for the benefit of ATG Hästklinikerna AB. The surety pertained to a bank loan taken out by ATG Hästklinikerna AB, which has been repaid in full.

NOTE 11 INTANGIBLE ASSETS

GROUP	BETTING PRODUCTS	SYSTEM PLATFORM	STORE TERMINAL SOFTWARE	PROJECTS IN PROGRESS	OTHER	TOTAL
2017 financial year						
Acquisition cost at Jan 1, 2017	43.2	98.0	112.5	78.1	652.7	984.5
Purchases during the year	0.0	0.0	0.0	136.1	5.5	141.6
Capitalised projects	33.0	112.9	1.2	-161.6	14.5	0.0
Sales and scrapping during the year	0.0	0.0	0.0	-1.8	0.0	-1.8
Reclassification					0.3	0.3
Acquisition cost at Dec 31, 2017	76.2	210.9	113.7	50.8	673.0	1,124.6
2016 financial year						
Acquisition cost at Jan 1, 2016	16.2	11.1	112.5	130.0	612.7	882.5
Purchases during the year				102.1		102.1
Capitalised projects	27.0	86.9		-154.0	40.1	0.0
Sales and scrapping during the year					-0.1	-0.1
Acquisition cost at Dec 31, 2016	43.2	98.0	112.5	78.1	652.7	984.5
2015 financial year						
Acquisition cost at Jan 1, 2015	6.0	1.7	34.8	0.0	596.3	638.8
Purchases during the year				0.0	0.1	0.1
Capitalised projects	8.1	17.4	14.5	0.0	13.8	53.8
Sales and scrapping during the year						
Acquisition cost at Dec 31, 2015	14.1	19.1	49.3	0.0	610.0	692.5
Carrying amount	29.1	78.9	63.2	78.1	42.7	292.0

<i>PARENT COMPANY</i>	<i>BETTING PRODUCTS</i>	<i>SYSTEM PLATFORM</i>	<i>STORE TERMINAL SOFTWARE</i>	<i>PROJECTS IN PROGRESS</i>	<i>OTHER</i>	<i>TOTAL</i>
2017 financial year						
Acquisition cost at Jan 1, 2017	43.2	98.0	112.6	78.1	632.0	963.9
Purchases during the year				136.1		136.1
Capitalised projects	33.0	112.9	1.2	-161.6	14.5	0.0
Sales and scrapping during the year				-1.8		-1.8
Acquisition cost at Dec 31, 2017	76.2	210.9	113.8	50.8	646.5	1,098.2
2016 financial year						
Acquisition cost at Jan 1, 2016	16.2	11.1	112.5	130.0	610.7	880.6
Purchases during the year				83.3		83.3
Capitalised projects	27.0	86.9		-135.2	21.3	0.0
Sales and scrapping during the year						0.0
Acquisition cost at Dec 31, 2016	43.2	98.0	112.5	78.1	632.0	963.9
Accumulated amortisation at Jan 1, 2016	-6.2	-1.7	-34.8	0.0	-594.6	-637.3
Sales and scrapping during the year						0.0
Amortisation and impairment for the year	-7.9	-17.4	-14.5	0.0	-13.0	-52.8
Accumulated amortisation at Dec 31, 2016	-14.1	-19.1	-49.3	0.0	-607.6	-690.1
Carrying amount	29.1	78.9	63.3	78.1	24.4	273.8

The worked-up intangible assets consist of internal development of new betting products, such as Top 7 and Grand Slam 75, ATG's digital betting platforms, atg.se and tillsammans.atg.se., and the racetracks' positioning systems. Projects in progress include programmes to satisfy the EU's new Data Protection Regulation and the Swedish Anti Money Laundering Directive.

Amortisation is recognised in profit or loss straight line over the intangible assets' estimated useful life. Amortisable intangible assets are amortised as of the date they are deployed.

The value of the Group's intangible assets is impairment tested whenever there is an indication of an impairment requirement. During the year, the company impaired a minor ongoing project at a value of MSEK 1.8 (0). No impairment losses on intangible assets were reversed during the current or preceding year.

NOTE 12 OTHER LONG-TERM RECEIVABLES

	<i>GROUP</i>		<i>PARENT COMPANY</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Stockholm Trotting Association*	71.7	72.4	71.7	72.4
Swedish Jockey Club	-	28.8	-	28.8
Loans, Ecosys A/S	6.7	-	6.7	-
Swedish Horse Industry Foundation	-	0.4	-	0.4
TOTAL	78.4	101.6	78.4	101.6

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

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

GROUP	SERVERS	COMPUTERS	STORE TERMINALS	LEASEHOLD IMPROVEMENTS	OTHER	PROJECTS IN PROGRESS	TOTAL
2017 financial year							
Acquisition cost at Jan 1, 2017	101.0	7.2	23.9	89.6	221.8	0.0	443.5
Purchases during the year	24.5	2.6	5.7	2.2	8.7	33.7	77.4
Sales and scrapping during the year							0.0
Acquisition cost at Dec 31, 2017	125.5	9.8	29.6	91.8	230.5	33.7	520.9
2016 financial year							
Acquisition cost at Jan 1, 2016	85.0	5.0	18.6	79.4	346.7		534.7
Purchases during the year	16.0	2.3	5.3	10.2	11.9		45.7
Sales and scrapping during the year	0.0	-0.1	0.0	-0.1	-136.8		-137.0
Acquisition cost at Dec 31, 2016	101.0	7.2	23.9	89.5	221.8		443.4
2015 financial year							
Acquisition cost at Jan 1, 2015	56.1	2.2	18.6	67.3	230.7		374.9
Purchases during the year	11.1	1.8	0.4	7.2	24.5		45.0
Sales and scrapping during the year	0.0	0.1	0.0	0.1	136.8		137.0
Acquisition cost at Dec 31, 2015	67.2	3.9	19.0	74.4	118.4		282.9
Carrying amount	33.8	3.3	4.9	15.1	103.4		160.5

Note 13, Continued

PARENT COMPANY, 2017	SERVERS	COMPUTERS	STORE TERMINALS	LEASEHOLD IMPROVEMENTS	OTHER	TOTAL
2017 financial year						
Acquisition cost at Jan 1, 2017	70.2	5.3	23.9	87.5	72.8	259.7
Purchases during the year	20.5	2.2	5.7	1.6	4.7	34.7
Sales and scrapping during the year	-12.5	0.0		-1.3	-20.1	-33.9
Acquisition cost at Dec 31, 2017	78.2	7.5	29.6	87.8	57.4	260.5
2016 financial year						
Acquisition cost at Jan 1, 2016	54.1	3.2	18.6	77.6	198.5	352.0
Purchases during the year	16.0	2.1	5.3	9.9	4.2	37.5
Sales and scrapping during the year					-129.9	-129.9
Acquisition cost at Dec 31, 2016	70.1	5.3	23.9	87.5	72.8	259.6
Accumulated depreciation at Jan 1, 2016	-27.1	-0.6	-18.6	-65.4	-177.6	-289.3
Sales and scrapping during the year					129.9	129.9
Depreciation during the year	-10.2	-1.6	-0.5	-7.2	-10.3	-29.8
Accumulated depreciation at Dec 31, 2016	-37.3	-2.2	-19.1	-72.6	-58.0	-189.2
Carrying amount	32.8	3.1	4.8	14.9	14.8	70.4

All non-current assets are in Sweden.

Leased assets accounted for MSEK 39.5 (43.4) of recognised cost.

NOTE 14 ACCOUNTS RECEIVABLE

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Accounts receivable	48.8	47.7	42.6	43.4
Provision for doubtful receivables	-3.2	-2.1	-3.2	-2.1
TOTAL	45.6	45.6	39.4	41.3

GROUP	2017		2016	
	Gross	Reserve for doubtful receivables	Gross	Reserve for doubtful receivables
Age analysis of accounts receivable				
Not due accounts receivable	41.2		33.5	
Accounts receivable 1–30 days past due	3.6		10.2	
Accounts receivable 31–60 days past due	0.1		0.4	
Accounts receivable 61–180 days past due	1.2	-0.8	0.0	
Past-due accounts receivable >180 days	2.7	-2.4	3.6	-2.1
TOTAL	48.8	-3.2	47.7	-2.1

As per 31 December 2017, the Group's estimated impairment requirement for accounts receivable was MSEK 2.1 (1.0). The reserve for doubtful accounts receivable amounted to MSEK 3.2 (2.1).

The changes in the reserves are presented below:

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Reserve for doubtful receivables				
Opening balance	-2.1	-2.1	-2.1	-2.1
Provision for the year	-2.2	-1.0	-2.2	-1.0
Reversal of previously posted impairment losses	1.1	1.0	1.1	1.0
CLOSING BALANCE	-3.2	-2.1	-3.2	-2.1

Accounts receivable

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.

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. The below risks are ranked on the basis of ATG's assessment of the risks that are most significant for ATG.

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 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. On the balance sheet date of 31 December 2017, the total counterparty exposure for the years concerned is shown in the table below. All of ATG's balances are measurable on active markets and are thus included in either Level 1 or Level 2 of the measurement

Note 15, Continued

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.

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.

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 oper-

ating 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.

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 source of financing is cash flow from operating activities. 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 other long-term liabilities, are presented below. These are undiscounted amounts. The liquidity risk in the Group is low and the liabilities that exist are managed using working capital.

	<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 2017				
Liabilities to credit institutions	8.4	31.1		39.5
Liabilities to Group companies	88.8			88.8
Accounts payable	139.4			139.4
Liabilities, account customers	271.4			271.4
Other current liabilities	230.9			230.9
TOTAL	738.9	31.1		770.0
Due date structure, financial liabilities, 31 Dec 2016				
Liabilities to credit institutions	7.4	36.0		43.4
Liabilities to Group companies	60.4			60.4
Accounts payable	141.3			141.3
Liabilities, account customers	275.9			275.9
Other current liabilities	226.8			226.8
TOTAL	711.8	36.0		747.8

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>
Fixed assets			
Financial assets			
Other long-term receivables	78.4		78.4
Accounts receivable	45.6		45.6
Receivables from Group companies	109.3		109.3
Other receivables	381.6		381.6
Cash and cash equivalents	487.6		487.6
TOTAL FINANCIAL ASSETS	1,102.5		1,102.5
Financial liabilities			
Liabilities to credit institutions		39.5	39.5
Liabilities to Group companies		88.8	88.8
Accounts payable		139.4	139.4
Liabilities, account customers		271.4	271.4
Other current liabilities		230.9	230.9
TOTAL FINANCIAL LIABILITIES		770.0	770.0

Note 15, Continued

The following table shows the Group's financial assets and liabilities as per 31 December 2016.

GROUP, 2016	LOANS AND ACCOUNTS RECEIVABLE	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	TOTAL CARRYING AMOUNT
Financial assets			
Other long-term receivables	101.6		101.6
Accounts receivable	45.6		45.6
Receivables from Group companies	75.0		75.0
Other receivables	348.4		348.4
Cash and cash equivalents	587.3		587.3
TOTAL FINANCIAL ASSETS	1,157.9		1,157.9
Financial liabilities			
Liabilities to credit institutions		43.4	43.4
Liabilities to Group companies		60.4	60.4
Accounts payable		141.3	141.3
Liabilities, account customers		275.9	275.9
Other current liabilities		226.8	226.8
TOTAL FINANCIAL LIABILITIES		747.8	747.8

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	78.4		78.4
Accounts receivable	39.4		39.4
Receivables from Group companies	163.3		163.3
Other receivables	381.0		381.0
Cash and bank balances	487.6		487.6
TOTAL FINANCIAL ASSETS	1,149.7		1,149.7
Financial liabilities			
Liabilities to Group companies		99.3	99.3
Accounts payable		109.6	109.6
Liabilities, account customers		271.4	271.4
Other current liabilities		226.4	226.4
TOTAL FINANCIAL LIABILITIES		706.7	706.7

Note 15, Continued

The following table shows the Parent Company's financial assets and liabilities as per 31 December 2016.

