



**THE ENGINE OF THE HORSE
RACING INDUSTRY SINCE 1974**

ANNUAL AND
SUSTAINABILITY
REPORT

2019





THE WORLD'S BEST GAMING EXPERIENCES

OUR VISION expresses our continuous ambition and our objective.





EXCITING, RESPONSIBLE AND SMOOTH GAMING EXPERIENCES

OUR CUSTOMER PROMISE express the position we want to have in the gambling market. The business is built on satisfied customers, long-standing customer relationships and a healthy horse racing industry.

THE ENGINE OF THE HORSE RACING INDUSTRY AND THE GAMING INDUSTRY'S COMPASS

OUR MISSION expresses our higher purpose. We want to contribute to a gaming market that is healthier tomorrow than today. Since the start in 1974, all surpluses have been returned to the horses which contributes to jobs and open landscape.







A blurred background image showing several people in a meeting or office setting. The focus is on the text in the foreground.

PROGRESSIVE RESPECTFUL OWNERSHIP

OUR VALUES guide how we act towards each other on a daily basis. By being progressive, respectful to each other and assuming clear ownership, we will achieve our vision.

ANNUAL REPORT 2019

ATG summarises its first year in the re-regulated gambling market.



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Entertainment with world-class experiences. Here are the brands that attract some 1.3 million customers.



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Record number of million krona-wins for V75® and V86® in 2019. Winner ambassador Hans G. Lindskog shares the highlights.



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Customer well-being is ATG's most important sustainability topic. Consequently, the company works actively to prevent problem gambling.



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Photographers: Magnus Östh, Erik Nylander, Olof Holdar and others.

ATG IN ONE MINUTE

This Annual Report contains more than 130 pages. So, for those of you short on time – here's a condensed version about ATG and our operations in 2019.

1974

founding of ATG, tasked with safeguarding the long-term development of trotting and thoroughbred racing by offering responsible gambling.

RECORD NUMBER

Million-krona wins in 2019: 281 million-krona wins paid out for V75® and V86®.

"IT'S HEARTWARMING!"

Hans G. Lindskog, ATG's winner ambassador, after calling to congratulate a mother of young children who had bet SEK 24 and won SEK 2.2 million.

RECORD-BREAKING YEAR

In 2019, net turnover amounted to MSEK 4,435.

96%

of ATG's employees are familiar with the company's vision and values.

SPORTS BETTING AND CASINO GAMES

launched New Year's Eve 2019. The launch of the new forms of gaming have exceeded expectations.

87%

of ATG's customers rank as "green customers".

7%

improvement in net gambling revenue in 2019.

1.3 MILLION

customers have bet at ATG in 2019.



A SUCCESSFUL YEAR OVERSHADOWED BY A PANDEMIC



"1 January 2019 was a milestone in ATG's 45-year history. For the first time ever, we could offer our customers horse betting AND sports betting AND online casino games". That's how this message from the CEO was supposed to open. But then the Coronavirus pandemic hit.

When this is being written mid-March, we have just decided that those Stockholm-based employees who can, should work from home. What future effects the Coronavirus will have on us all, our society and ATG is presently impossible to oversee. We take things day by day and modify our operations according to instructions from government authorities. When you read this, the situation has in all likelihood changed. Hopefully, in the right direction.

It is incredibly difficult to say much more than that at this time. So, back to the main reason why you are reading this – here are my thoughts about 2019.

A few seconds after midnight, the first sports bet was placed at ATG. A customer bet SEK 145 that Buffalo would beat the New York Islanders in the NHL at the odds of just over two times the wager (unfortunately for the customer, the Islanders won.) Meanwhile, we opened our online casino where our customers could play Roulette and Blackjack with Swedish-speaking croupiers. On New Year's Day morning, thousands of customers in some 2,000 ATG stores nationwide were greeted with the opportunity to bet on the afternoon's Premier League matches.

ENERGY THROUGHOUT ALL OF 2019

Every single employee at ATG had long been a part of the process when we entered into a whole new world.

Of course, there are a number of factors that explain why ATG has enjoyed strong growth in its first year in the commercial licensed market. But the underlying symbolism that we were prepped and ready to meet our customers at the exact moment the new gambling market started was, I believe, incredibly important. The positive feedback from our customers was instantaneous, which fuelled our efforts to deliver exciting, responsible and smooth gaming experiences.

BIGGEST IN THE MARKET

When we now summarise the year, we note that ATG has had a record-breaking year in so many ways. Never before have we recorded such high net income, MSEK 4,435.

We have seen a steady stream of customers wanting to register (an average of 6,000 customers each week). In total, we had just over 1.3 million registered customers.

We were the largest gambling company in the commercial licensed market. We captured market shares throughout 2019, despite a 13 per cent dip in the commercial licensed market. We estimate that ATG held 32 per cent of the market, or more than twice that of our closest competitor.

We advanced from a market share of zero per cent in sports betting and casino games to 7 per cent (sports betting) and 5 per cent (casino games).

FINANCING HORSE RACING

And most importantly of all – ATG's task is to safeguard long-term financial resources for trotting and thoroughbred racing by offering responsible gambling. The financing model is fundamentally changed after re-regulation and now, ATG has costs for the acquisition of data and rights that are a prerequisite for horse betting. Additionally, ATG finances the owners through loans that, whenever possible, are set off against the allocation of profits. The rights, loans and Group contribution amounted to MSEK 2,180 to our owners the Swedish Trotting Association and the Swedish Jockey Club.

Because of the re-regulation, ATG's profit is not comparable with previous years or that of our competitors. Therefore, we have drafted a new earnings measure – ATG's profit before transactions with the owners (refer to page 13) – that allows for a comparison from both perspectives. Some of the major factors that have influenced the outcome between 2018 and 2019 include a declining turnover in horse betting, costs for new betting areas and lower tax on gambling.

GOOD START IN DENMARK

In April, Ecosys became a wholly owned subsidiary and, while the company is still a minor player in the Danish gambling market, the company generated MSEK 89 in net gambling revenue between April and December.

The Danish gambling market will see an increase in gambling tax in 2021 which may have an impact on the company's performance. There are also some misgivings that the tax increase will yield high channelization in Denmark and that several companies will move their operations out of the country. Nonetheless, we are positive that Ecosys will report growth.

BETTING ON HORSES RECOVERED

ATG is, and will remain, a horse betting company. Therefore, it was challenging when betting on horses dropped 7 per cent during the year. We had considerably more V75® jackpots in 2018 but it was primarily responsible gambling measures that accompanied the new gambling act that had the greatest impact on us. The challenges were greatest at the start of the year and, after a tough start, betting on horses has recovered each quarter.

The red figures for horse earnings also impacted our profit; our margins for horse betting are better than for sports betting and casino games.

SEVERAL FACTORS INFLUENCE US

Among other factors that have impacted our profitability was the fact that the gambling tax was higher than calculated. One new development was the inclusion, in addition to net gambling revenue, of the fees linked to Tillsammans® and Harry Boy® in the calculation of gambling tax.

Expenses for regulatory compliance were also higher than budgeted. This was because no one – including the authorities and the politicians – knew the exact requirements and their consequences in terms of regulatory compliance.

And finally – well into 2018, ATG had nursed hopes that the registration requirement would not extend to betting at racetracks. Despite extensive lobbying, this was not the case. On the stroke of midnight on New Year's Eve, it became illegal to use all the old racetrack terminals. Subsequently, ATG has invested heavily in new racetrack terminals and, in our collaboration with the racetracks, moved the customers from betting at the "window" to gaming online. All in all, this means that we did not quite reach the profitability target we set in the autumn of 2018.

As a result, efficiency and increased profitability have been the focus of our work in the year's business plan. For us, it is extremely important to strive for long-term, stable financing of horse racing.

"GREEN CUSTOMERS" – AN INDUSTRY STANDARD?

Responsible gambling has been our foremost sustainability topic for many years. The new gambling act brought with it the requirement of a higher duty of care for our customers. That's good. Good for our customers who we want to bet for pleasure

and to enjoy their betting. And good for ATG, since customers who have control over their gambling will hopefully become long-standing customers of ours.

In addition to the regulatory requirements, ATG has introduced additional responsible gambling measures. Ahead of 2019, we made an active choice not to market our online casino on TV, radio and billboards. That decision makes us unique. Our responsible gambling work is a moving target where we work side by side with some of the world's leading researchers in the field. Daily, we acquire new wisdom and insight into how we can improve our responsible gambling.

In conjunction with our second interim report, we started reporting on "green customers" and "green turnover" (you can read more about this on page 49). It is my hope that we eventually have an industry-wide standard for measuring our responsible gambling work.

OUR SUSTAINABILITY EFFORTS

Our sustainability strategy is integrated in our business plan. In total, we have six focus areas for our sustainability efforts (read more about this on page 43). We work according to the slow-and-steady motto – with the aim of becoming the best within our focus areas. ATG has subscribed to the Global Compact, the UN initiative for sustainable business, which means that we act according to the 10 principles involved.

RISK CLASSIFICATION BECOMES REALITY?

The first year of new regulation in the gambling market has been messy. The advertising quantity and content has been a hotly debated topic, the Swedish Gambling Authority has issued million-kronor fines, standard practices are lacking, channelization has been questioned...the list is endless. A re-regulation with new gambling rules entails a period of transition for both the industry and the authorities.

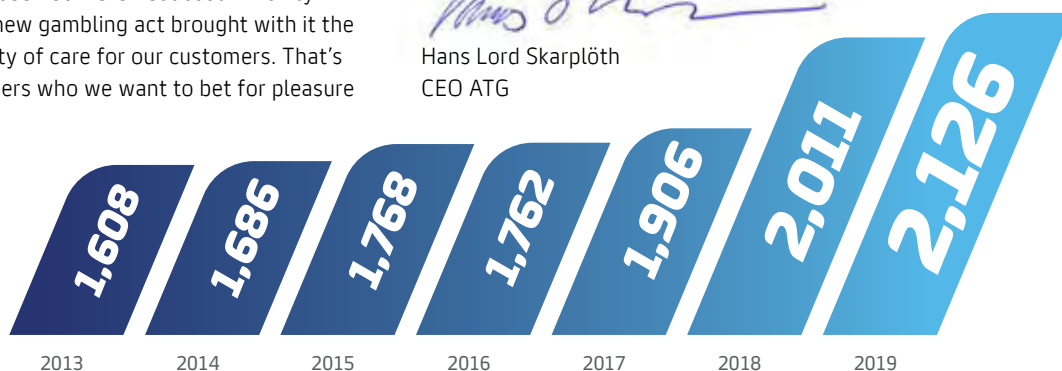
I believe that the new Gambling Act gives us good consumer protection, but there's room for improvement. The State's Gaming Market Commission will be presented in October 2020. Our input to the investigator is that a risk classification of gambling products should be introduced. We have advocated for risk classification for many years and I can see that more and more are embracing our recommendation.