PARENT COMPANY, 2016	LOANS AND ACCOUNTS RECEIVABLE	FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	TOTAL CARRYING AMOUNT
Financial assets			
Other long-term receivables	101.6		101.6
Accounts receivable	41.3		41.3
Receivables from Group companies	120.4		120.4
Other receivables	348.1		348.1
Cash and bank balances	587.3		587.3
TOTAL FINANCIAL ASSETS	1,198.7		1,198.7
Financial liabilities			
Liabilities, account customers		275.9	275.9
Liabilities to Group companies		87.4	87.4
Accounts payable		107.0	107.0
Other current liabilities		225.2	225.2
TOTAL FINANCIAL LIABILITIES		695.5	695.5

In all significant respects, the fair value of all financial assets and liabilities matches the carrying amount. The assets and liabilities recognised at amortised cost have a short remaining maturity, which means that the difference between the carrying amount and fair value is insignificant.

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, why is the reason why these items are not divided into levels according to the measurement hierarchy.

Loan receivables and loan liabilities belong to Level 2. Since the loan of MSEK 71.7 (72.4) to the Stockholm Trotting Association carries fixed interest that is essentially assessed as matching the prevailing market interest rates, it is estimated that the carrying amount of the loan essentially matches the fair value.

Change in liabilities attributable to financing activities

GROUP	1 JAN 2017	CASH FLOW	NON CASH NEW LEASES	31 DEC 2017
Non-current undertakings under financial leases	36.0	-7.7	2.8	31.1
TOTAL LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES	36.0	-7.7	2.8	31.1

No change in the Parent Company's liabilities is attributable to financing activities.

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Commissions, terminal partners	1.6	4.8	1.6	4.8
Prepayment, funds, SG	7.9	3.0	7.9	3.0
Prepayment, licence cost, support and maintenance agreements	28.6	20.0	28.6	19.7
Prepayment, communication network	4.4	5.6	4.4	5.6
Sponsorship agreements	6.8	-	6.8	-
Other interim receivables	20.9	12.8	19.7	12.2
TOTAL	70.2	46.2	69.0	45.3

NOTE 17 LEASING

ATG is a lessee in terms of both financial and operating leases. Since ATG is a lessee, the financial instruments 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 financial 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 leasing fees for non-cancellable operating leases fall due for payment as follows:

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Within one year	7.8	4.2	14.3	13.3
Later than one year but within five years	20.0	16.8	45.4	53.0
Later than five years	97.5	92.4	97.5	92.4
TOTAL	125.3	113.4	157.2	158.7
Expensed lease fees	5.4	4.2	14.2	13.3
	5.4	4.2	14.2	13.3

Financial leases as a lessee

The Group's financial 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 financial leases for cars.

Financial leases	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Property, plant and equipment				
Equipment	39.5	43.4	-	-
TOTAL	39.5	43.4	-	-
Cost	67.8	63.9	-	-
Accumulated depreciation on 1 January	-20.5	-13.4	-	-
Depreciation during the year	-7.8	-7.1	-	-
Carrying amount	39.5	43.4	-	-

Future minimum leasing fees for financial leases fall due for payment as follows:

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Within one year	9.8	9.0	-	-
Later than one year but within five years	28.3	36.2	-	-
Later than five years				
TOTAL	38.1	45.2	-	-
Future minimum lease fees	38.1	45.2	-	-
Less interest charge	-3.4	-5.0	-	-
Present value of future minimum lease fees	34.7	40.2	-	-

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. The variable increment of the agents' rent during the year was MSEK 37.0 (38.4) of the total rent of MSEK 65.1 (65.3). 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 leasing fees for non-cancellable operating leases fall due for payment as follows:

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Within one year	10.0	9.7	10.0	9.7
Later than one year but within five years	-	-	-	-
Later than five years	-	-	-	-
TOTAL	10.0	9.7	10.0	9.7
Expensed lease income	67.8	68.3	67.8	68.3
	67.8	68.3	67.8	68.3

NOTE 18 CASH AND BANK BALANCES

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Cash and cash equivalents / Cash and bank balances	242.4	375.3	242.4	375.3
Cash and bank balances ATG account customers	245.2	212.0	245.2	212.0
TOTAL	487.6	587.3	487.6	587.3

NOTE 19 SHAREHOLDERS' EQUITY

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Shareholders' equity, MSEK	671.1	572.0	669.5	570.4
Equity/assets ratio, %	38.4	34.5	40.3	35.9

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.

Financial objectives

The owners' financial objectives for ATG are that over time it will achieve growth in net turnover of 7–8 per cent and that its equity/assets ratio will exceed 30 per cent.

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 cost reserve of MSEK 155.2 (10.4).

In accordance with the current Articles of Association, ATG is subject to a ban on dividends.

NOTE 20 OTHER LONG-TERM LIABILITIES

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Liabilities to credit institutions	31.1	36.0	–	–
TOTAL	31.1	36.0	–	–

On 10 October 2012, ATG entered into a financial 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 financial leases on cars. These are 3-year leases with a residual value of 40 per cent.

NOTE 21 OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Liabilities, account customers	271.4	275.9	271.4	275.9
Winnings liability	49.9	69.4	49.9	69.4
Swedish Jockey Club	2.9	2.8	2.9	2.8
Liability, trotting and thoroughbred racing associations	19.2	33.5	19.2	33.5
Terminal partners	65.7	69.2	65.7	69.2
Jackpot	7.9	16.4	7.9	16.4
International partners	47.8	–	47.8	–
Liabilities to credit institutions	8.4	7.4	–	–
Other current liabilities	37.5	35.5	33.0	33.9
TOTAL	510.7	510.1	497.8	501.1

No interest is paid on the liability to account customers.

Via agreements with two banks, ATG has the option to offer the trotting and thoroughbred racing associations membership of ATG's group account structure.

NOTE 22 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Accrued expenses to racetracks and active horse racing participants	50.8	68.1	50.8	68.1
Accrued salaries and employer's contributions	24.0	20.4	20.5	17.7
Commission from stores	1.1	3.0	1.1	3.0
Commission foreign betting	2.0	6.1	2.0	6.1
Other accrued expenses	68.5	64.3	51.1	52.8
TOTAL	146.4	161.9	125.5	147.7

NOTE 23 OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Receivable, Swedish Jockey Club	43.1	40.9	43.1	40.9
Receivable, agents	104.7	119.6	104.7	119.6
Receivable, Group bank account	148.7	134.7	148.7	134.7
Current receivables regarding customers' betting accounts	42.3	32.7	42.3	32.7
Other receivables	42.8	20.5	42.2	20.2
TOTAL	381.6	348.4	381.0	348.1

ATG uses bank guarantees from the company's agents as collateral. During the year, these amounted to 24 (28) at a value of MSEK 2.1 (2.5). During 2017, the Group decided that, in addition to bank guarantees, it will increase collateral in relation to the agents by demanding personal guarantees. At year end, 18 (0) had been signed.

NOTE 24 PROVISIONS

	GROUP		PARENT COMPANY	
	2017	2016	2017	2016
Amounts on 1 January	29.2	–	29.2	–
Provisions for the year		29.2		29.2
Provisions utilised	-1.5		-1.5	
Unutilised amount that has been reversed	-16.3		-16.3	
Other adjustments				
AMOUNTS AT YEAR-END	11.4	29.2	11.4	29.2

ATG offers its customers an opportunity to participate in a random bet related to the V75. By choosing V75 Boost, players have an opportunity to win up to one hundred times the V75 winnings. The maximum winnings are MSEK 100. ATG makes provisions continuously during the year to cover these payments of high winnings. The provision for V75 Boost was MSEK 11.4 (29.2).

The provision for the repayment of winnings is posted weekly after a V75 race meeting has been completed. The provision complies with ATG's betting regulations, which have been approved by the Swedish Betting Authority.

The actual winnings pay-out level for 2016 was 32.1 per cent and the actual winnings pay-out level for 2017 was 41.5 per cent.

NOTE 25 SHARES IN GROUP COMPANIES

PARENT COMPANY	2017	2016
Accumulated cost		
on 1 January	0.1	0.1
Acquisitions and capital contributions	–	–
Impairment losses	–	–
CARRYING AMOUNT	0.1	0.1

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

PARENT COMPANY

Group company/ Corp. Reg. No./ Reg. office	NUMBER OF SHARES	PARTICI- PATION, %	CAR- RYING AMOUNT 2017	CAR- RYING AMOUNT 2016
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 26 PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**Contingent liabilities**

Surety in the form of a credit guarantee for the benefit of ATG Hästklinikerna AB was terminated in its entirety during 2017; MSEK 0 (11.6).

The surety pertained to a bank loan taken out by ATG Hästklinikerna AB, which has been repaid in full.

The Group had no contingent liabilities at year end.

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 27 PROPOSED APPROPRIATION OF PROFITS

The Board of Directors and the Chief Executive Officer propose that earnings for 2017 be appropriated as follows:

NON-RESTRICTED EQUITY IN THE PARENT COMPANY, SEK	2017
Retained earnings	367,317,543
Profit for the year	98,985,019
TOTAL	466,302,562

The Board of Directors and the CEO propose that the unappropriated earnings be carried forward. No transfer of the Group's non-restricted funds to restricted reserves is proposed.

The Parent Company has a development cost reserve amounting to MSEK 155.2 (10.4). This reserve is included in restricted equity. The Parent Company's shareholders' equity totals MSEK 669.5 (570.4).

NOTE 28 TRANSITION TO IFRS**General**

As of this report, ATG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The date for the Group's transition to IFRS is 1 January 2016. Previously, the Group prepared its consolidated financial statements in accordance with the Swedish Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board BFNAR 2012:1, K3.

The transition to IFRS is recognised in accordance with IFRS 1

First Time Adoption of International Financial Reporting Standards is applied. The financial information previously published for the 2016 financial year has been restated according to IFRS.

The same accounting policies are applied in opening balances and for all periods as those recognised in ATG's first financial statements according to IFRS. These accounting policies comply with every standard that was in effect on the balance-sheet date of 31 December 2017. There are a number of mandatory or voluntary exceptions from this main rule, of retroactively applying all standards that have become effective on the balance-sheet date of 31 December 2017, and these are stated in IFRS 1. Only mandatory exceptions according to IFRS 1 have been applied.

Effects of the transition to IFRS

The summary information presented below concerns how the transition has been prepared according to the IFRS principles that were applied on 1 January 2017. The transition to IFRS had no impact on earnings or shareholders' equity.

The way the transition from the former accounting policies to IFRS has affected the Group's financial position, financial earnings and cash flow is presented in the following table and associated explanations.

<i>RECONCILIATION OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT THE TRANSITION TO IFRS</i>		<i>FORMER POLICIES, 31 DEC 2016</i>	<i>EFFECTS OF THE TRANSITION TO IFRS</i>	<i>EFFECTS OF THE TRANSITION TO IFRS</i>	<i>EFFECTS OF THE TRANSITION TO IFRS</i>	<i>EFFECTS OF THE TRANSITION TO IFRS</i>	<i>PURSUANT TO IFRS, 31 DEC 2016</i>
Amounts in MSEK	Note		New share issue (IAS 1)	Lottery tax (IAS 12)	Provision (IAS 37)	Gross recognition of transactions (IAS 1)	
Fixed assets							
Intangible assets		292.0					292.0
Total intangible assets		292.0	-	-	-	-	292.0
Property, plant and equipment		160.5					160.5
Total PPE		160.5	-	-	-	-	160.5
Financial assets							
Other long-term receivables		101.6					101.6
Total financial assets		101.6	-	-	-	-	101.6
TOTAL FIXED ASSETS		554.1	-	-	-	-	554.1
Current assets							
Accounts receivable		45.6					45.6
Receivables from Group companies	a	30.5				44.5	75.0
Other receivables		348.4					348.4
Prepaid expenses and accrued income		46.2					46.2
Cash and cash equivalents		587.3					587.3
Total current assets		1,058.0	-	-	-	44.5	1,102.5
TOTAL ASSETS		1,612.1	-	-	-	44.5	1,656.6
SHAREHOLDERS' EQUITY AND LIABILITIES							
Equity attributable to Parent Company shareholders							
Share capital		40.0					40.0
Other contributed capital	b	-	-39.7				-39.7
Retained earnings	b	532.0	39.7				571.7
TOTAL SHAREHOLDERS' EQUITY		572.0	-	-	-	-	572.0
Long-term liabilities							
Liabilities to credit institutions		36.0					36.0
Deferred tax liability		0.1					0.1
TOTAL LONG-TERM LIABILITIES		36.1	-	-	-	-	36.1
Current liabilities							
Accounts payable		141.3					141.3
Liabilities, Group companies	a	15.9				44.5	60.4
Liabilities, account customers		275.9					275.9
Current tax liabilities		0.1					0.1
Lottery tax	c			145.5			145.5
Current provisions	d				29.2		29.2
Other current liabilities	c, d	408.9		-145.5	-29.2		234.2
Accrued expenses and deferred income		161.9					161.9
Total current liabilities		1,004.0	-	-	-	44.5	1,048.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,612.1	-	-	-	44.5	1,656.6

Continued**a. Recognition of intragroup transactions (IAS 1)**

– The Group formerly recognised receivables and liabilities to Group companies net in the consolidated statement of financial position. In accordance with IAS 1, these receivables and liabilities are now recognised gross in the statement of financial position.

b. Recognition of shareholders' equity (IAS 1)

– The share capital recognised in the consolidated balance sheet comprises the Parent Company's share capital. Other contributed capital comprises the difference between what has been contributed in total by the shareholders (0.3) and what is recognised as share capital. The difference (39.7) comprises previously completed bonus issues.

c. Recognition of lottery tax (IAS 12)

– The ATG Group's taxes are recognised in accordance with IAS 12 Income Taxes. Lottery tax is recognised as income tax in the consolidated income statement after net financial items since, pursuant to Chapter 1, Section of the Income Tax Act (1999:1229), the Parent Company ATG is tax exempt. However, in accordance with Chapter 7, Section 17 of the Betting 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.

d. Recognition of provisions, contingent liabilities and contingent assets (IAS 37)

– Due to the transition to IFRS, commitments for ATG's betting product Boost have been reclassified from other current liabilities to current provisions. In accordance with ATG's betting regulations, ATG has a legal obligation in respect of the betting product V75 Boost. The betting product V75 Boost means that it is probable that an outflow of resources will be required to settle the obligation, and that the amount can be estimated reliably. However, uncertainty prevails as to when an outflow will occur. Accordingly, Boost is recognised as a provision in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT THE TRANSITION TO IFRS		FORMER POLICIES, 2016	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	PURSUANT TO IFRS 2016
Amounts in MSEK	Note		Net recog- nition of revenue. (IAS 18)	Exchange rate differ- ence, accounts payable (IAS 21)	Capital- isation of personnel expenses (IAS 1)	Reclassi- fication of commit- ments to the State (IAS 1)	
Betting turnover		13,277.4					
Unredeemed winnings and rounding-off to the nearest whole krona		66.9					
Pay-out to customers		-9,258.5					
Net turnover	e	4,085.8					4,085.8
Other income	f	621.3		0.4			621.7
Capitalised work for own account	g				27.5		27.5
Costs of employee benefits		-271.3					-271.3
Other external expenses	g	-1,015.1			-27.5		-1,042.6
Other expenses	f	-117.4		-1.6			-119.0
Depreciation, amortisation and impairment of PPE and intangible assets		-98.8					-98.8
Operating result	f	3,204.5	-	-1.2	-	-	3,203.3
Financial income		3.4					3.4
Financial expenses	f	-3.3		1.2			-2.1
Result from financial items		0.1	-	1.2	-	-	1.3
Result before tax and funds to horse racing		3,204.6	-	-	-	-	3,204.6
Funds to trotting and thoroughbred racing		-1,705.3					-1,705.3
Commitment pursuant to agreement with the State	h					-50.0	-50.0
Result before tax		1,499.3	-	-	-	-50.0	1,449.3
Commitment pursuant to agreement with the State	h	-50.0				50.0	0.0
Income tax		-0.1					-0.1
Lottery tax		-1,440.6					-1,440.6
Result for the year		8.6	-	-	-	-	8.6
<i>Items that may not be reclassified to profit or loss:</i>							
Other comprehensive income for the year, net after tax		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		8.6	-	-	-	-	8.6

Continued**e. Recognition of net turnover (IAS 18)**

– According to the former policy, the Group recognised revenue from betting operations gross in the statement of comprehensive income. The Group will now recognise revenue net.

ATG's revenue is recognised net in the Statement of comprehensive income because ATG is to be regarded as an agent rather than a principal based on the following rationale. Net recognition of revenue better reflects the relationship that is regulated in agreements between the Swedish Trotting Association and the Swedish Jockey Club. The structure of ATG's betting products is such that no uncertainty prevails concerning the outcome of the revenue. ATG always pays out a predetermined share of turnover, which means that net revenue is predictable in relation to turnover. Net recognition of revenue is consistent with IAS 18, point 8, because gross recognition of revenue does not reflect the financial benefits for ATG. However, gross revenue will be specified in a note.

f. Recognition of exchange-rate differences (IAS 21)

– New share issue, share capital recognised in the consolidated balance sheet comprises the Parent Company's share capital. Other contributed capital comprises the difference between what has been contributed in total by the shareholders and what is recognised as share capital.

g. Recognition of Capitalised work for own account (IAS 1)

– Expenditure for work performed on the company's own assets during the year and that has been capitalised as intangible assets. According to the former policy, this amount was recognised as a negative item in other external expenses. In accordance with IAS 1, the year's expenditure attributable to own manufacture of fixed assets is recognised gross in the statement of comprehensive income.

h. Recognition of Commitments to the State (IAS 1)

– The item is recognised separately and after net financial items because the cost is not related to operating activities, which complies with IAS 1. The item "Commitment pursuant to agreement with the State" is regarded as relevant and material for understanding ATG's financial statement whereby, pursuant to IAS 1, it is recognised separately in the statement of comprehensive income. According to the agreement with the State, MSEK 50 of the company's surplus from betting operations is to be posted as a provision every year for general measures to promote national interests in the equine sector in Sweden. The surplus is recognised as "Commitment pursuant to agreement with the State". The allocation is decided the year before the start of a new financial year.

Reconciliation of Consolidated statement of cash flow at the transition to IFRS		FORMER POLICIES, 2016	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	ACCORDING TO IFRS 2016
Amounts in MSEK	Note		Reclassification of paid income tax (IAS 7) + div	Reclassification of interest payments (IAS 7)	Adjustment of funds to horse racing (IAS 7)	Adjustment Lottery tax (IAS 7)	Gross recognition Transactions (IAS 7)	Investment, exchange difference (IAS 7)	Provision (IAS 37)	
Operating activities										
Result before tax and agreements		1,499.3		-1,499.3						-
Operating result	i			3,203.3						3,203.3
Adjustments for non-cash items										
Depreciation, amortisation and impairment of PPE and intangible assets		98.8								98.8
Sales and scrapping		-0.1								-0.1
Change in provision	j								29.2	29.2
Funds to trotting and thoroughbred racing	k			-1,705.3	-5.5					-1,710.8
Commitment pursuant to agreement with the State		-50.0								-50.0
Interest received	l			3.4						3.4
Interest paid	l			-2.1						-2.1
Income tax paid	m		-0.1							-0.1
Lottery tax paid	n	-1,440.6				27.1				-1,413.5
Cash flow from operating activities before changes in working capital		107.4	-0.1	-	-5.5	27.1	-	-	29.2	158.1
Cash flow from changes in working capital										
Increase(-)/ Decrease (+) in receivables	o	-94.9					-44.5	-		-139.4
Increase (+)/ Decrease (-) in liabilities	o	159.8	0.1		5.5	-27.1	44.5	-0.1	-29.2	153.5
Cash flow from operating activities		172.3	-	-	-	-	-	-0.1	0.0	172.2
Investing activities										
Purchase of intangible assets		-102.1								-102.1
Purchase of PPE		-45.6								-45.6
Decrease in long-term receivables				1.2						1.2

Reconciliation of consolidated statement of cash flow at the transition to IFRS	FORMER POLICIES, 31 DEC 2016	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	EFFECTS OF THE TRANSITION TO IFRS	PURSUANT TO IFRS, 31 DEC 2016
Amounts in MSEK	Note	Reclassification of paid income tax (IAS 7)	Reclassification of interest payments + div (IAS 7)	Adjustment of funds to horse racing (IAS 7)	Adjustment Lottery tax (IAS 7)	Gross recognition Transactions (IAS 7)	Investment, exchange difference (IAS 7)	Provision (IAS 37)		
Divestment of securities	p						20.0			20.0
Cash flow from investing activities		-147.7	-	1.2	-	-	20.0	0.0		-126.5
Financing activities										
Amortisation and leasing		-7.1					7.1			-
Repayment of loans							-7.1			-7.1
Increase (-)/Decrease (+) in long-term receivables		1.2		-1.2						-
Cash flow from financing activities		-5.9	-	-1.2	-	-	-	-	-	-7.1
Cash flow for the year		18.7	-	-	-	-	19.9	-	-	38.6
Opening cash and cash equivalents		423.5					125.1			548.6
Current investments		145.1					-145.1			-
Exchange-rate differences in cash and cash equivalents	q						0.1			0.1
Closing cash and cash equivalents		587.3	-	-	-	-	-	-	-	587.3

i. Recognition of cash flow from operating activities (IAS 7)

– According to the former policy, the Group used Profit before tax and agreements as the basis for presenting the consolidated statement of cash flows. The Group's assessment is that better opportunities are provided for assessing the Group's cash flow if Operating profit is used as the basis.

j. Adjustment of non cash items (IAS 7)

– Reclassification of provisions to Cash flow from operating activities before changes in working capital. According to the former policy, this item was recognised in cash flow from changes in working capital. When a provision is a non-cash item, an adjustment is instead to be made of cash flow from operating activities before changes in working capital.

k. Recognition of Funds to trotting and thoroughbred racing (IAS 7)

– Funds to trotting and thoroughbred racing are recognised separately in cash flow from operating activities. The actual payment streams during the year are taken into account.

l. Recognition of interest received/paid (IAS 7)

In accordance with IAS 7, cash flows from interest payments are to be recognised separate from each other.

m. Recognition of paid income tax (IAS 7)

– Income tax paid is recognised separately in cash flow from operating activities.

n. Recognition of lottery tax paid

– The actual payment streams during the year are taken into account.

o. Recognition of intragroup transactions

– The Group formerly recognised receivables and liabilities to Group companies net in the consolidated statement of financial position. In accordance with IAS 1, these receivables and liabilities are now recognised gross in the statement of financial position.

p. Recognition of divestment of securities

In accordance with IAS 7, the Group's cash payment for securities is recognised in cash flow from investing activities. According to the former policy, this item was recognised under current investments in cash flow.

q. 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 checks of cash and cash equivalents at the start of the year in relation to cash and cash equivalents at the end of the year. These effects are to be recognised separate from cash flows from operating activities, investing activities and financing activities.

Other accounting policies according to IFRS correspond to the previously applied accounting policies.

BOARD OF DIRECTORS' SIGNATURES

The Board of Directors and the CEO hereby give their assurance that the Annual Report and the consolidated financial statements 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 the consolidated financial statements were approved by

Solvalla, 26 March 2018

Mats Denninger
CHAIRMAN OF THE BOARD

Hans Ljungkvist
DEPUTY CHAIRMAN

Marjaana Alaviuhkola
BOARD MEMBER

Arendt Cederqvist
BOARD MEMBER

Petra Forsström
BOARD MEMBER

Bo Netz
BOARD MEMBER

Mats Norberg
BOARD MEMBER

Lars Nordström
BOARD MEMBER

Susanna Rystedt
BOARD MEMBER

Karin Strömberg
BOARD MEMBER

Anne Wartin
BOARD MEMBER

Marianne Martinsson
EMPLOYEE REPRESENTATIVE

Hans Skarplöth
MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

Our audit report was submitted on 28 March 2018

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

Opinion

We have audited the annual accounts and the consolidated accounts of AB Trav och Galopp for 2017. The company's annual accounts and consolidated accounts are included on pages 10–69 of 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 2017 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2017 and of its financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not encompass the Corporate Governance Report on pages 17–22. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting adopt the income statements and balance sheets for the Parent Company and the Group.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), and 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 according to these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information than the annual accounts and consolidated accounts

The Board of Directors and the Chief Executive Officer are responsible for this other information. The other information comprises pages 2–9 and 73–92.