A huge thank you to all of our fantastic employees for their outstanding efforts in 2019. A challenging 2020 awaits in which we, despite the ongoing pandemic, will try to continue our important work of being the horse industry's engine and the gaming industry's compass.



Hans Lord Skarplöth
CEO ATG

ATG'S PROFIT BEFORE
TRANSACTIONS WITH
THE OWNERS, MSEK



A SUCCESSFUL BUSINESS TRIP

Join us on ATG's exciting business trip – from our employees to Sweden's horses and back.

OUR RESOURCES

Strong brands, a long history, talented employees, a scalable IT platform, vanguard technology, an in-house media company and robust financial strength. We continue to grow because of our resources.

The basis for ATG's long-term business is the Swedish horse industry which supplies ATG with quality horse racing. All of Sweden is engaged in horse racing – from 1.3 million customers to the many officials at the horse races. Since 1974, ATG has built several well-known brands. ATG is foremost associated with betting on horses, but the company also offers sports betting and casino games as of 1 January 2019. ATG can be found in some 2,000 stores nationwide and digitally at atg.se and in the mobile app. The media company Kanal 75 produces and broadcasts sports and betting entertainment daily. ATG has invested in a scalable IT platform and an IT environment that creates the world's best gaming experiences. Paired with financial muscles, we have excellent potential to continue to grow in the long term, both healthily and profitably.

The Group has about 400 employees with different skills and experience who contribute to achieving the company's vision of the world's best gaming experiences.

OUR CIRCULAR VALUE CREATION

ATG's business model entails circular value creation since horse racing is both a requisite for our operations and the reason why the company exists: to generate a surplus to horse racing.



OUR OFFERING

Since 1 January 2019, ATG has a broad product portfolio and offers horse betting, sports betting and casino games. The customer promise is to deliver exciting, responsible and smooth gaming experiences.



HORSES

Sweden is today, together with France and the US, a leader in the trotting industry. Trotting and thoroughbred races take place on 35 racetracks from Boden in the north to Malmö in the south. One of ATG's most well-known brands is V75®, Sweden's largest million betting game that attracts horse bettors from all over the world.



SPORTS

ATG offers both fixed odds before the match such as live top-league games within some 70 sports such as football, ice hockey, tennis, bandy and skiing. Naturally, the most popular leagues are covered such as Premier League, Allsvenskan, Champions League and SHL.



CASINO GAMES

ATG offers live casino in an in-house designed, light and modern studio. Roulette and Blackjack gambling with Swedish-speaking croupiers is offered. We even have betting on slot machines and table games from established gaming suppliers.

OUR BUSINESS

Our business is based on our customers' well-being in terms of their gambling and on offering world-class gaming experiences.

From north to south in our some 2,000 stores and at 35 trotting and thoroughbred racetracks. 24/7 online. With our strong brands, we attract more than 1.3 million customers to bet with us.

V75 is our most famous brand with a turnover of more than MSEK 80 every Saturday. V75 also paid out the most million-krona wins in Sweden in 2019 – a total of 185 million-krona wins were paid out during the year.

Our long-term business is based on our customers' well-being in terms of their gaming. An important part of our mission is to serve as the gaming industry's compass.

New for 2019 is that we offer our customers sports betting and online casino games. Moreover, we ventured over the strait to Denmark in the spring and became the owner of the Danish group of gaming companies, Ecosys. You can read more about Ecosys on pages 32–33.



■ ATG's retailers cover north to south

OUR EARNINGS

The Swedish Trotting Association and Swedish Jockey Club are our owners who receive the entire surplus from our operations.



The Swedish Trotting Association (ST) and Swedish Jockey Club (SG) are ATG's owners. After 1 January 2019, the model for funds to the owners is completely new. ATG purchases information and rights that are required for horse betting for almost 5 per cent of the gross turnover. The earnings that ATG generates are distributed back to the owners in the form of dividends or Group contributions. Since the start in 1974, ATG has contributed more than BSEK 40 to horse racing. ST and SG are responsible for the organisations' operations, regulations, racing calendar, and more. MSEK 55 of the profit from ATG is transferred to the Swedish Horse Industry Foundation (HNS) via the owners.



GAMBLING TAX

In conjunction with the re-regulation, gambling tax for licensed companies was introduced. The tax is 18 per cent of net gambling revenue plus all other costs associated with participation in gambling, such as agent fees.



SPONSORSHIP, ATG DREAM FUND & SCHOLARSHIPS

Among the sports that ATG sponsors are major races in trotting and thoroughbred racing, parasport, horse riding and ice hockey league ATG Hockeyettan.

Through ATG Drömfond, associations that promote social interaction and health in sport activities can apply for funds to take the next step in their development.

ATG also hands out a number of scholarships to talents and active participants.

OUR MISSION

An important part of ATG's mission is to be the engine of the horse racing industry – which is also a prerequisite for the business.

OPEN LANDSCAPES

The Swedish horse industry contributes to an open landscape and a vibrant countryside. In an urbanised country such as Sweden, the horse industry's activities provide meetings between cities and the countryside. Open landscapes are also vital for biodiversity.



RACETRACKS FROM NORTH TO SOUTH

There are trotting and thoroughbred racetracks from Boden in the north to Malmö in the south. During the year, some 9,000 Swedish races were arranged at the 35 racetracks.

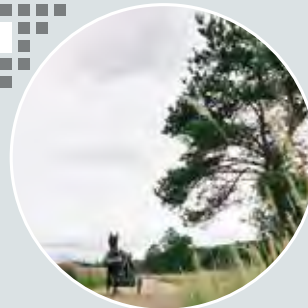
JOBS

The horse industry offers jobs for many, even young people and people who risk being excluded from the labour market. The industry creates approximately 16,900 full-time jobs. Taking the spill-over effects into account, about 38,000 full-time equivalents are created. Source: HNS



FOCUS ON HORSE WELFARE

Sweden is highly advanced in terms of horse welfare. The well-being of the horses must always be in focus. This covers everything from how the horses are handled to Sweden's active efforts to combat doping.



SOCIAL INTERACTION BEYOND DIFFERENCES

Horses foster camaraderie. People gather around the horse on equal terms around an interest that provides meaning and cohesion.



NUMBER OF HORSES

There are about 355,000 horses in Sweden. That is more than the number of dairy cows. Source: HNS



■ Trotting and thoroughbred racetracks

STRATEGIC PRIORITIES

The aim of the Group's strategic priorities is to realise the company's mission to be the engine of the horse racing industry and the gaming industry's compass.

INCREASE NET TURNOVER

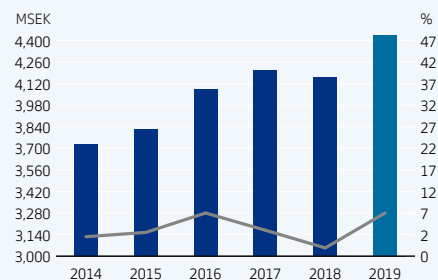
ATG's strategy is to attract existing customers to spend a higher proportion of their gambling wallet on ATG.

In 2019, an ATG customer placed about SEK 32 of every SEK 100 gambled with ATG and the remaining SEK 68 with competitors. About 70 per cent of those who bet on sports games and live casino are also ATG customers. Through good relationships with both existing and new customers, and by offering a world-class gaming experience, ATG has potential to increase its gambling turnover.

Comments on the outcome

ATG's net turnover amounted to MSEK 4,435 during the year, up 7 per cent year-on-year. Horse betting is down 7 per cent while turnover from the new forms of betting, sports betting and casino games, generate growth. Factors that affect the turnover are the responsible gambling measures that have been introduced. Over the past five years, the Group's net gambling revenue has increased by approximately 16 per cent.

Net turnover and growth



PROMOTE THE DEVELOPMENT OF TROTTING AND THOROUGHBRED RACING

The engine of the horse racing industry.

Following the re-regulation of the gambling market, the prerequisites changed for what was previously called funds to trotting and thoroughbred racing. Under the new model, the purchase of data and rights required for horse betting is included in ATG's cost base. Besides that, ATG's surplus goes back to trotting and thoroughbred racing. By offering responsible and fair gambling coupled with good animal husbandry, ATG strives to give back as much as possible to safeguard the long-term development of trotting and thoroughbred racing. In this way, ATG wants to safeguard the long-term development for its owners.

Comments on the outcome

Since the start in 1974, ATG has contributed more than BSEK 42 to horse racing. In 2019, ATG paid MSEK 578 for data and horse betting rights. In addition, ATG lent a total of MSEK 668 to owners and paid MSEK 934 in Group contributions to its Parent Company the Swedish Trotting Association. The loan will be settled through future dividends and/or Group contributions.

GENERATE SUSTAINABLE AND PROFITABLE GROWTH AS WELL AS A POSITIVE EARNINGS TREND

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

ATG has potential for continued profitable growth. The new licensed market has provided opportunities for ATG to establish itself in international markets and to establish new betting products and forms of betting. ATG works continuously to develop and improve responsible gambling measures to create a safe gambling experience. The reason for this is that ATG is convinced that long-standing and healthy customer relationships will generate long-term sustainable growth for the company. Additionally, conducting the operations in an efficient manner is always central.

Comments on the outcome

Due to re-regulation, ATG's income statement has changed. To enable a comparison between historical years and 2019 and with our competitors, the key performance measure Parent Company's profit before transactions with the owners has been added. The year's result has been affected by sales growth, higher expenses for new gambling areas and for horse betting as well as lower gambling tax.

ATG's profit before transactions with owners, Parent Company, MSEK

	2015	2016	2017	2018	2019
TOTAL	1,768	1,762	1,906	2,011	2,126

ACTIVELY PROMOTE EMPLOYEE COMMITMENT AND WELL-BEING

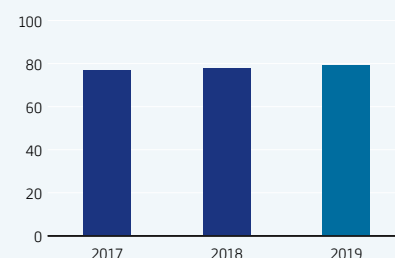
Committed and satisfied employees are a prerequisite for achieving the Group's goals.