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 thereon.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the aforementioned information, and to 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, based on the work we have performed, we 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 Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts according to the Annual Accounts Act and, in respect of the consolidated accounts, in accordance with the IFRSs adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for the internal control they determine necessary to enable the presentation 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 and the Chief Executive Officer are responsible for assessing the company's ability to continue as a going concern. When applicable, they provide disclosures regarding circumstances that could affect the capacity to continue as a going concern and to be able to apply the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, cease operations, or have 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 audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement in 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 opinion. 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 Chief Executive Officer.
- conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also conclude, 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 auditors' report to the related disclosures in the annual accounts and consolidated accounts concerning the material uncertainty 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 the company 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 audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit. We also communicate significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have examined the audited of the Board of Directors and the Chief Executive Officer of AB Trav och Galopp for 2017 and the proposed appropriations of the company's profit or loss.

We recommend that the General Meeting appropriate the profit in accordance with the proposal in the statutory Administration Report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

A special list of loans and collateral has been prepared in accordance with the stipulations of the Companies Act.

Basis for opinion

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 audit opinion.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal concerning the appropriations of the company's profit or loss. The proposal of a dividend 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 organisation, and management 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

organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer is responsible for the ongoing administration according to the Board of Directors' guidelines and instructions, which includes, inter alia, taking all necessary steps to ensure that the company's accounting is performed in the manner prescribed by law and the management of assets is handled in a satisfactory 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 Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which could 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 use professional judgment and adopt a

professional sceptical stance during the entire audit. Examinations of the management and the proposed appropriations of the company's profit or loss are primarily based on the audit of the accounts. Which additional audit procedures are employed are based on our professional judgment based on risks and materiality. This means that we focus our examination on such procedures, areas and circumstances that are material for the operations and where deviations and infringements would have particular significance to the company's situation. We study and review decisions, decision-support information, measures taken and other circumstances that are relevant to our opinion about 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 complies with the Companies Act.

Auditor's report on the Corporate Governance Report

It is the Board of Directors that is responsible for the Corporate Governance Report on pages 17–22 and that it has been prepared in accordance with the Annual Accounts Act.

Our review was conducted in accordance with FAR's auditing standard RevU 16, Auditor's report on the Corporate Governance Statement. This means that our examination of the Corporate Governance Report has a different focus and is substantially less in scope compared with the focus and scope of an audit conducted in accordance with the International Standards on Auditing and the auditing standards generally accepted in Sweden. We believe that this examination provides a sufficient basis for our opinion.

A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6, Section 6 second paragraph Items 2–6 of the Annual Accounts Act and Chapter 7, Section 31 second paragraph of the same act are compatible with the other parts of the annual accounts and the consolidated financial statements and comply with the Annual Accounts Act.

Stockholm, 28 March 2018

Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

ATG is also subject to requirements to prepare a sustainability report, as presented in the Annual Accounts Act. Sustainability information in the annual accounts on the basis of disclosure requirements is presented on the following pages:

Business model	6–7
Risks and risk management	14–16
Governance, follow-up, earnings and performance measures:	
Environment	75, 86
Human rights	75, 83–85
Anti-corruption	75, 83
Personnel	75, 84–85
Responsible betting (Social conditions)	75, 81–82
Animal welfare	75, 80



Auditor's opinion on the statutory sustainability report

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

Engagement and responsibility

It is the Board of Directors that is responsible for the Sustainability Report, as defined on the left, and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the examination

Our examination was conducted in accordance with FAR's auditing standard RevR 12, The auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report 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 sustainability report has been prepared.

Stockholm, 28 March
Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant



Photographer: Jessica Ortiz Bergström

With his helmet in his hand, Peder Fredricson rides the lap of honour after winning the gold medal at the European Equestrian Championships.

SUSTAINABILITY REPORT

The Sustainability Report for ATG and Kanal 75 is presented on the following pages. The Sustainability Report pertains to 2017 and is intended to contribute to increased understanding of ATG's impact on the economy, the environment and society, and to describe the company's working approach and methods used to govern the company's contribution to sustainable development. This is ATG's second Sustainability Report but the first that has been prepared in accordance with the GRI Standards: Core option. A GRI content index is presented on page 87.

SUSTAINABILITY AT ATG

ATG aims to act ethically, sustainably and transparently throughout the value chain and in its relationships with the organisation's stakeholders. It is a prerequisite for ATG's continued credibility that daily governance of the operations encompasses personnel, environmental, human rights and anti-corruption issues and that communication concerning these matters occurs transparently.

ATG is a company that has deeply anchored support among the Swedish population. With this comes great responsibility. ATG's customers must regard the betting experience as safe and secure, and the highest priority has been assigned to sound betting and healthy horse racing.

SUSTAINABILITY – HOW ATG WORKS

In 2016, ATG adopted a new sustainability strategy to guide sustainability work toward a value-adding organisation with responsibilities in the value chain. The sustainability strategy and the content of the Sustainability Report are based on a materiality analysis implemented to identify and prioritise ATG's material sustainability topics on the basis of the operations' impact on people, the economy and the environment, as well as stakeholder requirements and expectations. To become aware of the stakeholders' requirements and expectations, we analysed the dialogues that ATG already has with important stakeholder groups. The materiality analysis also included benchmarking in relation to companies in the same industry. This work resulted in nine high-priority undertakings: Climate responsibility, resource management and a circular economy, promoting responsible horse racing, an active role in society, responsible betting, ethical business relations, focus on leadership and employeeship, financial stability and contributing

ATG's focus areas and sustainability undertakings



to the equine industry, as well as internally sustainable operations. During 2017, this work continued and the strategy was revised by merging the nine undertakings into five focus areas, which include seven undertakings. The aim is to more clearly communicate and gain internal and external support for the strategy. The content of the materiality analysis is largely unchanged; the difference is in how it is presented. Focus areas and undertakings are presented in the illustration below and these guide how ATG takes responsibility for the operations, counteracts risks and lives up to the stakeholders' expectations. For more information on ATG's risk management, see pages 14–16.

CONTROL AND MONITORING OF SUSTAINABILITY

ATG's sustainability strategy provides a path for sustainability work and helps us to focus on the issues that are most significant in the operations and the value chain.

Within the framework of the key issues, the operations are guided by both regulatory requirements and internal policies and guidelines, which are presented in the table on the following page. ATG has also established compliance and follow-up procedures of varying magnitudes for the key issues.

In 2017, ATG joined the UN Global Compact and thus undertook to comply with the 10 principles for responsible enterprise within the areas of human rights, labour conditions, environment and anti-corruption.

Work is under way to formulate a Code of Conduct for ATG's and Kanal 75's own employees, which will provide guidelines and expectations for proprietary operations. The Code of Conduct is expected to be finalised and adopted by the Board during the first half of 2018.

CONTROL AND MONITORING WITHIN SUSTAINABILITY – OVERVIEW

UNDERTAKING	GOVERNANCE	COMPLIANCE AND FOLLOW-UP	ATG'S TARGETS FOR 2017
Long-term profitability and value for the equine industry and society	ATG's Manifesto Sustainability and environmental policy Financial governance: business plans, budget work and score cards. Targets for 2017	Customer Satisfaction Index Financial follow-up Project reporting within the framework of the Dream Fund	Funds to trotting and thoroughbred racing, BSEK 1.7 Four Dream Fund projects working to promote integration and health through sport.
Working for responsible horse racing	Sustainability and environmental policy ATG engages in a close dialogue and follow-up with the Swedish Trotting Association and the Swedish Jockey Club, whose rules and regulations for racing represent much more rigorous demands than the regulations under animal welfare legislation. Animal welfare legislation Targets for 2017	Internal controls at race meetings Random tests at race meetings Doping tests "Camp inspections" – inspections of animal welfare at training facilities and stables.	Follow-up of the number of doping tests according to the Swedish Trotting Association and the Swedish Jockey Club's objective of zero convictions for doping Policy for importing races from abroad
Responsible betting in relation to customers	Betting licence Swedish Betting Authority's regulations SPER's guidelines for responsible betting SPER's marketing guidelines Sustainability and environmental policy Operational instruction Responsible betting strategy Targets for 2017	Responsible betting training for employees, agents, racetrack personnel and business partners Internal responsible betting council Age checks through test purchases Annual GAP analysis in relation to SPER's guidelines Monthly reporting to the Swedish Betting Authority Annual reporting to the Ministry of Finance	90 per cent approved test purchases All employees and agents trained in responsible betting Proportion of calls to the Helpline for players with horse racing as the main form of betting must not exceed 5 per cent.
Ethical business relationships	Sustainability and environmental policy Operational instruction Code of Conduct for suppliers Targets for 2017	Whistle-blowing procedures Self-evaluation among suppliers	All employees and agents must have completed AML training Zero cases of corruption and money laundering Code of Conduct for suppliers formulated and implemented for 20 suppliers Sustainability Report in accordance with the GRI Standards: Core option
Leadership and employeeship in focus	Sustainability and environmental policy ATG's Manifesto Core values Collective agreements Systematic occupational health and safety work Guidelines for work environment (as of 1 Jan 2018) Guidelines for diversity (as of 1 Jan 2018) Guidelines for business travel (as of 1 Jan 2018) Targets for 2017	Management training Introductory course for new employees Annual Employee Involvement Survey Performance evaluation	Employee Involvement Index rising compared with 2016 Equal treatment plan formulated with an implementation plan Management training for all managers implemented
Climate responsibility	Sustainability and environmental policy Guidelines for business travel (as of 1 Jan 2018) Targets for 2017	Annual follow-up of emissions from purchased electricity, heating and business travel by car	Energy analysis implemented and action plan formulated
Resource management and circular economy	Sustainability and environmental policy Targets for 2017	Annual follow-up of the quantity of paper used for betting slips and receipts	Expanded sorting at source Consumption of paper used in advertising materials, betting slips and receipts analysed

IN DIALOGUE AND COLLABORATION WITH STAKEHOLDERS

An important prerequisite for well-focused sustainability work with the right priorities is engaging in continuous dialogue with the company's stakeholders. This is also a crucial factor for living up to the stakeholders' expectations and information requirements. By stakeholders, ATG refers to the groups and individuals that impact or are impacted by the company and its operations. The diagram below shows ATG's stakeholders.



Dialogue and collaboration are important tools for implementing the sustainability strategy. Collaboration with other participants in the betting industry occurs through ATG's membership of the Swedish National Betting Association, SPER. 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 (OSS), which is an association of the regulated companies in the betting industry, the National Association for Betting Addicts, the Swedish Betting 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 betting matters.

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

Dialogue with the various stakeholder groups occurs in various ways and at different frequencies depending on the stakeholder. An outline of the various stakeholder dialogues held during the year and the matters addressed is presented below.



Customers and society

Dialogue with customers occurs through monthly member surveys. The foremost issues pertain to function and accessibility in conjunction with website visits and betting. ATG continuously addresses and rectifies opinions arising from dialogues with customers.



Retailers/Agents

Dialogue with retailers occurs through annual surveys and retail analyses. It has become apparent that supermarket chains want better dialogue, which has resulted in measures such as ATG employing a new Key Account Manager focusing on store chains.



Employees

Dialogue with employees occurs through, for example, annual surveys and performance evaluations. The matters addressed include leadership and wellness, which has resulted in managers undergoing leadership training courses and continued wellness initiatives.



State, authority, politicians

Meetings with the Swedish Betting Authority continuously and at least quarterly. The matters addressed primarily pertain to incident reporting, responsible betting, marketing and the forthcoming reregulation of the betting market. Meetings with politicians are arranged continuously during the year and, during the Almedalen Political Week, ATG arranged a number of seminars on the betting market and the horse racing industry.