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

Comments on the outcome

The 2019 employee survey showed an outcome of 79 (78), which is over the benchmark of 75. The result is evidence that the ongoing initiatives to create participation in shared goals, leadership, wellness, a flexible workplace combined with dialogue and communication have had an effect.

Employee index, %



OFFER EXCITING, RESPONSIBLE AND SMOOTH GAMBLING EXPERIENCES

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

ATG engages in ongoing customer dialogue to constantly improve the gaming experience. ATG works continuously to develop and launch new gambling experiences and to market the offering in a manner that attracts customers. For ATG, it is incredibly important that customers feel good about their gambling and that they want to be customers for a long time. It is therefore important that the company delivers exciting gaming experiences while caring for the customer.

Comments on the outcome

In 2019, ATG introduced a new method for measuring customer satisfaction – net promoter score, NPS – which measures customers' willingness to recommend ATG to a friend. At the close of the year, the outcome was 2. NPS is affected by all parts of ATG's business that has contact with the customer. Efforts are constantly ongoing to improve the NPS.

ENGAGE MORE ACTIVE CUSTOMERS – WHO CONTRIBUTE TO THE HORSE INDUSTRY

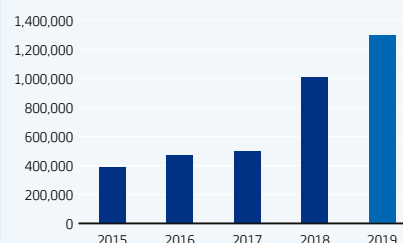
ATG strives to have as many satisfied customers as possible who bet for pleasure.

ATG works constantly to activate its customer base but without compromising care for its customers' well-being. An important part of ATG's mission is to serve as the gambling industry's compass. To create fair and safe gaming experiences, ATG has a well-structured responsible gambling process. We always strive to offer customers the best tools to control their gambling. ATG has elected not to offer high-risk games and customers are able to exclude themselves from unwanted betting products.

Comments on the outcome

In 2019, ATG's active and registered customers increased from approximately 1 million to 1.3 million. This increase is due, in part to the mandatory registration of betting purchases introduced in November 2018.

Number of customers, thousand



BORN: A NEW GAMBLING MARKET



Since 1 January 2019, Sweden has a re-regulated gambling market with a new gambling legislation, a new licence system and a reinforced supervisory authority that oversees all licensed operators.

THE CURRENT REGULATED Swedish gambling market is made up of three segments. One segment covers the market for gambling and commercial online games, one covers the market for lotteries and one covers land-based casinos and slot machines.

ATG is licensed to arrange gambling and commercial online games, and offers customers gambling through horse betting and sports betting as well as online casino.

Re-regulation has opened the betting and commercial online games market to competition. As a result, this segment of the gambling market is the single most exposed to competition. ATG estimates that this market segment has had a net gambling turnover of over BSEK 13.4 during the year, not including fees for participating in this gambling.

MARKET DEVELOPMENTS

The first year in the re-regulated gambling market commanded both expected and some unexpected developments. ATG's assessment is that the market for gambling and commercial online games backtracked 13 per cent in terms of net turnover

in comparison with 2018 following a long period of robust growth. A critical underlying factor is the greater demand for responsible gambling from players, which has entailed, among other measures, mandatory deposit limits and bonus limits.

The market regulations have contributed to more equal competition between Swedish gambling operators than before. Responsible gambling and the gambling tax have affected the company's income and profitability which has, in turn, contributed to a reduced return on advertising and reduction in advertising quantities among market players for betting and commercial online games. According to advertising analyses made by Kantar Sifo, the operators' advertising investments in this part of the market dropped by about 20 per cent in 2019 compared with 2018. The greatest reduction in advertising investments was for online casino games. This indicates a sounder gambling market in future.

Despite the decline, ATG believes that the market for betting and commercial online games is the segment of the market that is best equipped for growth and that it has excellent potential to increase from here and onward.

ATG'S GROWTH

In 2019, net turnover amounted to MSEK 4,435, corresponding to growth of 7 per cent year-on-year.

Of ATG's total sales, horse betting accounted for 87 per cent, sports betting for 6 per cent and online casino for 7 per cent. When the figures for 2019 are tallied, it is evident there is a decline

FACTS

68 LICENCES FOR GAMBLING & COMMERCIAL ONLINE GAMES

43
gambling and online games

21
only online games

4
only betting

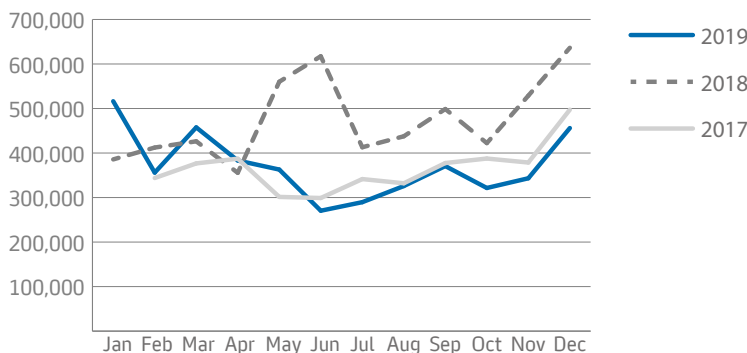
A total of some

219
brands/sites operate under the licensed market

MEDIA INVESTMENTS

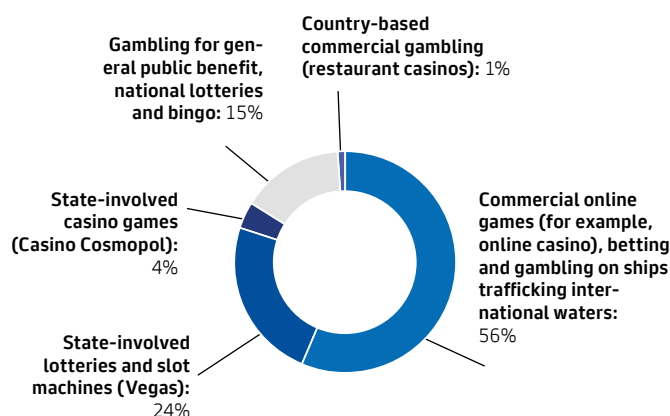
Total market

Gross investments SEK 000



Source: Kantar Sifo's advertising surveys. Refers to gross investments for purchased media, not including digital advertising.

THE REGULATED GAMBLING MARKET



Source: Preliminary figures from the Swedish Gambling Authority

in horse betting while ATG has made a serious imprint in the market within the new betting areas of sports betting and casino games. ATG is the largest company in the market for betting and commercial online games with an estimated market share of 32 per cent.

HORSE BETTING

ATG’s betting on horses was affected by the market downturn but recovered continuously during the year.

V86® was 2019’s brightest star in horse betting, exhibiting substantial year-on-year growth. High dividends and a dynamic TV broadcast with races from two different racetracks continue to attract more customers.

ATG’s single-race bets has long reported a regressing trend. Increased competition is particularly evident here from the sports betting market with fast games and high repayments to the players. During the year, ATG carried out two important changes to single-race bet to meet customers’ greater demands: (1) In April, ATG raised the repayment for Vinnare/Plats® to 85 per cent, which had a clear effect during the year, and

(2) in December, ATG introduced combined pools in order to make single-race bets pools more attractive.

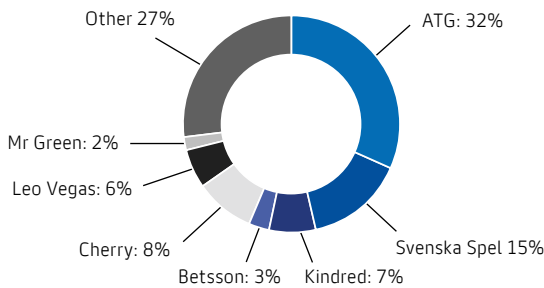
The new licensed market means that also other operators were able to offer betting on horses. In actuality, companies outside the licence system were already doing so, so the real market news is that ATG now faces competition from Svenska Spel which, in 2019, has started to offer betting on horses.

ATG is still the market leader in terms of horse betting. As earlier, ATG’s own innovation is what can drive the market for horse betting forward.

SPORTS BETTING

The market’s largest operator for sports betting is Svenska Spel by virtue of its major pool betting on sports. Next are a number of companies with considerable market shares such as Bet365 and Kindred. In a short time, ATG has become a player to reckon with in the sports betting market, and more and more customers made their way to ATG to bet on sports in 2019. A rough estimate suggests that ATG took 56 per cent of the betting market (including horse betting) in 2019.

SHARE OF THE LICENSED MARKET GAMBLING AND COMMERCIAL ONLINE GAMES



Source: ATG’s estimates based on data from the Swedish Tax Authority, the Swedish Gambling Authority and the company’s financial statements. Full-year 2019. Full-year 2019.



Swedish-speaking croupiers work at ATG’s live Casino.



Sports, trotting and thoroughbred racing broadcasts are produced at Kanal 75's studio in Värtahamnen.

The sports betting market is expected to have good growth potential in future but has been affected in 2020 by a reduced offering due to the coronavirus pandemic.

ONLINE CASINO

The market for online casino is characterised by many operators with a scattering of market shares. ATG's casino offering grew in 2019, after which partnerships with several gaming suppliers were initiated. Customer growth was steady throughout the year. A rough estimate suggests that ATG took 5 per cent of the market for commercial online games during the first year.

Brand surveys show that ATG is still to a relatively low extent associated with sports betting and casino games. This suggests a potential in future for ATG's new betting areas.

THE GLOBAL GAMBLING MARKET

The global gambling market is a vast entertainment industry the world over that has grown sharply in recent years. It is important to note that there is no comprehensive reporting of the global gambling market since regulations and reporting differ between different countries. According to the analysis company GBGC, global gambling had a net turnover of BSEK 4,189 in 2018 which is a 4 per cent upswing year-on-year.

The gambling market is expected to continue to increase with a similar rate of growth until 2022. The Asian gambling market accounts for 31 per cent of total net turnover and is the world's largest region for gambling. Europe accounts for 29 per cent, North America 27 per cent, South and Central America 6.8 per cent, Oceania 5 per cent and Africa 1.2 per cent. In the next few years growth is expected to be greatest in Asia-Pacific and Africa, followed by South America and East Europe.

Lotteries have a large share of the global net profit at approximately BSEK 1,993. The big national lotteries hold a traditionally strong position in many countries with high winnings, large earnings for the State and the brand is usually strong among the population.

Casino games are dominated by physical gambling casinos, 80 per cent of the net profit is estimated to come from traditional casinos, while online casinos account for about 20 per cent. The global gambling market for online casino is growing and estimated to have had a net turnover of BSEK 125 in 2018, with Europe accounting for 63 per cent of the market and the UK as the single largest market according to analysis company H2 Gambling Capital. A few of the macro-trends behind the growth of online casino are globalisation and digitalisation. Mobile betting is estimated

to account for 41 per cent of the turnover in the global market, up from 39 per cent the year before.

Betting is another segment of the global gambling market. Betting includes betting on horses and various sports events such as football, ice hockey and tennis. Betting on political elections, stock markets and other events is also included in this category such as e-sports. E-sports is an umbrella term for organised competitions conducted in a virtual environment. This can include computer games or consoles where the competitors play different types of computer games against each other. Almost 300 million people follow e-sport matches during one year, and now some gambling operators have started offering the option to bet on these virtual matches.

The global sports betting market continues to show robust growth. Digital advances drive growth that is now undergoing major changes in both established and new markets. Sports betting is estimated to account for 30–40 per cent gambling's total net turnover.

A growing segment of sports betting is live betting where the players can opt to place a bet on a match or competition while it is being played. The odds change as the match progresses and the situation changes during the course of the game. Many offers are made to the players who often have a short window to place a bet at the offered odds.

Sports betting has its challenges and one of the greatest challenges for many years has been match fixing, the illegal manipulation of sports betting in order to secure winnings. Match fixing incidents have increased in recent years and Sweden has also had a number of incidents. As of 1 January 2019, there is a specific unlawful gambling offence in the Swedish Criminal Code that can result in fines or up to six years in prison for serious offences.

GROWTH FACTORS

The rise in the global gambling market is attributed to legalisation increases for gambling in many regions, global economic growth, use of social media and changes in consumer habits. However, factors such as forceful regulations among a number of states and altered demographic structures appear to curb the gambling market's growth. Examples of this include the increased demands for regulations from European authorities that encompass marketing and responsible gambling and that violations lead to severe sanctions.

Another clear trend is an increase in competition for customers which, among other things, means an increase in winnings pay-out to players, in turn resulting in a shrinking profit margin for the gambling companies. Consolidation of the gambling market is currently in progress in order to create larger, more competition-resistant companies that can handle declining margins through a large number of customers.

INTERNATIONAL HORSE BETTING

From a historic perspective, betting on horses has been the largest part of betting, but sports betting has increased in scope in recent years. However, horse racing retains its place as an attractive and exciting betting product in many countries, primarily where domestic horse racing has a prominent role in society.

Turnover for betting on horses was BSEK 1,210 in 2018. The amount is based on turnover data from the International Federation of Horseracing Authorities (thoroughbred racing) and Union Européenne du Trot (trotting).

The Asian region, which includes Australia, New Zealand and South Africa, dominates the horse betting market. More than 60 per cent of all betting on horses takes place in this region.

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

With about 10 per cent of the global turnover, trotting is smaller than thoroughbred racing. Trotting includes trotting with sulky (two-wheeled cart), trot monté (saddled trotters) and pacing (a particular gait with a sulky). Trotting is practised in some 30 countries. France, Australia, Sweden and the US are the countries in which trotting is biggest and subsequently earns most through bets on trotting.

Betting on trotting has declined in Europe over the past five years, and most trotting countries report figures in the red for 2019. On the other hand, trotting in the US could report a 3.5 per cent increase in gross turnover in 2019. Australia also reported an increase of just over 3.5 per cent in 2019.

Major international trotting events include Elitloppet in Sweden, Prix d'Amérique in France and Hambletonian Stakes in the US.



The US, Australia, France and Sweden are the countries in which trotting is biggest.

The Nordic market, not including Sweden, had a gross turnover of approximately BSEK 6.5 in 2019 and has, since 2015, lost 12.6 per cent of its turnover. In Sweden, the decline in the horse betting market has been lower than the Nordic market. ATG's Swedish gross turnover in 2019 was basically unchanged compared with 2015. In Norway, mandatory identification has been a contributing factor while trotting betting in Finland has moved from the betting company Fintoto to the State's monopoly Veikkaus which now handles all gambling in the country. Denmark's horse betting has long been lacklustre, and the majority of Danish betting has long taken place on Swedish racetracks.

France is the biggest horse betting nation in Europe in competition with the UK. Turnover for the French horse betting company PMU amounted to approximately BSEK 80 in 2019; about half of the company's turnover comprises trotting betting. Horse betting has experienced a backsliding turnover curve for several years but in 2019 managed to halt the downturn and reported a minor 0.5 per cent dip. This primarily by reducing the number of betting offerings and betting products, and instead concentrating energy on the remaining betting objects.

Horse racing has a long tradition of arranging tote betting which means that all the players' stakes for a particular type of bet, such as a bet to win in race 1 on a race day, is pooled together in one betting pool. Operators make a deduction on the prize money for tax, costs and their profit, and the remaining prize pool is then divided among the win bets.

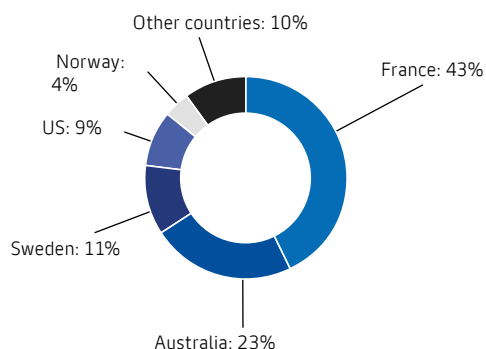
The British tradition of bookmakers who offer fixed odds also exists in many parts of the world.

The business model is based on the player placing a bet directly with the operator. If the player wins, the operator pays out and if the operator wins, the players' entire stake is distributed to the operator.

Internationally, single-race bets is the strongest betting product in horse racing. Most betting companies offer betting on winners, either in totalisator or fixed odds. Single-race bets is also popular (betting that a horse will finish at least third in a race) and betting on the first two or three horses to finish a race. In France, single-race bet accounts for 100 per cent of all horse betting. In Hong Kong and Australia, the figure is about 90 per cent, and about 65 per cent in the UK.

Large-scale pool betting is uncommon in most countries. In this regard, Sweden together with France and the other Scandinavian countries stand out and large-scale pool betting plays a major role for bettors. In Sweden, V75[®] is one example of such pool betting, while France's daily pool betting, Quinté+ (five in a row in a race) plays an important role.

TURNOVER, TROTTING, WORLDWIDE



Source: UET and ATG.



HOW ATG CAPTURED MARKET SHARES

ATG has held strong in the swaying market of 2019 with such strong brands as V75[®], V86[®] and Harry Boy[®], and the establishment of sports betting and casino games.

"We've had a tough first year in the licensed market. It is therefore particularly uplifting that we have succeeded in taking market shares," says Katarina Widman, Chief Commercial Officer at ATG.

IN CONNECTION WITH THE LAUNCH of ATG Sport® and ATG Casino® on 1 January 2019, ATG strived to create expectations among the Swedish people through the “Expect more” concept. The response from customers, both existing and new, has been largely positive. ATG’s market share is estimated at 32 per cent, making the company the largest in the 2019 regulated market.

“As a market leader in the licensed market, ATG has a huge responsibility, particularly in terms of responsible gambling and marketing,” says Katarina Widman, CCO at ATG.

Going into the year, ATG made a strategically important decision not to market online casino on television and radio. In addition to the regulatory requirements concerning marketing of gambling, ATG also follows the industry’s ethical recommendations. According to these, communication must be moderate and not designed so as to be perceived as intrusive. ATG can be seen and heard in the media, but in relation to turnover and compared with our competitors, our advertising quota is low.

A SOUND GAMBLING MARKET

As ATG no longer offers only horse betting but also sports betting and casino games, further demands are placed on the operations, particularly from a duty of care perspective. Casino games present a higher risk of problem gambling. Responsible gambling has been, and will continue to be, the most important sustainability topic.

“ATG’s goal is that our customers should enjoy their gaming. During the year, we have worked diligently to develop our responsible gambling agenda. Among other measures, we have reinforced our customer service with responsible gambling specialists who have been trained to meet and proactively contact customers to prevent unhealthy gambling,” says Katarina Widman.

Two of the company’s key performance measures are “green customers” and “green turnover” about which you can read on page 49. ATG is a member of the Swedish National Gambling Association, SPER,

an industry association that aims to promote a healthy, modern and sustainable gambling market.

HIGHER INCOME AND SCALED UP RESPONSIBLE GAMBLING

ATG’s responsible gambling is committed to customers should enjoy their gambling.

“Betting should be fun. Customers should be able to trust ATG and always feel that they are treated fairly. That’s our guiding principle. It sets the framework for our product development as well as our sales and marketing activities. A preventive responsible betting approach is and has always been important to ATG. We continue to build strong and long-standing brands that focus on the experience and social gambling. This is the obvious path for us moving forward,” says Katarina Widman.

AGENTS ARE STILL IMPORTANT

ATG has some 2,000 agents from north to south. Although there has been a rise in digital gambling, more than half of ATG’s customers opt to only bet at agents.

“Our agents are a strong marketplace and they offer us incredible opportunities to interact with existing customers and establish contact with new ones. The stores are a natural venue for many, particularly in the countryside. They give us a lot of exposure and a presence throughout the country,” says Katarina Widman.

SUSTAINABLE SPORT THROUGH SPONSORSHIP

In connection with the re-regulation of the Swedish gambling market, ATG signed strategic agreements with the Swedish Trotting Association and the Swedish Jockey Club. According to the agreements, ATG pays for horse racing information and the audio and visual rights from trotting and thoroughbred racetracks. These rights enable broadcasts to customers via ATG Live, agents and television broadcasts.

In addition, ATG is investing in working together with a number of different sports.

FACTS

SUCCESS FACTORS 2019

- A broad and attractive product portfolio online and in stores.
- Launch of Livecasino with Swedish-speaking croupiers and excerpts such as Travtimmen.
- Launch of digital betting on sports in stores.
- New forms of betting in the Danish gambling market.
- New app for horse betting.
- Improvements to ATG Live.
- Continued large pools for V75® and V86® and new advertising concept for V75®.
- Sunday initiative with V64® thoroughbred racing and Grand Slam 75® with trotting.
- Combined pools from different single-race bet pools to one shared betting pool.

CHALLENGES IN 2020

- Ensure a first-class experience in all channels for all customers.
- Improve the personal experience and user friendliness.
- Strengthen ATG’s position as a gaming company with the most million-krona wins.
- Increase awareness that ATG offers more than horse betting.
- Increase the range of gaming products.
- Clarify for the customers what distinguishes ATG’s casino®.
- Increase the number of self-assessment tests and share of green turnover.