Organisations

Board meetings and meetings in work groups are held multiple times per year with SPER. In 2017, these meetings addressed responsible betting, marketing and creating a shared view of how products should be risk assessed in Gamgard. Meetings and participation on panels are arranged with the National Association for Betting Addicts. The chairman of the Association was an ATG guest and gave lectures to the employees.



Board of Directors & owners

Quarterly race track meetings with trotting societies are arranged by the Swedish Trotting Association. During these meetings, the topics addressed included financial results, product development and other information concerning operations on the race tracks.

Commitment to dreams, society and the horse industry

COMMITMENT TO DREAMS, SOCIETY AND THE EQUINE INDUSTRY

Dreams about winning and involvement in horse racing and the equine industry are factors that attract ATG's customers and form the foundation for the business.

THROUGH SOCIETAL COMMITMENT, ATG GIVES BACK TO SOCIETY AND CONTRIBUTES TO A MORE EXCITING SWEDEN

ATG's mission is to make money for trotting and thoroughbred racetracks and the licences awarded to ATG are based on the realisation that the operations fundamentally contribute social value. Against this backdrop, it becomes clear that the challenges of society are also ATG's challenges and continuous work is therefore conducted to increase the positive impact and reduce the negative impact that the operations cause or contribute to. This is what drives ATG to work responsibly to live up to the company's Vision, Mission and Manifesto.

When winnings and taxes are paid and ATG's expenses are covered, all the remaining surplus from the operations is returned to horse racing. The money to horse racing that is generated from betting goes to, for example, prize money and the operation of the trotting and thoroughbred racetracks. Some of it also goes to trainer and breeder premiums and another portion is used for general measures that benefit the Swedish equine industry as a whole. The equine industry employs a large number of people in Sweden, and the surplus thus contributes indirect societal gains such as jobs and a living countryside.

With the aim of continuing to increase turnover, ATG wants to be able to pay more to horse racing and to add value for society at large. Healthy customer relations are needed to achieve long-term growth, and ATG strives to have many customers who gamble for pleasure and feel good about it. Accordingly, it is crucial that the business is conducted in a responsible manner. Customer satisfaction surveys are conducted each month to monitor the development of how the customers perceive ATG.

To contribute to broader societal commitment, ATG cooperates with organisations such as: the Swedish Equestrian Federation, the Swedish Horse Industry Foundation, the Royal Mounted Guards, the Swedish Olympic and Paralympic Committees, Parasport Sweden and the Swedish Hockey League, SHL. During 2017, ATG contributed nearly MSEK 75 to selected societal development commitments.

DREAM FUND

ATG's Dream Fund was inaugurated in 2017 and it now constitutes a platform for all of the company's involvement in charities and sponsorship. Through the Dream Fund, ATG wants to function as a good force that both initiates and funds projects for a better society.

The Dream Fund has three focus areas:

- Horses
- Sport & Health
- Making Dreams Come True



No dream is too big — or even too small. Sometimes small dreams can generate a big pay-out. The Dream Fund enables ATG to fund and initiate projects that promote health and social interaction using sport as the foundation.

In summer 2017, associations and organisations that arrange operations/projects for promoting mental and physical health and countering social exclusion through sport could apply for Dream Fund funds. Of the 120 entrants, four projects reached

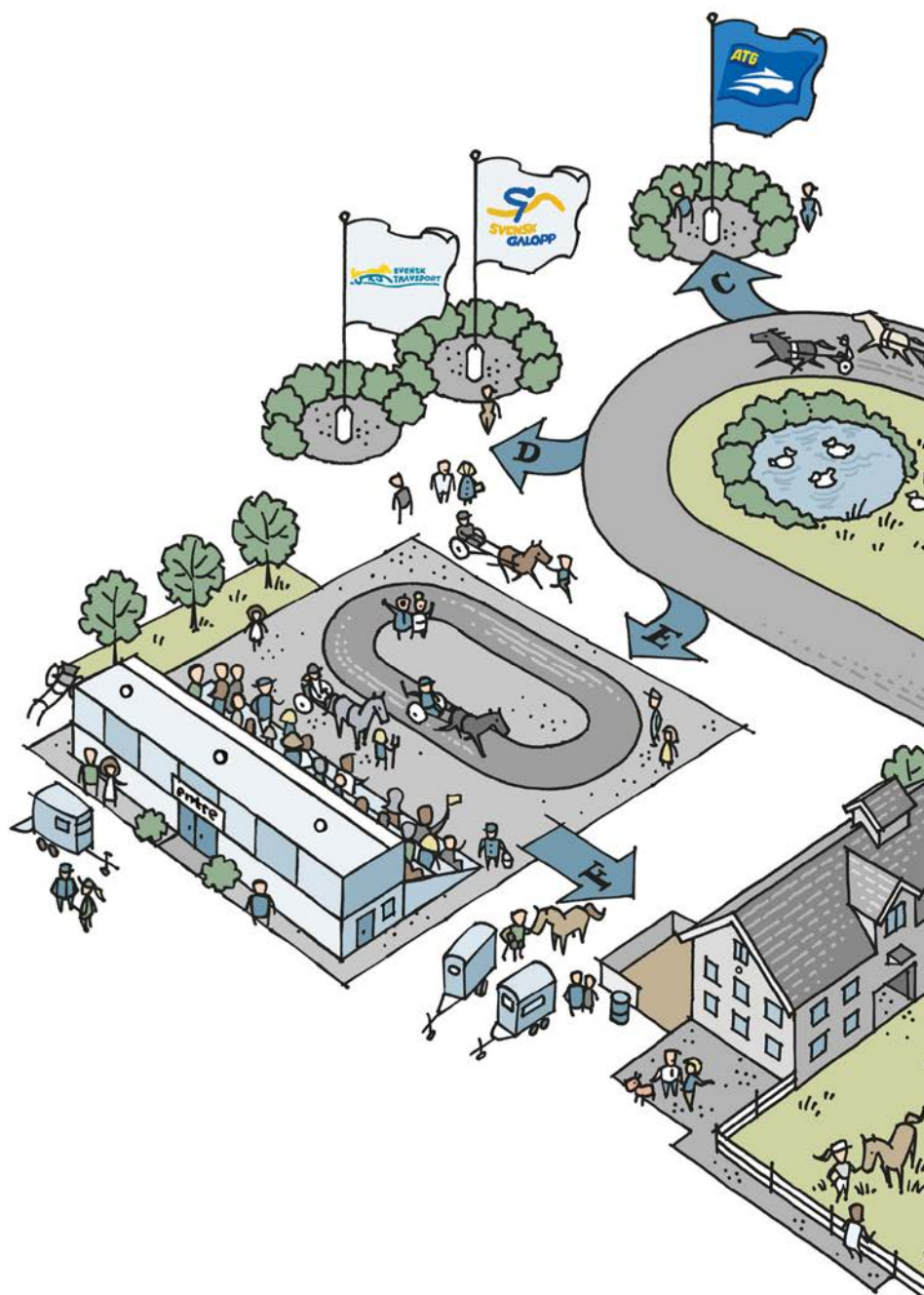


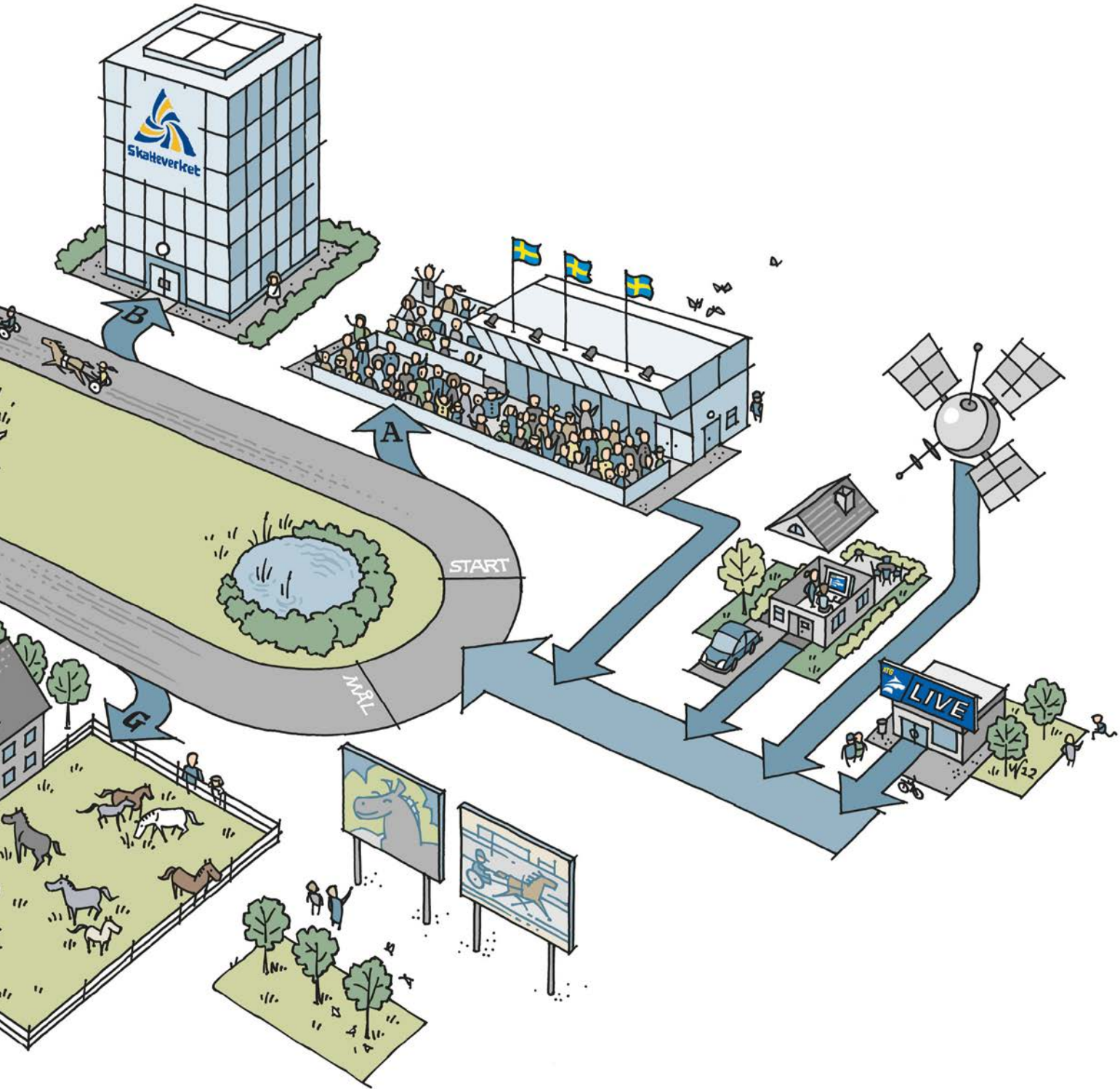
the final. These four projects each received SEK 50,000. Thereafter, the winner was named, and received an additional SEK 100,000 to fulfil its dream project.

FINANCIAL ALLOCATION

In 2017, ATG reported turnover of MSEK 13,651, which was the highest figure ever and up 2.8 per cent from the preceding year. When winnings and taxes had been paid and ATG's operating costs have been covered, the remaining surplus is returned to the equine sector. Horse racing was allocated MSEK 1,758 during 2017.