UPSWING FOR INTERNATIONAL BUSINESS

ATG’s international business involves the export and import of horse races. The international business has grown and now comprises collaborations with 22 partners in 13 countries. V75® is the brand that still attracts the most interest.

ATG continues to apply its strategy of collaborating with existing partners.

“We are proud to be able to spread Swedish trotting and thoroughbred racing globally. Our export contributes to the world’s best gaming experiences by increasing turnover in ATG’s pools. Through import, we offer our customers

more interesting betting objects from all corners of the world,” says Katarina Widman.

Sustainability is a key aspect of international business. Ahead of any contract negotiations, ATG always performs a thorough analysis of the potential partner. The analysis entails reviewing the partner’s policies and their efforts in terms of responsible gambling and anti-money laundering. Animal welfare is a key issue. In cases where ATG imports foreign races, a review of the national animal welfare is carried out.

On the topic of horse welfare, ATG collaborates closely with the owners, the Swedish Trotting Association and the Swedish Jockey Club, who are in continuous dialogues with international organisations to highlight animal welfare issues.

“A great deal remains to be done around the globe in terms of horse welfare, which is why we at ATG feel it is crucial to keep the dialogues alive,” says Katarina Widman.



V75 ATG



FROM V75 TO ATG CASINO

Here are the brands that attract
1.3 million customers



V75 ATG

V75® is the game with most million-krona wins. V75® involves guessing the winners in seven races and the winnings are distributed over seven, six and five right. If no one picks seven, six or five right, the winnings are usually carried over to the next event as a Jackpot®. The highest payout since the start in 1993 is MSEK 67.



V86 ATG

V86® involves guessing which horses will win in eight races and the winnings are distributed over eight, seven or six right. V86® is held every Wednesday. Between October and April, the V86 races are divided between two racetracks and are then called V86 Xpress®.



DD

DAGENS DUBBEL® In Dagens Dubbel® players are to pick the winning horse in two races. These two races are normally the last two races in V75®, V86®, V65®, V64® and Grand Slam75®. The winnings are the Dagens Dubbel® odds times the stake of the winning combination.



TILLSAMMANS

ATG TILLSAMMANS®

Social gaming together with family, friends or colleagues is what makes Tillsammans extra exciting. The convenience of a payment solution for the game with payout of winnings directly to the participants' individual ATG accounts and the social aspect of one platform where players can meet has been a huge hit.



HARRY BOY

HARRY BOY® is a computerised betting system that is partially based on other players' bets.

Harry Boy® is an option for almost all games.



TOP 7

TOP7® In Top 7® the idea is to pick the first seven horses in a race in the right order. Top 7® is

done in the fifth race of V75® and gives a payout from the two first right.



V5

V5® involves picking the winners in five races. To win, the player must have picked all five.


V4

V4® involves picking the winners in four races. In **V4**®, the player must pick the winners in three races. To win, the player must have picked all three.


KOMB

KOMB® The popular single-race bet is exclusive for thoroughbred racing. It involves picking first and second in the right order.


TVILLING

TVILLING® Single-race bet for trotting in which the customer identifies first and second places in a race but, as opposed to **Komb**® the order in which the horses finish makes no difference.


ATG SPORT

ATG SPORT® offers both fixed odds before the match such as live top-league games within some 70 sports such as football, ice hockey, tennis and skiing.


ATG CASINO

ATG CASINO® offers slot machines and Livecasino and table games in an in-house designed studio with Swedish-speaking croupiers.

OUR BRANDS IN DENMARK


25 syv

derby 25

bet 25

CASINO 60

rød 25



A SUCCESSFUL FIRST YEAR MAKES US PROUD

The first year in the re-regulated gambling market shows that ATG's strategic investments in new forms of betting have been a success. While competitors lost net gambling revenue, ATG increased its revenue by about 7 per cent.

Lotta Nilsson Viitala, CFO at ATG, talks about ATG's 2019.

"We're incredibly proud over developments in our net gambling revenues for our new betting areas in 2019. The results are beyond our expectations. The reactions from our customers – both new and already established – have been very favourable. While the new legislation was welcome, a few hurdles still remain. Horse betting, which is so critical for us, saw a downturn in turnover during the year, which is serious. Among other things, it means that we need to reinforce our margins even if, overall, we are very satisfied with developments for the company. It is important to remember that the Swedish gambling market as a whole lost a total of 13 per cent in 2019. So, in that context, the growth we've experienced is very good," says Lotta Nilsson Viitala.

How much has ATG contributed to the horse industry in Sweden?

ATG is "The engine of the horse racing industry" and the purpose of our operations is to return as much as possible of the surplus to the industry. Since the start in 1974, ATG has contributed more than BSEK 42 to the horse industry. After the re-regulation of the gambling market, the model for funds to the owners is completely different. One part involves commercial agreements for the purchase of necessary data and horse betting rights, an expense that totalled MSEK 578 in 2019. Another part involves dividends and/or Group contributions that are decided after the close of the financial year. In 2019, ATG lent a total of MSEK 668 to the owners which will later be set off against dividends or Group contributions, and paid MSEK 934 in Group contributions to its Parent Company the Swedish Trotting Association," says Lotta Nilsson Viitala.

What are the main success factors in 2019?

"First and foremost: That we expanded our product portfolio and that the offering attracts our

customers. Another important aspect is that we initiated our change process ahead of the re-regulation in plenty of time. Ahead of the re-regulation in 2019, we invested record amounts in the IT platform, new betting products and in compliance measures, both voluntary and compulsory. We want to be the gaming industry's compass and that comes with obligations. That we develop the technical tools for the customers so that they can monitor their gambling and that we continuously improve our responsible gambling competence within the entire organisation are also success factors," says Lotta Nilsson Viitala.

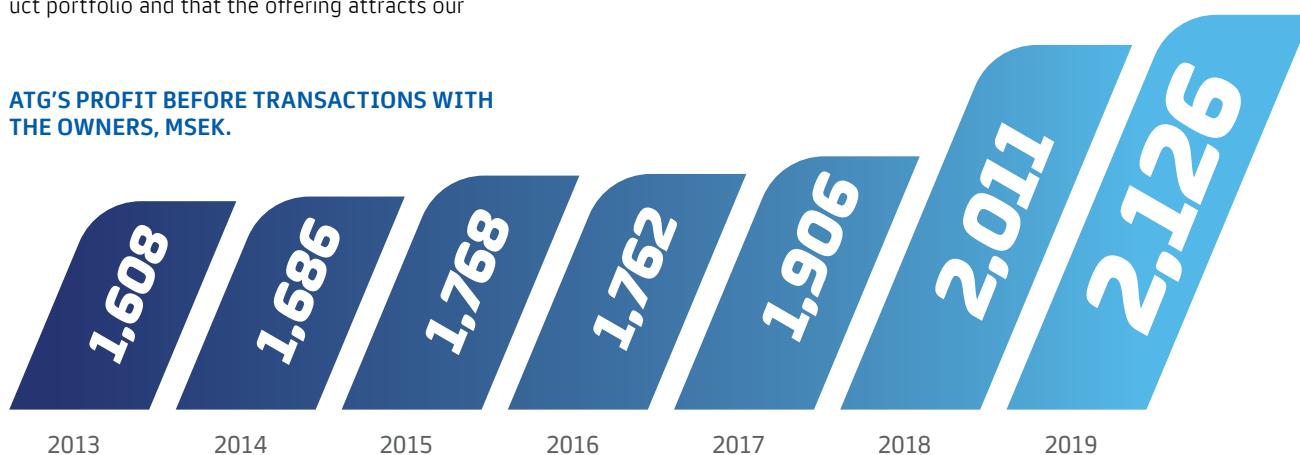
During the first quarter, you acquired the Danish gaming company Ecosys, which is now a subsidiary of ATG. How is it progressing the new acquisition?

"The new regulation gave us unprecedented potential. The forecast for our subsidiary Ecosys – currently in the development phase particularly in terms of horse betting – looks bright in the long term. The company's growth is expected to generate positive long-term results – on the bottom line but also for the horse industry in Denmark and in the Östersund region in general," says Lotta Nilsson Viitala.

What challenges do you foresee for 2020?

"We predict that we will need to continue to expand the offering to increase horse betting. We will boost our profitability so that the future for the country's horse industry remains good and improves. Accomplishing this requires that we continue to invest in new projects. Moreover, we will continue to improve our efficiency and concentrate heavily on cost developments. It's the only way toward higher income and earnings, which generates more money to the horse industry," says Lotta Nilsson Viitala.

ATG'S PROFIT BEFORE TRANSACTIONS WITH THE OWNERS, MSEK.



ATG IS GROWING – EVEN IN DENMARK

An agile operator with experience from sports betting and casino games paired with high growth potential in horse betting. That was the reason behind ATG's acquisition of the Danish gaming company Ecosys A/S.

"Our ambition is to develop Danish horse betting in the same successful way ATG did in the Swedish market for many years," says Mikael Bäcke, Chief Executive Officer at Ecosys since the summer.

IN NOVEMBER 2017, ATG signed an acquisition agreement with the Danish gaming company Ecosys. The condition for the acquisition was re-regulation of the Swedish gambling market in accordance with the gambling inquiry's recommendation. When the re-regulation was a fact in 2019, the acquisition was completed and on 1 April Ecosys was consolidated into the ATG Group.

What's your view on your first period as CEO for Ecosys, Mikael Bäcke?

"We are very proud over the company's development. We are now entering a new growth phase and are "firing on all cylinders". Already, we've seen synergy effects between ATG and Ecosys in the form of the exchange of experience and know-how. Ecosys has experience from sports betting and casino games in a re-regulated market, while ATG's horse betting expertise can be exported to the Danish operations. There is vast growth potential in Denmark for horse betting," says Mikael Bäcke, CEO at Ecosys.

What are the main goals?

"The most important goal is that we continue to develop operations in order to offer our customers a really good gaming experience on horses, sports and casino games. We are building a world-class gaming experience on our sites and apps. At the same time, we interact with new and existing customers in more stores

and are on site at the racetracks for major competitions. In future, we will focus heavily on developing horse betting. We want to build a long-term, strong relationship with the Danish horse bettors and thereby become number one in Denmark in horse betting. Obviously, we also want to develop and help Danish horse betting to grow," says Mikael Bäcke.

How does the horse industry in the Öresund region benefit from initiatives in horse betting?

"ATG's investments in horse betting through Ecosys contributes to a healthy horse industry in Denmark. This in turn benefits Swedish horse racing through the exchange of horses, drivers and jockeys. Ecosys also has a close collaboration with Danish horse racing, particularly with the Danish racetracks, those active in the sport and with the Dansk Hestevæddeløb (the Danish equivalent to the Swedish Trotting Association and the Swedish Jockey Club)," says Mikael Bäcke.

What challenges do you see in the near future?

"The 20 to 28 per cent hike in gambling tax in Denmark is likely to affect the entire industry. There is a risk that the tax increase will contribute to lower channelization. There is also a risk that several companies will move their operations out of Denmark. In a tough competitive market with many operators, it is also a challenge for us to reach out with our offerings, but I feel confident

FACTS

Ecosys was founded in 2014 in Silkeborg.

Number of employees: about 40

Net gambling revenue: MSEK 89 (1 Apr – 31 Dec)

BRANDS:

**Derby25 (horse betting)
Bet25 (sports betting),
Rød25 (online casino) and
Casino GO (mobile casino)**

FACTS DANISH TROTTING:

In Denmark, approximately 2,300 races are run every year. Charlottenlund in Copenhagen is the largest of a total of eight racetracks.

FACTS DANISH THOROUGHBRED RACING:

The capital's racetrack Klampenborg hosts most of the 300-something races that run at Denmark's total of four racetracks every year.



Mikael Bäcke, Chief Executive Officer of the Danish subsidiary Ecosys.

that we will succeed. We have fabulous know-how within the company and the Group”, says Mikael Bäcke.

What does work on responsible gambling in Denmark look like?

“Responsible gambling is a key issue for us since it’s essential to running a long-term sustainable gambling operation. Customers well-being in terms of their betting are customers who come back and who enjoy our various gaming platforms.

At the same time, it is important to note that the Danish legislation is undergoing change with more focus on responsible gambling and there is a considerable difference in legislation between Denmark and Sweden, particularly in terms of certain responsible gambling requirements. Furthermore, we have a completely different position in the Danish market than ATG has in the Swedish market. We are a small operator and therefore do not have the same opportunity to influence the industry,” says Mikael Bäcke.

BONUS FACTS

25Syv has chosen a different advertising concept compared with most other gaming companies in Denmark. Instead of focusing on betting products, 25Syv has together with Wibroe, Duckert & Partners created a fictitious German schlager artist called Franzi25. He is portrayed by the famous Danish actor Peter Frödin who, clad in Tyrolean dress, performs several big hits. The commercials have garnered a great deal of attention when broadcast on television and have been extremely popular on social media. In evidence of their success, the commercials are nominated for Commercial of the Year and Best Entertainment Campaign of the Year at Denmark’s largest advertising gala True Award. “The commercials set us apart from the pack and, at the same time, perfectly matches the message we want to convey that betting with us should be fun,” says Alan Nørgaard, Brand Manager at 25syv.

THE DANISH GAMBLING MARKET

- On 1 January 2012, a licence system was introduced after the question had been quickly investigated in the Danish political system. Before the licence system took effect, the State-owned gaming company Danske Spil had completely dominated the Danish market which, in 2011, noted a net turnover of BSEK 9.17. Seven years later, it is evident that the Danish gambling market has grown to BSEK 13.64 (+49 per cent) compared with the situation at the start of the licence system. Two segments in particular, betting and online casino, have grown forcefully. Betting’s net turnover amounted to BSEK 1.05 in 2011 and, at the end of 2018, the sector has risen to BSEK 3.54. Online casino, on the other hand, was not permitted in 2011 but today accounts for BSEK 3.02 in net turnover. During 2018, a licence procedure was added for betting on horses and online bingo.
- At the close of 2019, 47 companies have a Danish gambling licence.
- The former monopoly Danske Spil has also performed well. Operations include two companies – Danske Spil Lotteri A/S with exclusive rights to Lotto, Vikinglotto and Eurojackpot, and Danske Licens Spil A/S which conducts betting in the highly competitive market. Danske Spil reported new record figures in 2018 when net turnover for the Group reached BSEK 7.44.
- After seven operating years, the supervisory authority Spillemyndigheden feels that the Danish gambling market is stable, but sanctions have been issued for violations of the rules.
- One cause for concern for regulated gambling in Denmark surfaced after the Danish government, just before Christmas 2019, decided to raise the gambling tax from 20 per cent of the operator’s net gambling turnover to 28 per cent as of 1 January 2021. It is likely to mean lower channelization in Denmark and that several companies will move their operations out of the country.

A photograph of two men smiling. The man on the left is younger with dark hair, wearing a dark t-shirt. The man on the right is older with grey hair and glasses, wearing a white shirt. He is holding a large teddy bear. In the background, there is a lottery board with various numbers and logos, including 'DB SCHENKER' and 'RIVPA'. There are also some gold balloons on the right side of the image.

RECORD NUMBER OF MILLION-KRONA WINS FOR V75 AND V86

2019 was a record-breaking year in the number of million-krona wins for ATG's customers: 281 million-krona wins paid during the year.

"The happiness is the same – whether you've won a million-krona win or a few thousand on betting shares and share the prize with others," says ATG's winner ambassador Hans G Lindskog, here together with agent Mattias Ekelund of Torsviks Tobak and Frejs Kvarters-butik in Lidingö.

WINNER AMBASSADOR HANS G RECOUNTS SOME OF THE HIGHLIGHTS FROM THE 2019 WINS:



Designed by Freepik

Record winning of SEK 16.6 million on V86® to Värmland

"A fantastic story! The family's house had burned down and they'd basically lost everything they owned. Months later the family won the record winning of MSEK 16.6, thanks to the wife."

The highest winning on V75® x two during Elitlopp weekend

"The single highest V75® winning came during Elitloppet weekend at Solvalla with a win of MSEK 11. The same day, another two V75® systems won more than MSEK 10. Worth noting from that day is that Harry Boy® constructed two of the winning systems."

V75® with a multijackpot at Bergsåker resulted in million-krona wins across the country

"It was evident after the seventh race that we had 46 new millionaires in the country. Most won a betting share put together by a part-time working student who had listened to ATG Live just before the betting stop. It resulted in a winning of MSEK 6.8 – SEK 200,000 per share. Joy shared, joy doubled!"

Record winning for Grand Slam 75® to Södermanland

"A man living in Södermanland won the guarantee and record winning MSEK 15. Initially, he was less than pleased that the favourite won the last race, but it turned out that it didn't matter since he was the only one who had a chance at seven right. The exact winning amount was SEK 15,303,513."

Tillsammans a hit in both stores and at atg.se

"Most memorable is with a Tillsammans® team won MSEK 13.7. Café Brasco's customers could celebrate in style."

FACTS

NEW RECORD FOR MILLION-KRONA WINS FOR V75®:

183

new millionaires compared with the earlier record of 181.

NEW RECORD FOR MILLION-KRONA WINS FOR V86®:

80

new millionaires compared with the earlier record of 49.

83

In total, 83 of the year's million-krona wins for V75® and V86® were placed at the Tillsammans site, and 22 were betting shares in stores.

THE SECRET BEHIND ATG'S SUCCESSES

ATG has provided quality excitement and entertainment to the Swedish people since 1974.

ATG's manifesto plots the course as we move toward our vision: the world's best gaming experiences. Internally, we continue to work in line with our values: being progressive, having respect for each other and assuming clear ownership.

ATG's MANIFESTO was drafted in 2013 and updated in 2018 ahead of the new gambling market. The purpose of the manifesto is to design a general picture of strategies, goals and directions that is mutual and relevant. The manifesto creates good conditions for managers and employees to drive activities in line with their goals and, in this way, boost both focus and the pace of change.

The manifesto charts the course for the organisation – what the company should achieve, while the core values speak to how this should be done and how we are to conduct ourselves on a daily basis. Thus, combined the manifesto and the core values are critical instruments of governance. In this way, all energy is gathered and directed in the same direction, thereby ensuring that all understand the strategies and how they should contribute to the overriding goals.



"I'VE GOT FANTASTIC COLLEAGUES HERE AT ATG"

A strong employee culture is important to me; because of it I like working here and feel a sense of community. I've got fantastic colleagues who inspire me, and we all work together to drive our projects forward. Creativity is really encouraged. We are curious and we dare to explore new ideas. We want to be in the forefront.

Simon Philipson, Digital Identity



"A BUSINESS THAT GIVES BACK TO SOCIETY"

For me, an attractive employer is one that gives back to society. Being a part of that creates an added value for me and gives a higher purpose. It makes it extra satisfying to go to work every day in the knowledge that that is precisely what ATG does. Something new is always happening at ATG. It's very exciting to be part of this development. I really like working at ATG, not least with my work assignments and colleagues. We also have a good work atmosphere with the option of flexible workhours, to exercise at work and to work in projects.

Karoline Wikström Nilsson, Sustainability Coordinator



"THERE IS ROOM FOR INNOVATIVE AND NEW SOLUTIONS"

I feel very comfortable in my workplace thanks to the work culture and all the friendly colleagues working here. I receive encouragement, support and have the right tools to learn new things and grow. When I started here at ATG I was surprised in a good way, and happy to discover that we in the IT department work with the latest technology and that there is room for innovative and new solutions – and that everyone feels passionately about change and thinking outside the box.

Lakshmi Nekkanti, System Developer



"THAT'S WHAT I CALL INNOVATIVE"

It's so exciting to be part of driving this company into the future, particularly when the company really does listen to suggestions and I'm allowed to present creative solutions – that's what I call innovative. It's important to me that an employer considers the individual and both uses and develops the skills and talent of each individual. I get the feeling that ATG does that.

Dominique Hernandez, Graphic Designer

VISION

The world’s best gaming experiences

That is our constant ambition and our objective. That is what we will achieve by working based on our mission, living according to our values and steering toward our customer promise.

MISSION

We are the engine of the horse racing industry and the gaming industry’s compass

That is our higher purpose. We aim to be a pioneer and a role model, and to contribute to a gambling market that is healthier tomorrow than today.

STRATEGIC CHOICES

Our business is built on customer well-being, long-lasting customer relationships and a healthy horse industry



CUSTOMER PROMISE

Exciting, responsible and smooth gaming experiences

VALUES

Our values guide us how we act towards each other on a daily basis. By being progressive, being respectful to each other and assuming clear ownership, we will achieve our vision

PROGRESSIVE

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

RESPECTFUL

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

OWNERSHIP

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



THE NEW LICENCE MARKET entails a major transition and adjustment for ATG. In parallel with the day-to-day operations and development of horse betting, the IT department prepared for the integration of two completely new forms of betting, Sports and Casino, ahead of the launch at midnight on 1 January 2019.