- A** Most of ATG's turnover reverts to players in the form of winnings. In 2017, MSEK 9,495 was paid out in winnings, corresponding to approximately 70 per cent of the total turnover.
- B** During 2017, ATG paid MSEK 1,466 to the Swedish public exchequer in the form of lottery tax.
- C** The ATG Group's net expenses totalled MSEK 837. This includes ATG's other income of MSEK 623, comprising international commissions and partner income, and ATG's expenses in the amount of MSEK 1,461, which includes personnel expenses and ongoing operating costs in the form of IT, marketing and administration.
- D** In 2017, the national horse racing associations – the Swedish Trotting Association (ST) and the Swedish Jockey Club (SG) – received MSEK 254.
- E** ATG distributed MSEK 1,334 to racetracks nationwide during the year. These funds are designed to cover the expenses involved in arranging race meetings, as well as operating and maintenance expenses for the facilities, plus financial and administrative costs. The tracks also receive revenue from sponsorship deals, admission charges, surpluses from restaurant operations and activities in connection with race meetings.
- F** A large share of the funds allocated to racetracks is passed on to active horse racing participants in the form of prize money. Over the course of 2017, total prize money exceeded MSEK 766.
- G** In addition to prize money paid out at racetracks, those active in horseracing receive an additional MSEK 166 in the form of trainer and breeder bonuses, bonus races and transport grants. In total, those active in horseracing received about MSEK 932. 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).







Photographer: Magnus Öst

Vinnie at a visit to the Royal Mounted Guards where he met the drummer horse Tor.

RESPONSIBLE HORSE RACING

ATG is dependent on society and its customers having a positive image of horse racing. For this to be possible, active work to ensure good animal welfare in horse racing is necessary and factors that stop racing and betting occurring on equal terms must be counteracted. The Swedish Trotting Association and the Swedish Jockey Club, which own ATG, work actively on matters of this type by providing training and conducting doping tests to improve the welfare of horses.

Travrhälsan (Trotting Health)

The Travrhälsan initiative is an animal welfare programme within the Swedish Trotting Association designed to boost knowledge and awareness of horses and when they are fit enough to train and compete. Within the programme, trained inspectors inspect the training facilities and stables of licenced trotting and thoroughbred racing trainers, in what are known as camp inspections. Before a race, those active in trotting conduct self-inspections of horses and equipment according to an established checklist. During race meetings, stable area inspections are performed, which are random inspections to verify that the self-inspections are conducted correctly.

The races

All races are monitored by a large number of qualified judges (stewards) and officials, whose role is to consider the wellbeing of the horse before, during and after racing. Every meeting has track veterinarians, appointed by the Swedish Board of Agriculture, which are the public's independent inspectors for ensuring well-functioning animal welfare.

Animal welfare

Swedish animal welfare legislation is highly advanced compared with many other countries. Moreover, both the Swedish Trotting Association and the Swedish Jockey Club impose more rigorous demands compared with the requirements under animal welfare legislation. However, betting on foreign racing, where legislation is not always as comprehensive as in Sweden, accounts for a certain part of ATG's turnover. ATG's owners closely liaise and cooperate with other European trotting nations, particularly France and the Nordic countries. This enhances potential to impact their rules for how to drive and, in certain cases, equipment is becoming harmonised with the Nordic regulations. ATG is also in the process of formulating a policy for races imported from abroad.



SWEDISH TROTTING



SWEDISH THOROUGHBRED RACING

	Number of doping tests	Positive results, convicted of doping	Number of doping tests	Positive results, convicted of doping	Camp inspections within Swedish trotting	Stable area inspections within Swedish trotting
2016	2,613	2	260	0	900	7,575
2017	3,383	4	221	0	1,062	7,407

Working for animal welfare and combatting doping is one of the foremost duties of trotting and thoroughbred racetracks. Each year, more doping tests are taken by the Swedish Trotting Association than the number taken in all categories of human sport. The reasons why the number of doping tests with a positive outcome increased between 2016 and 2017 were firstly an increased number of tests and secondly that more targeted tests were taken during the year.

Consideration for our customers

CONSIDERATION FOR OUR CUSTOMERS

Betting with ATG should be fun. That betting should be offered in a responsible manner is not only something that should be taken for granted and a regulatory obligation. It is also ATG's total conviction that well-functioning responsible betting is beneficial for its long-term operations. ATG wants to have many customers who gamble for pleasure and feel good about it. For this reason, responsible betting is ATG's most important sustainability issue.

Betting for money is exposed to the risk of developing an unhealthy betting habit. Unhealthy betting is largely preventable and the betting market is currently subject to regulations that protect consumers. ATG conducts systematic responsible betting work to satisfy the requirements placed on the operations and to offer products that consider the health and wellbeing of customers. In addition to regulatory requirements and external guidelines, ATG's work to ensure responsible betting is also governed by the company's Operational instruction and Sustainability policy. ATG is a member of the Swedish National Betting Association, SPER, and complies with SPER's guidelines for both responsible betting and marketing.

During the year, a new responsible betting strategy was formulated, which includes priorities for responsible betting work. One result of the strategy is that a responsible betting council was formed, comprising one representative from each department. The council convenes at least quarterly and addresses current topics in the area.

Training in responsible betting for employees, agents and racetrack personnel

Training in responsible betting is compulsory for all ATG and Kanal 75 employees and is to be provided during the employee's first month of employment. ATG's agents and cashiers at trotting and thoroughbred racetracks receive customised training in responsible betting, which is also compulsory. The courses are available through ATG's online training programme and address such matters as: the risks of betting for money, problem betting, betting on credit, age limits and where to turn for support and help. Training programmes implemented for personnel and for others are followed up continuously with the help of the educational tool used by ATG.

Betting limits and self-assessment tests

That the customers themselves keep an eye on their betting is vital to efforts to make sure that betting does not become problematic. For this reason, ATG offers various types of tools to help customers keep their betting under control.

For customers who gamble online, there is a feature for setting a budget for how much they want to gamble for. With respect to VR products, virtual online betting, a budget has to be set for the time and money to be spent, because VR is a faster type of betting than traditional horse racing.

Being able to take a break from one's betting is important. For online betting, customers can activate a betting barrier of one to twelve months, during which time betting is not permitted. This betting barrier cannot be reversed and requires that the customer actively removes it when the period has expired.

On ATG's website, customers are offered the opportunity to test their betting habits. The test is designed to help the customer understand his/her betting behaviour and feedback, advice and recommendations are provided at the end of the test based on the responses. ATG has chosen to illuminate the self-assessment test by always having a link to the test when the customer mailing is sent every month. In 2017, 1,749 self-assessment tests were conducted, which was higher than 2016 when the number was 1,259.

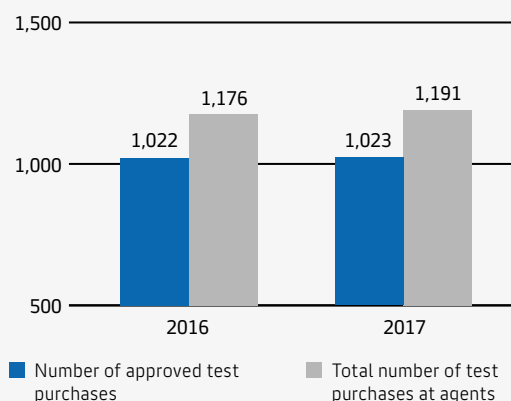
Contact and customer service

Customer service is the principal channel for ATG's customers to come into contact with the company on matters concerning responsible betting. ATG's customer service employees have received training in responsible betting and, in the event of questions regarding betting problems, the customers are given help in, for example, setting budgets or activating a betting break. The customers and their relatives who need help and support are referred to the Helpline. There is also an e-mail address available on atg.se, through which are able to come into direct contact with the ATG department working with responsible betting issues should customers or their relatives need support or have any questions.

Age checks by agents

The age limit for placing bets is 18 and, to have an adequate safety margin, ATG requires that agents and cashiers demand identification cards from customers who look to be under 25. To check the agents' compliance with the age limit, about 100 anonymous age checks are made every month. Non-conformance with the requirements leads to sanctions in the form of a written reprimand repeated non-conformance could lead to suspension or having the contract terminated. During the year, 8 (11) agents were suspended and 0 (0) had their agent contract terminated due to failure to take required age checks.

Age checks



Products and product development

Various betting and gaming products give rise to a different level of risk, with speed and accessibility as the characteristics that have the greatest impact on the level of risk.

Gamgard is a tool that classifies betting products in terms of risk, based on the betting product's characteristics. The tool has been developed by researchers and is used by all members of SPER. All of ATG's products are evaluated in Gamgard as a feature of the product development process. ATG has taken a decision not to offer products classified as high risk.

Marketing

ATG is under the supervision of the Swedish Betting Authority and is subject to the licence stipulations and regulations issued by this authority, which means, for example, that marketing must be particularly moderate and not be perceived as intrusive. As a result of its membership of SPER, ATG has also undertaken to comply with SPER's marketing guidelines, which are stricter than the requirements stipulated by law.

Marketing communication

	2016	2017
Cases whereby ATG has been convicted for marketing communications that did not comply with prevailing marketing law, where the punishment has been a fine or another penalty	0	0
Cases whereby ATG has been convicted for marketing communications that did not comply with prevailing marketing law, where the punishment has been a reprimand	0	0
Cases whereby ATG has been convicted for marketing communications that did not comply with voluntary codes or marketing regulations	0	1

If they have complaints or opinions about ATG's marketing, customers and the public have a number of channels to use, of which ATG's customer service unit is the primary route. There are also a number of external bodies, such as SPER or the Advertising Ombudsman. During the year, there was one (0) case whereby ATG's marketing was adjudged not to be in line with generally acceptable

Demand for product marking

Betting for money is associated with risks of developing an unhealthy betting habit and is encompassed by demands for the marking of products. These can be both legal requirements and self-imposed through membership of SPER.

- Through ATG's licence and the prevailing regulations, there are requirements that advertising materials and betting slips be marked with the number to the Helpline and information on the age limit for betting.
- Information about the age limit, the licensor and other information connected to ATG's responsible betting is available on ATG's website. According to SPER's guidelines, there must be a symbol of the age limit that links to an information page about the risks of under-aged betting.
- At the agents and at race tracks, there must be information about the age limit and the phone number to the Helpline must be available.

marketing principles, according to the Advertising Ombudsman. ATG corrected the reported text with immediate effect.

Data protection

Betting at ATG must feel safe and secure and the customers' personal data is a major responsibility that ATG takes with the utmost seriousness.

ATG has a security management system that is based on the international standard ISO 27000 and encompasses customer confidentiality and the treatment of personal data. The procedures are available to all employees through the company's intranet. ATG had no serious incidents involving customer privacy or loss of customer data during 2017 or 2016.

In early 2017, a project was launched within ATG to analyse the current status in relation to the new Data Protection Regulation, which becomes effective in spring 2018, and to formulate a plan for ensuring compliance with the new legislation. All employees received training in the Data Protection Regulation as early as 2017.


Ethics in business
BUSINESS ETHICS

Business ethics and anti-corruption are prioritised areas for ATG since both are strongly connected to betting operations and are a prerequisite for a long-term sustainable business.

ATG must be receptive to and conduct the operations in a manner that matches the expectations of the business community. ATG is expected to take responsibility for whatever happens within the organisation and strives to conduct responsible work in the value chain so that it is able to manage the impact and the risks in both the supply chain and among the customers.

Preventive work

The operational instruction states the overall level for how the operations are to be conducted and the type of governance and control instruments that are to be in place. The instruction describes responsibilities and procedures connected to the company's operations, such as marketing, product development, responsible betting and purchasing. It also includes regulations stating who is responsible for compliance with the stipulations.

Should an infringement of external or internal regulations be discovered by a co-worker, the operational instruction states what the employee should do to report the infringement, through the company's whistle-blowing procedures.

Anti-corruption

Anti-corruption has been assigned a high priority in efforts to maintain an ethical business. Corruption can lead to distorted competition in the market, impede the company's development, be punishable for individual employees and damage ATG's brand. Having clear guidelines for helping employees to act in the right way are of vital importance. During the year, a risk analysis was conducted that included the risk of corruption in ATG's operations.

The operational instruction describes how employees should conduct themselves to avoid ending up in situations that could entail a risk of conflicts of interest, the giving/taking of gifts and other benefits or participating in betting arranged by ATG.

During the year, no cases of corruption within ATG or at ATG's suppliers were brought to ATG's attention.

ATG complies with the Swedish Anti-Corruption Institute's Code on Gifts, Rewards and other Benefits in Business. Employees who can influence the outcome of betting or in any other manner jeopardise security are not permitted to gamble on betting products arranged by ATG.