During the year, the IT department has reinforced security through the newly established Cyber Security division. The department also carried out stability and performance improvements in the product areas and introduced a faster, more reliable database infrastructure. To further increase accessibility, current data centres were modernised and a new external data centre was contracted.

ADAPTING TO CUSTOMER BEHAVIOUR

The work at ATG's IT department largely involves solving complex challenges, such as understanding why a disruption occurs or analysing which customer behaviour should be used when developing new systems and infrastructures. With more than one million active customers, transaction intensity is occasionally enormous. As customers change their behaviour and demands for betting experiences increase, the IT department works to quickly be able to make improvements.

"We constantly learn what the customers want, we are constantly challenged by our competitors and we constantly need to maintain a high level of security and accessibility. Our ambition is to make our solutions convenient, simple and smart from the customer's perspective without sacrificing our responsible gambling," says Per Gutesten.

Work on a new betting system started in 2019 in order to make quick updates. The new system will provide the prerequisites for a higher pace of change at a lower risk than the current system. The transition to the new system will be done gradually during the next few years and the ambition is that the change will be carried out without customers noticing.

The technical challenges in IT require not only employees who have the skills and dedication, but also good teamwork.

"We have a very good collaboration within the department and with the rest of the organisation, which is both efficient and inspiring. There are a lot of exciting projects in progress and we have an IT environment that is, in many areas, ultra-modern and that we are very proud of."

FACTS

ATG BACK'S THE DIGITAL TALENTS OF TOMORROW

As an IT company within the gambling industry, ATG wants to contribute to increasing diversity in the IT sector and give young people the chance to discover and develop an interest in innovation and technology.

With focus on the desire to learn after school hours, ATG supports the non-profit organisation Hello World! that gives tomorrow's digital stars the opportunity to develop in programming and digital creation.

In 2019, ATG handed out five scholarships to summer camps and meet ups.

TRAINEE PROGRAMME ATTRACTS NEW IT TALENT

To attract newly graduated IT talent, ATG has, for the first time, started a trainee programme.

A total of seven new talents are offered a unique opportunity to learn about ATG's operations and IT environment under the support of mentors and managers for an eight-month period.



***“SUSTAINABILITY
IS CRUCIAL TO
OUR FUTURE”***

Sustainability topics at ATG are driven with the objective of making the gambling industry healthier tomorrow than it is today.

“It is critical that sustainability efforts go hand-in-hand with the business plan,” says Head of Sustainability Maria Guggenberger.

ATG IS A CUSTOMER-DRIVEN COMPANY.

When the company asks customers about their expectations concerning ATG and what they consider to be important, a clear image crystalizes: the customers expect ATG to be a fair company, a company that cares about the soft values and that acts accordingly. It was based on this that we defined our customer promise: “exciting, responsible and smooth gaming experiences”.

“The fact that we’ve existed since 1974 is a strength. We have a history of long-standing customer relationships and we bring that perspective into our day-to-day work. We want our customers to gamble for pleasure so that they enjoy their gambling and can remain our customers for a long time. Our customers expect us to assume a great deal of responsibility and our sustainability efforts are essential in driving change,” says Maria Guggenberger, Head of CSR at ATG.

SUSTAINABILITY STRATEGY INTEGRATED IN THE BUSINESS

The sustainability strategy, which contains six focus areas, was updated at the beginning of 2019. The focus areas – including key performance indicators for the sustainability efforts – have been integrated in the business. The most prioritised sustainability topic is responsible gambling which the company now measures through key performance indicators “green customers” and “green turnover”. The key performance indicators steer and guide responsible gambling efforts. The initiative to transparently account for green customers and green turnover has been favourably received by both competitors and other stakeholders, and the industry organisation SPER will now develop industry-wide key performance indicators. Other focus areas for our sustainability agenda

include horse welfare which, for both ATG and many customers, is a top-priority topic. It is important that the horses are healthy and have good conditions both on and off the racetracks.

“We are an important engine in the Swedish horse racing industry, so for us, it is a matter of course that the horses should have a good life both during and after their careers.”

WHAT ARE YOU MOST SATISFIED WITH IN TERMS OF 2019?

“That we have integrated our sustainability strategy in our business plan and that we have brought our ATG spirit into the new forms of betting: sports betting and casino games. That is very important to us. And of course, I am proud over the strong, financial contribution to horse industry in Sweden. We have also continued our efforts to clarify ATG’s affiliation with the UN Sustainable Development Goals. By clarifying ATG’s contribution to the global goals, we want to inspire our colleagues so that they make conscious choices and see the impact they have and their own connection to the global goals.”

WHAT ARE YOU MOST LOOKING FORWARD TO WORKING WITH IN 2020?

“Many things! Working on our long-term focus areas, developing our responsible gambling efforts in our Danish subsidiary Ecosys, increasing the number of self-assessment tests to monitor green turnover and green customers, continuing the work on structures concerning supplier follow up, reducing ATG’s climate footprint – the list goes on and it feels very inspiring,” says Maria Guggenberger.

“Exciting, responsible and smooth gaming experiences”.

FOCUS ON THE SUSTAINABILITY AGENDA

Responsible gambling, horse welfare and creating value for horse racing and society. These are ATG's most important sustainability topics. Our focus continues to be to boost knowledge and engagement in these topics in dialogues with our stakeholders.

ATG HAS THREE GUIDING PRINCIPLES THAT SHOW THE WAY FOR OUR SUSTAINABILITY AGENDA:

- ***It should be easy to make it right***

The impacts, risks and new opportunities arise continuously in our employees' everyday activities. And it is here that the sustainability work is actually done. ATG's CSR section is tasked with supporting the rest of the organisation and making it easy for the employees to do their jobs in a sustainable manner.

- ***Knowledge and commitment***

All employees should feel committed to the sustainability agenda and receive the knowledge they need to make a difference. One target is that every employee should feel like they are the sustainability managers.


- ***Communication and transparency***

Internal and external communication paired with stakeholder dialogues are essential tools in reaching the long-term goals set in ATG's sustainability agenda. By explaining what ATG does that is good and by being transparent about what is less good contributes to the perception that ATG is a fair and credible company.

ATG'S FOCUS AREAS AND SUSTAINABILITY UNDERTAKINGS

ATG addresses six priority focus areas in its sustainability efforts. These efforts stem from the materiality assessment that was carried out in 2019. For more information about the materiality assessment, refer to page 121. Policies and guidelines that stipulate expectations and responsibilities within the organisation and for partners

are also in place, refer to page 124. ATG's sustainability goals, targets and outcomes are described on pages 126–130. The CSR section has the overall responsibility for the sustainability agenda. This includes the identification of sustainability targets, monitoring and reporting. The process also involves supporting the entire organisation's efforts to comply with ATG's strategies for sustainability and responsible gambling. Refer to ATG's prioritised focus areas and sustainability undertakings below.

	Focus area	Undertaking	
VERY MATERIAL	Customer well-being	Responsible gambling is one of ATG's most important sustainability topics because there are risks associated with money betting. Problem gambling can have serious consequences for customers and their families. ATG works actively to prevent problem gambling.	
	Sustainable sports and society	<p>ATG's mission is to be the engine of the horse racing industry and the gaming industry's compass. This will lead to long-term profitability and value for the horse industry as well as society and is ATG's higher purpose. By offering exciting, responsible and smooth gaming experiences, the company creates value for its customers and long-term, stable income for trotting and thoroughbred racing in Sweden. Through the "ATG Drömfond", sponsorship and other commitments, ATG helps to support associations and organisations that are working for a better society.</p> <p>Working for responsible horse racing is a high priority at ATG since betting on horses would not be possible unless the welfare of horses was taken seriously. Horse welfare is driven by ATG's owners who work actively to combat doping. ATG collaborates with its owners in efforts to promote good horse welfare.</p> <p>One of the greatest challenges in the sports betting industry is match fixing. Combatting match fixing is a top priority for ATG. Clear rules and procedures are in place to ensure superior gaming security and integrity of all betting objects within the Group.</p>	   
MATERIAL	Attractive and inclusive workplace	ATG's single greatest asset is its employees. Quality, a long-term approach and the satisfaction and well-being of our employees is ensured through personal development, good leadership, wellness and a positive work climate. Working actively to increase diversity by helping employees to accept one another for their differences and creating a workplace free from bullying and harassment is of paramount importance for both the company and employees.	
	Good business ethics	Being a fair company requires ethical business relationships. Compliance with laws and regulations such as money laundering prevention and personal data protection are topics that require constant attention and a systematic approach.	
	Sustainable supply chain	Some of the significant risks related to environment, labour, human rights and anti-corruption are found in the supply chain and are beyond the company's direct control. ATG collaborates with its suppliers to counter these risks. During the year an updated Purchasing Policy was adopted that contains, among other things, guidelines for risk assessment of suppliers from a sustainability perspective.	   
	Resource-smart and climate-efficient	<p>ATG strives actively to reduce the organisation's environmental impact. ATG's greatest consumption of resources is electricity to server halls and offices, travel and paper for marketing material, betting slips and betting receipts. ATG works to make conscious purchasing choices to reduce its resource needs.</p> <p>Climate change is now one of the greatest global challenges. ATG's own greenhouse gas emissions are relatively low. The company strives to reduce the organisation's direct and indirect emissions.</p>	 



OPEN DIALOGUES WITH STAKEHOLDERS

Through an open dialogue with the company's stakeholders, ATG ensures and validates that material sustainability topics are in line with their expectations. Dialogues take place in various ways depending on the stakeholder group and type of sustainability topic. They are an essential tool in understanding the present situation, challenges and opportunities.

In 2019, ATG conducted an intensified sustainability-oriented stakeholder dialogue through interviews and online surveys. The survey was directed at priority stakeholders: Board members/owners, employees, customers, agents, those active in the sport, racetracks as well as industry and gambling addiction organisations.

Overall results show that the financial contribution to horse racing and the horse industry as well as customer well-being are top priority sustainability topics among the stakeholders.

The intensified stakeholder dialogue was based on 23 sustainability topics that were prioritised and ranked by the stakeholders. These topics were then grouped into six focus areas.

WHAT OUR STAKEHOLDERS HAVE TO SAY

In 2019, ATG conducted sustainability-focused interviews and online surveys with its stakeholders. The various stakeholders prioritised the sustainability topics as follows.

ACTIVE

"Horse welfare is obviously dear to me."

"The collaboration between ATG and horse racing is extremely important to me."