Work to counter money laundering

As of 2017, ATG is subject to the Money Laundering Act, legislation designed to counter money laundering and the financing of terrorism. ATG's AML (Anti Money Laundering) managers pursue their task of countering money laundering by focusing on customer awareness, risk analysis, monitoring and investigation, as well as procedures, training and processes.

Employees, agents and racetrack cashiers are all trained in the prevention of money laundering. The next step is to function-adapt the training so that it becomes more relevant for the particular work duties. Such function-adapted training is already offered to the company's management and Board of Directors.

ATG has a system for detecting suspicious transaction patterns. All agents are obligated to report any signs of money laundering that are noticeable in their stores. There are internally documented reporting and follow-up procedures for dealing with suspicious cases.

Sustainability work in the supply chain

Working together with suppliers to take responsibility for the impact on people and the environment that occurs in the supply chain is an area developed by ATG during the year.

In 2017, a Code of Conduct for Suppliers was formulated based on the Global Compact's principles for responsible enterprise. The Code of Conduct states a minimum level for areas such as business ethics and corruption, human rights, labour conditions and the environment, which ATG's suppliers are expected to comply with. Work on communicating the Code of Conduct and what is expected of suppliers was initiated during the year and an evaluation of compliance with the requirements of the Code of Conduct was implemented among 20 suppliers.

ATG has prepared the ground for dialogues and follow-ups of the suppliers' work in respect of the Code of Conduct through system support that facilitates this work.

Our employees make ATG success possible

OUR EMPLOYEES FACILITATE ATG'S SUCCESSES

Dedicated employees are a major contributor to the progress enjoyed by ATG and Kanal 75. ATG is convinced that diversity in the workforce and in skills contributes to a more successful company and stronger performance. As an employer, ATG has a responsibility to offer a healthy work environment and a balance between work and leisure.

Core values and the Manifesto show the way

ATG's Manifesto constitutes a shared direction for the company. ATG's core values Dynamic, Respectful and Ownership are the drivers of the Corporate Culture. Strengthening the core values among the employees is a continuously ongoing process and a recurring theme at ATG's Manifesto meetings.

Good leadership is a key factor in achieving shared core values and a strong corporate culture. A shared foundation for leadership is important and all of ATG's managers have undergone company-specific leadership training. This programme was launched in 2016 and also continued throughout 2017. During the year, workshops focusing on the corporate culture were arranged for all employees.

There is an induction programme to ensure that new employees enjoy a good introduction to ATG. The programme includes information on ATG and the owners, an introduction to the company's various departments and presentations by two trade unions.

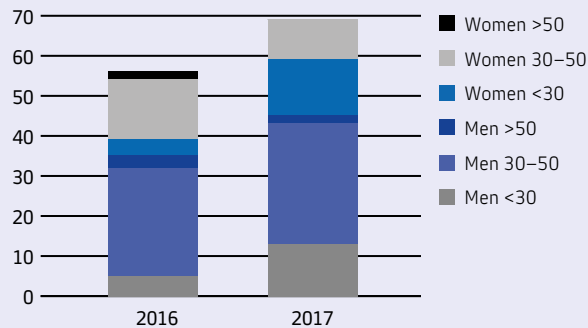
Preventive work to promote employee health

ATG has a distinct wellness profile and employees have access to training premises directly adjacent to the head office. ATG has employed a company trainer and various keep fit classes are held weekly in the company's training premises.

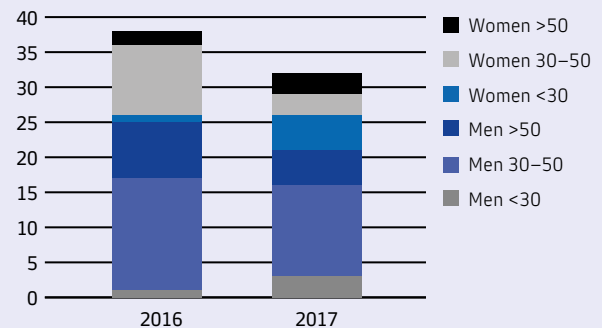
The Equus arts society and the Hästkrafterna sports association collect employees with similar interests to socialise with like-minded people and to do fun things together. These associations are an important component of ATG's personnel programmes. During the year, Equus arranged two art lotteries and a number of activities of a cultural character, such as theatre visits, city walks and art showings.

The CEO is responsible for the work environment and occupational health and safety work is conducted systematically. All managers receive work environment training and the company's occupational health and safety committee regularly arranges safety inspections to identify and prevent risks involving the work environment.

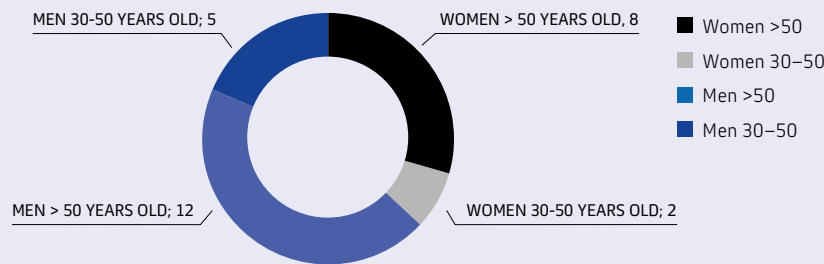
Number of new recruits at ATG and Kanal 75



Number of employees who have left ATG and Kanal 75



Composition of the Board of Directors and executive management – ATG



Composition of ATG's Board of Directors and executive management – 2017
 ATG's Board of Directors and executive management consisted of a total of 27 members (including two Deputy Board Members and Compliance).



The Hästkrafterna sports association.

To obtain knowledge of our employees' wellbeing and job satisfaction, an annual employee satisfaction survey is implemented. The survey comprises five indices — team efficiency, involvement, leadership, psychosocial work environment and attractive employer — and it is also possible to benchmark against other companies (250,000 employees of various companies in the Western World). The score for the Involvement index has risen in line with ATG's objective and the company is now ranked above the benchmark in all indexes.

Diversity and equal treatment at ATG

ATG endeavours to be a workplace characterised by diversity. Working for equality and equal treatment for all employees is an obligation and an important core value at ATG. This effort is given direction by ATG's diversity guidelines.

Work to formulate an equal treatment plan for employees was initiated during the year and will be in place in 2018.

Acclaimed in Universum Awards in 2017

At the 2017 Universum Awards, ATG won an award for its employer branding work in two different categories. Hans Skarplöth was named CEO of the Year and Lotta Nilsson Viitala HR Director of the Year in Employer Branding 2017.

Hans and Lotta attended the awards ceremony and talked about the employer branding work done by ATG — ranging from training programmes to communicating the company's higher purpose.



Hans Skarplöth



Lotta Nilsson Viitala

Photographer: Kristofer Hedlund



Decreased environmental impact

REDUCED CARBON FOOTPRINT

Although ATG’s direct environmental impact is relatively limited, the company wants to gradually reduce the operations’ carbon footprint. The climate issue is currently one of the most serious global challenges and everyone has to contribute to reducing emissions. ATG is no exception and can, as a company, do more to reduce its impact.

A significantly larger part of ATG’s environmental impact occurs indirectly in the value chain and ATG makes considered choices and cooperates with suppliers and agents to reduce its carbon footprint. An important part of this work is convincing agents to make their operating environment more digital and thus to reduce the resources consumed to make the paper required for betting with agents.

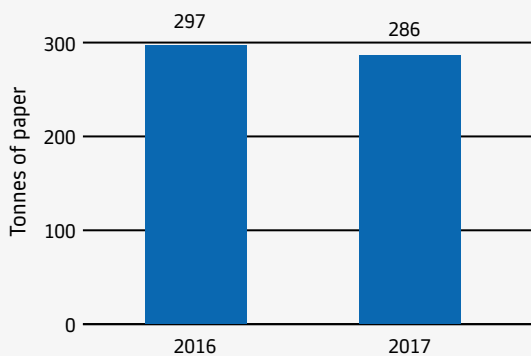
Environmental impact of marketing and betting

Marketing material

Significant amounts of printed matter are produced annually to market betting with betting agents. Over a period of one year, some ten campaigns were implemented in which the material used by the agents was replaced. For ATG, an important feature of this work was to both rationalise the amount of advertising material used and to ensure that the material satisfied rigorous environmental requirements. There are opportunities to reduce the amount of paper by segmenting the agents and by becoming more digital in campaigns, which is an ongoing initiative within the company.

The printing works with which ATG collaborates are Nordic Swan certified or have another systematic environmental process. The paper used in the printed matter of agents is also eco-labelled. During the year, ATG started to discuss how dialogues with print shops on environmental issues could be intensified, not least to monitor how the suppliers’ environmental work complies with the environmental requirements imposed.

Amount of paper used in betting slips and receipts



Betting

When placing bets, a large amount of paper is consumed in the form of betting slips and receipts, which is what ATG wants to reduce. This work takes time because it requires both more advanced technological equipment and also involves customer preferences for how they want to bet on ATG’s products.

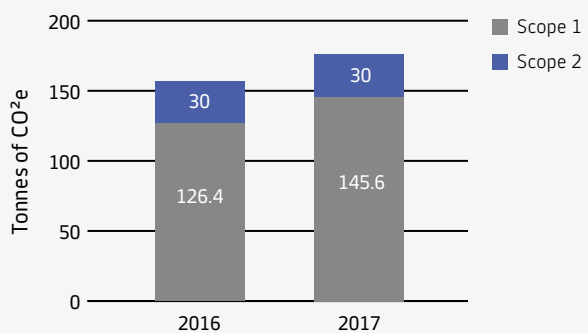
The logistic flow of betting slips and receipts is another factor in which work to reduce the use of packaging and rationalise transportation is under way. This work is being conducted as a natural consequence of the fact that we recently changed supplier.

Environmental impact from offices and in-house travel

Through continuous environmental improvements, ATG wants to reduce the impact of its offices and in-house operations. This is achieved through considered choices when purchasing office supplies and by monitoring emissions from car journeys made at work. The electricity procured by ATG for its offices is renewable and an effort to gradually replace light fittings with more energy-efficient LED lighting has been launched. The office premises are also equipped with a backup generator, which is used in the event of a power outage. The generator is powered by diesel and is only used to a limited extent. ATG leases office premises at Solvalla, where district heating is included in the rent. In 2017, an energy analysis was implemented that encompassed ATG’s offices and the company’s own fleet of cars. The energy analysis identified potential to enhance the efficiency of cooling to the company’s server halls, something that is included in development plans for the future.

In 2017, ATG procured a new supplier to take care of waste from the offices. Following this move, the number of sorted fractions has been increased from two to eleven. There is a separate supplier for scrapped computers and IT equipment, which both makes sure that the stored information is securely erased and that the material is reused or recycled in an eco-friendly manner.

Emissions of greenhouse gases



Scope 1 includes emissions from business journeys and from the production of backup electricity at the office. Scope 2 includes emissions from purchased electricity and heating. Emissions of greenhouse gases from purchases of electricity and heating have been restated in relation to the 2016 annual report to better reflect ATG’s decision to purchase renewable electricity.

GRI INDEX

The Sustainability Report for 2017 is ATG's first such report in accordance with the GRI Standards: Core option, which is one of the reasons for the change in the format and scope of the report. The 2016 Sustainability Report consisted in part of the Annual Report and in part of the company's website. This year's Sustainability Report is concentrated in the Annual Report. Insofar as the performance measures presented in this report were included in the 2016 Annual Report and are comparable, these figures have been used as comparative figures. Due to the elevated application level for 2017, performance measures used for the year are not included in 2016. For these, comparative figures for 2016 have been restated retroactively.

GENERAL STANDARD DISCLOSURES

GRI standards	Indicator	Page reference	Comment/Omission
GRI 102:	Organisational profile		
General disclosures 2016	102-1 Name of the organisation	p. 1	
	102-2 Activities, brands, products, and services	pp. 6-7	
	102-3 Location of headquarters	p. 10	
	102-4 Location of operations	p. 10	
	102-5 Ownership and legal form	p. 17	
	102-6 Markets served	p. 3	
	102-7 Scale of the organisation	p. 7, pp. 10-12, p. 28	
	102-8 Information on employees and other workers	p. 48 GRI index	In addition to employees, ATG commissions consultants and works with business partners in order to successfully conduct the operations. There are no significant seasonal variations regarding the number of employees.
	102-9 Supply chain	p. 7	
	102-10 Significant changes to the organisation and its supply chain	p. 10	
	102-11 Precautionary principle or approach	GRI index	ATG endeavours to comply with the precautionary principle in connection with, for example, product development and marketing.
102-12 External initiatives	p. 74		
102-13 Membership of associations	p. 76		
	Strategy		
	102-14 Statement from senior decision-maker	pp. 4-5	
	Ethics and integrity		
	102-16 Values, principles, standards and norms of behaviour	p. 74, p. 84	
	Corporate governance		
	102-18 Governance structure	pp. 17-22	
	Stakeholder engagement		
	102-40 List of stakeholder groups	p. 76	
	102-41 Collective bargaining agreements	GRI Index	All employees are covered by collective bargaining agreements.
	102-42 Identifying and selecting stakeholders	p. 76	
	102-43 Approach to stakeholder engagement	p. 76	
	102-44 Key topics and concerns raised	p. 76	
	About the reporting		
	102-45 Entities included in the consolidated financial statements	p. 10	
	102-46 Defining report content and topic Boundaries	p. 74	
	102-47 List of material topics	p. 74	
	102-48 Restatements of information	p. 86 p. 87	
	102-49 Changes in reporting	p. 74 p. 87	
	102-50 Reporting period	p. 74	
	102-51 Date of most recent report	GRI Index	31 March 2017
	102-52 Reporting cycle	GRI Index	ATG prepares a sustainability report annually.
	102-53 Contact point for questions regarding the report	GRI Index	The contact person for the Sustainability Report is Maria Guggenberger, Head of CSR. E-mail: maria.guggenberger@atg.se
	102-54 Claims of reporting in accordance with the GRI Standards	p. 74	
	102-55 GRI content index	p. 87	
	102-56 External assurance	GRI Index	The Sustainability Report is externally examined on the basis of GRI Standards.

SIGNIFICANT MATERIAL SUSTAINABILITY TOPICS

GRI standards	Indicator	Page reference	Comment/Omission
WITH COMMITMENT TO DREAMS, SOCIETY AND THE EQUINE INDUSTRY			
Economic performance			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 77	
	103-2 The management approach and its components	p. 75, p.77	
	103-3 Follow-up	p. 75, p.77	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	p. 78-79	
Working for responsible horse racing (company-specific area)			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 80	
	103-2 The management approach and its components	p. 75, p.80	
	103-3 Evaluation of the management approach	p. 75, p. 80	
Own indicator	Company-specific metric: Number of doping tests within the operations of the Swedish Trotting Association and the Swedish Jockey Club	p. 80	
	Company-specific metric: Number of stable area inspections within the Swedish Trotting Association	p. 80	
	Company-specific metric: Number of Camp inspections within the Swedish Trotting Association	p. 80	
CONSIDERATION FOR OUR CUSTOMERS			
Safety and health of customers			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 81	
	103-2 The management approach and its components	p. 75, pp. 81-82	
	103-3 Evaluation of the management approach	p. 75, pp. 81-82	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p. 82	
Own indicator	Company-specific metric: Number of completed self-assessment tests on www.atg.se	p. 81	
Marketing and labelling			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 82	
	103-2 The management approach and its components	p. 75, pp. 81-82	
	103-3 Evaluation of the management approach	p. 75, pp. 81-82	
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling	p. 82	
	417-3 Incidents of non-compliance concerning marketing communications	p. 82	
Own indicator	Company-specific metric: Age checks	p. 81	
Customer privacy			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 82	
	103-2 The management approach and its components	p. 75, p. 82	
	103-3 Evaluation of the management approach	p. 75	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 82	

GRI INDEX (CONT.)

GRI standards	Indicator	Page reference	Comment/Omission
BUSINESS ETHICS			
Anti-corruption			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 83	
	103-2 The management approach and its components	p. 75, p. 83	
	103-3 Evaluation of the management approach	p. 75, p. 83	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	p. 83	
	205-2 Communication and training about anti-corruption policies and procedures	GRI Index	Employees and agents trained in identifying money laundering. It has not been possible to compile figures on the number of employees trained in time for this Sustainability Report. ATG intends to report on this topic in forthcoming reports.
	205-3 Confirmed incidents of corruption and actions taken	p. 83	
Supplier social assessment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 83	
	103-2 The management approach and its components	p. 75, p. 83	
	103-3 Evaluation of the management approach	p. 75, p. 83	
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	p. 83	ATG works on requirements and assessments on the basis of environmental and social criteria according to the Code of Conduct for suppliers. Supplier assessments focused on existing suppliers during the year.
Supplier environmental assessment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 83	
	103-2 The management approach and its components	p. 75, p. 83	
	103-3 Evaluation of the management approach	p. 75, p. 83	
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	p. 83	ATG works on requirements and assessments on the basis of environmental and social criteria according to the Code of Conduct for suppliers. Supplier assessments focused on existing suppliers during the year.
OUR EMPLOYEES FACILITATE ATG'S SUCCESSES			
Employment 2016			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 84	
	103-2 The management approach and its components	p. 75, p. 84	
	103-3 Evaluation of the management approach	p. 75, p. 85	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	p. 84	
Diversity and equal opportunity 2016			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 84	
	103-2 The management approach and its components	p. 75, p. 85	
	103-3 Evaluation of the management approach	p. 75, p. 83	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	pp. 24-27 p. 48 p. 84	The age breakdown of employees is not reported because ATG switched personnel administration system during the year. As a result, it was not possible to reliably calculate the figures. ATG intends to be able to report this as of 2018.

GRI INDEX (CONT.)

GRI standards	Indicator	Page reference	Comment/Omission
REDUCED CARBON FOOTPRINT			
Emissions 2016			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 86	
	103-2 The management approach and its components	p. 75, p. 86	
	103-3 Evaluation of the management approach	p. 75, p. 86	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p. 86	Emissions from transportation have been calculated based on emission factors for petrol and diesel obtained from the Swedish Environmental Protection Agency.
	305-2 Energy indirect (Scope 2) GHG emissions	p. 86	Emissions from purchased electricity have been calculated based on 5 g CO ₂ e/kWh. Emissions from district heating have been calculated as 10 g CO ₂ e/kWh according to information received from the supplier.
Materials 2016			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	p. 86	
	103-2 The management approach and its components	p. 75, p. 86	
	103-3 Evaluation of the management approach	p. 75, p. 86	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p. 86	Pertains to the use of paper for betting slips and receipts. ATG intends to also include data on paper used in marketing material in forthcoming reports.

HIGHEST V75 TURNOVERS THROUGH 2017

RANKING	TURNOVER (SEK)	DATE OF MEETING	TRACK
1	188,077,385	7 Nov 1998	Solvalla
2	175,689,836	26 Dec 1995	Mantorp
3	173,678,591	4 Apr 1998	Åby
4	168,886,302	1 Sep 2001	Jägersro
5	164,455,900	23 Dec 2009	Solvalla
6	161,976,648	24 Sep 2011	Färjestad
7	147,297,642	31 Dec 2016	Mantorp
8	145,384,670	28 May 2011	Solvalla
9	143,060,806	26 May 2012	Solvalla
10	142,547,000	21 Sep 1996	Solänget

HIGHEST V75 WINNINGS THROUGH 2017

RANKING	TURNOVER (SEK)	DATE OF MEETING	TRACK
1	67,312,633	27 Feb 2010	Axevalla
2	56,347,408	14 Jan 2012	Åby
3	47,360,999	7 Jul 2007	Halmstad
4	45,285,093	24 Jun 2007	Kalmar
5	43,058,556	10 Dec 2016	Färjestad
6	34,591,437	23 Dec 2011	Bergsåker
7	33,149,592	17 Aug 1996	Åby
8	32,231,761	29 May 2004	Solvalla
9	28,552,124	25 April 2015	Åby
10	26,180,989	21 Jan 2012	Bergsåker

TOP 30 MILLION-PLUS WINNINGS IN 2017

DATE	BETTING PRODUCT	SALES CHANNEL	STAKE (SEK)	WINNINGS (SEK)	COUNTY / TEAM	AGENT/TRACK/E-CHANNELS
1 Apr 2017	V75	E-channels	96	23,614,168	Stockholm	E-channels
7 Oct 2017	V75	E-channels	1,450	21,090,185	Södermanland	E-channels
7 Oct 2017	V75	E-channels	108	20,892,965	Jämtland	E-channels
31 Dec 2017	V75	Agents	96	17,069,972	Kronoberg	Hemköp Växjö
4 Jun 2017	Grand Slam 75	E-channels	36	15,067,217	Stockholm	E-channels
25 Aug 2017	V75 Boost	E-channels	672	7,994,646	Stockholm	E-channels
3 Jun 2017	V75	E-channels	More than SEK 2,000	6,990,783	Number of teams	E-channels
16 Apr 2017	V75	Agent	2,000	6,193,376	BETTING SHARES	Wallins Tobak
22 Jul 2017	V75	E-channels	More than SEK 2,000	5,406,508	Number of teams	E-channels
25 Jan 2017	V86	Agents	2,000	5,229,000	Västra Götaland	Willys Wieselgrensplatsen
7 Jun 2017	V86	E-channels	2,000	4,516,656	Number of teams	E-channels
29 Apr 2017	V75	E-channels	2,000	4,323,507	Number of teams	E-channels
21 Jan 2017	V75	Agent	2,000	4,209,322	Betting shares	Coop Forum Sisjön
28 Oct 2017	V75	Agent	2,000	3,995,700	Örebro	Glanshammarkiosken Pizzeria
26 Feb 2017	V75	E-channels	2,000	3,889,568	Number of teams	E-channels
8 Apr 2017	V75	Agent	2,000	3,671,619	Örebro	Norra Spelhörnan
26 Apr 2017	V86	Agents	1584	3,646,368	Betting shares	Coop Extra Degerfors
15 Jul 2017	V75	E-channels	2,000	3,606,678	Södermanland	E-channels
15 Jul 2017	V75	E-channels	2,000	3,597,306	Södermanland	E-channels
15 Jul 2017	V75	E-channels	2,000	3,589,638	Number of teams	E-channels
23 Jul 2017	V75	E-channels	2,000	3,589,457	Skåne	E-channels
15 Jul 2017	V75	E-channels	2,000	3,578,837	Gävleborg	E-channels
25 Jan 2017	V86	Agents	More than SEK 2,000	3,544,500	Stockholm	Viking Spel
21 Oct 2017	V75	E-channels	More than SEK 2,000	3,535,560	Uppsala	E-channels
15 Jul 2017	V75	Track	270	3,439,934	Värmland	Årjäng
15 Jul 2017	V75	E-channels	378	3,402,419	Västra Götaland	E-channels
15 Jul 2017	V75	E-channels	450	3,314,911	Skåne	E-channels
4 Oct 2017	V86	E-channels	1,890	3,267,763	Stockholm	E-channels
15 Jul 2017	V75	E-channels	144	3,229,959	Jönköping	E-channels
4 Oct 2017	V86	E-channels	540	3,164,979	Number of teams	E-channels

DEFINITIONS

Performance measures

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

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

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

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

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

Sales growth Sales increase or decrease expressed as a percentage.

EBITDA Operating profit before depreciation, amortization and impairment.

Operating margin Operating profit after depreciation, amortisation and impairment losses as a percentage of net revenue.

Net expenses Operating profit less net revenue.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Operational definitions

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

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

ATG agents The stores that supply ATG's products.

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

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

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

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

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

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

ISO 27000 International standard for information security.

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

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

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

Unredeemed Winnings that are not redeemed.

Agent Retailers of ATG's betting products in stores.

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

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

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

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

DEFINITIONS (CONT.)

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

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

Helpline The Helpline offers anonymous counselling free-of-charge to players and relatives who experience that betting for money has become problematic.

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

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

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

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

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



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