EMPLOYEES

"I like that we have regular information meetings where the head of sustainability talks about what is being done so we all understand how we can contribute."

"We need to make sure that we take as good care of the casino games as we do trotting games."

AGENTS

"ATG takes a much greater responsibility than other gambling operators!"

"Responsible gambling is most important in my opinion. That customers can exclude themselves."

CUSTOMERS

"The well-being of the horses is important."

"It's essential to combat doping and match fixing."



Stakeholder priorities

Board/owners:

- Economic contribution to horse racing and the horse industry in Sweden
- Customer satisfaction/value for the customers

Active within the sport:

- Sports on equal terms (counter doping, match fixing)
- Horse welfare

Employees:

- Problem gambling/customer's well-being/impact on family
- Horse welfare

Industry and gambling addiction organisations

- Problem gambling/customer's well-being/impact on family
- Economic contribution to horse racing and the horse industry in Sweden

Customers:

- ATG's efforts to offer fair betting by countering doping and match fixing
- ATG's handling of personal data and account details
- ATG's efforts for horse welfare

Agents:

- Customer satisfaction/value for the customers
- Economic contribution to horse racing and the horse industry in Sweden

Racetracks:

- Economic contribution to horse racing and the horse industry in Sweden
- Sports on equal terms (counter doping, match fixing)





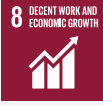




HOW ATG CONTRIBUTES TO THE UN'S SUSTAINABLE DEVELOPMENT GOALS
















ATG's sustainability strategy comprises six focus areas. Each focus area is connected to one or more of the UN Sustainable Development Goals.

In 2019, ATG surveyed how the ATG Group contributes to the UN Sustainable Development Goals. This survey then formed the basis for an analysis of which responsibility and impact ATG has, both positive and negative.

Based on the analysis, ATG has identified eight of the UN's 17 goals as particularly important, that is to say, where the company has the greatest impact. Within the eight goals, ATG works with 16 of the UN's targets where the company has particular potential to contribute actively.



SDG	RELEVANT TARGETS	ATG's UNDERTAKING
 <p>Goal 3: Good Health and well-being</p>	 <p>TARGET 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.</p>	<p>Responsible gambling is one of ATG's most important sustainability topics. Gambling should be for pleasure and enjoyment. By being a role model for the gambling industry, we want to contribute to reducing the number of people with gambling problems in Sweden.</p> <p>Focus area: Customer well-being</p>
 <p>Goal 5: Gender Equality</p>	 <p>TARGET 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life.</p>	<p>ATG wants to be an inclusive workplace and one of Sweden's most attractive employers. Our goal is that the gender distribution among managers should be within the 40–60 per cent interval.</p> <p>Focus area: Attractive and inclusive workplace.</p>
 <p>Goal 8: Decent Work and Economic Growth</p>	 <p>TARGET 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.</p>  <p>TARGET 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p>  <p>TARGET 8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.</p>  <p>TARGET 8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</p>	<p>ATG's goal is to contribute to sustainable horse racing. We generate value for the horse industry and society by, for example, creating job opportunities.</p> <p>Within ATG, gender equality, psychosocial work environment and a work-life balance are important issues that we actively work with.</p> <p>We secure the conditions in the supply chain and ensure that our risk suppliers comply with ATG's Code of Conduct.</p> <p>Focus areas: Sustainable sports and society, sustainable supply chain.</p>

SDG	RELEVANT TARGETS	ATG's UNDERTAKING
 <p>Goal 10: Reduced Inequalities</p>	 <p>TARGET 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p>	<p>Through ATG Dream Fund, sponsorship and other commitments, ATG contributes to a sustainable horse industry and an inclusive society that promotes health and reduces inequality.</p> <p>Focus area: Sustainable sports and society.</p>
 <p>Goal 11: Sustainable Cities and Communities</p>	 <p>TARGET 11.4: Strengthen efforts to protect and safeguard the world's cultural and natural heritage.</p>  <p>TARGET 11.A: Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.</p>	<p>ATG's goal is to contribute to sustainable horse racing and horse industry. Through funds to horse racing we contribute to open landscapes and biodiversity. The horse industry creates jobs and income, and increases the attractiveness of rural areas.</p> <p>Focus area: Sustainable sports and society.</p>
 <p>Goal 12: Responsible Consumption and Production</p>	 <p>TARGET 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.</p>  <p>TARGET 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p>  <p>TARGET 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>Contributing to sustainable consumption and production requires cooperation across ATG's entire value chain. The Group sets requirements and cooperates with suppliers, agents and horse racing. ATG contributes by making informed choices and investments in digitalisation. For example, our goal is to offer paperless gaming by 2030.</p> <p>Focus areas: Sustainable supply chain, resource-smart and climate-efficient.</p>
 <p>Goal 13: Climate Action</p>	 <p>TARGET 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p>	<p>The largest GHG emissions caused by ATG comes from energy use for electricity, heating and travel. ATG's goal is to achieve a fossil free operations by 2030 and to be climate neutral by 2045.</p> <p>Focus areas: Sustainable supply chain, resource-smart and climate-efficient.</p>
 <p>Goal 16: Peace, Justice and Strong Institutions</p>	 <p>TARGET 16.1: Significantly reduce all forms of violence and related death rates everywhere.</p>  <p>TARGET 16.4: By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.</p>  <p>TARGET 16.5: Substantially reduce corruption and bribery in all their forms.</p>	<p>ATG's goal is to contribute to a gambling market that is healthier tomorrow than today. We work actively to counter match fixing, doping and money laundering, within our own organisation, on the racetracks and at agents. Through effective control systems and good awareness of the risks in the value chain, we prevent corruption in our operations.</p> <p>Focus areas: Good business ethics, sustainable supply chain.</p>



FOCUS AREA: CUSTOMER WELL-BEING

CUSTOMER WELL-BEING ATG'S MOST IMPORTANT SUSTAINABILITY TOPIC

Long-term customer relationships are fundamental in ATG's operations. Customers who feel good about their gambling are a prerequisite for our business. Consequently, responsible gambling issues are a priority for ATG and constitute the most important element in our sustainability efforts.

ATG IS AND WILL CONTINUE to be a strong player in the gambling market. The company will continue to develop strong betting products and attractive offerings with a high level of security, good transparency and sound responsible betting. Happy customers who bet for pleasure are paramount for long-term customer relationships. With its 1.3 million customers, ATG has a big responsibility.

Sustainability is a multi-faceted area. For a gambling company, it is primarily a question of responsible gambling. Guiding principles for ATG's responsible gambling are that betting feels safe and secure, and that customers have the option to take control over their gambling and make informed choices.

The principles had to be modified ahead of the regulatory requirements in terms of the duty of care introduced on 1 January 2019. In brief, duty of care means that gambling operators with a gambling licence in Sweden must ensure that the operations take social, mental and physical factors into consideration. The purpose is to protect players from excessive gambling.

MONITOR THE CUSTOMERS' GAMBLING BEHAVIOUR

Before they are launched, ATG tests new gambling products in the international tool Gamgard. The purpose is to ensure that the risk level does not exceed 60 on a scale of 1 to 100.

For online casino, which is classified as a high-risk game in its standard design, ATG offers several voluntary responsible gambling tools. To further reduce the risk of problem gambling, ATG's online casino offers neither a stop button nor an autospin function.

The new legislation requires all gambling operators to monitor the customers' gambling behaviour in order to start responsible gambling measures if needed. ATG uses a player tracking system (PTS), a tool that both identifies risky gambling and communicates with customers who show signs of an elevated risk of developing problem gambling. Furthermore, in 2019 ATG introduced proactive conversations in which players demonstrating elevated risk behaviour are contacted by responsible gambling-trained employees from ATG's customer service to talk about their gambling behaviour.

DEBATABLE MARKETING

Ahead of the re-regulation many gambling operators increased their marketing. More consumers have become sceptical towards gambling in general and gambling advertising in particular. The minister in charge, Ardalan Shekarabi, openly criticised gambling operators and demanded drastic action be taken by the companies.

Ahead of 2019, ATG decided not to market online casino games on the television, radio and outdoor billboards, and to communicate solely with existing customers who had shown an interest in the form of betting. No marketing is directed at those customers who show an elevated risk in their gambling behaviour.

COLLABORATION CRUCIAL FOR THE INDUSTRY

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

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

KEY PERFORMANCE MEASURES RESPONSIBLE GAMBLING

ATG improves and continuously develops its responsible gambling efforts. One key step in these efforts is that ATG measures and sets targets for green customers and green turnover.

87%
green customers

Calculation: Share of customers identified as green (i.e. low risk of developing problem gambling) according to analysis in ATG's PTS of those who have placed a bet this year and completed a self-assessment test.

70%
green turnover

Calculation: Share of ATG's net gambling revenue that comes from customers who have completed a self-assessment test and been identified as green (i.e. low risk of developing problem gambling) according to analysis in ATG's PTS.



All employees at ATG Customer Service have been trained in motivational interviewing.

“Conversations with customers are an important part of the duty of care”

A long-term relationship with our customers is essential for ATG. The starting point is that a customer who feel good about their gambling will become a long-standing customer.

CONTACTING CUSTOMERS who demonstrate risky or problematic gambling habits is an important part of the duty of care in the regulated Swedish gambling market. To prevent gambling problems, ATG monitors the customers’ gambling behaviour based on pre-selected parameters that signal indications of a possible problem gambling. In such cases, ATG contacts the customers via email, text messages or a phone call. The conversations are carried out by trained responsible gaming specialists at ATG’s Customer Service. ATG’s reason for making contact is to motivate the customer to make informed choices and to use the responsible gambling measures such as setting limits for their betting or suspending themselves from betting.

“These calls are often much appreciated. Many customers thank us for reaching out and showing

that we care,” says one of ATG’s responsible gambling specialists who has various types of contact with customers during the year. ATG’s responsible gambling specialists are trained in responsible gambling and the motivational interviewing method. Additionally, the responsible gambling specialists receive regular support from coaches to further develop their interview techniques. Motivational interviewing is an established method used to enhance the customer’s motivation to change. Research has shown that contacting players by phone in particular plays a crucial role in motivating a reduction in problem gambling. The self-assessment test is a key component in identifying risks for developing problem gambling. The challenge is to get as many customers as possible to complete the self-assessment test



since the measurements are based on material from the tests. In 2019, totally 46,469 customers completed the self-assessment test. To increase the number of self-assessment tests ATG will run even more campaigns in 2020 to encourage even more customers to complete the tests. An important forum for responsible gambling issues is the internal Responsible Gambling Council, which meets regularly to address and decide on business matters to ensure consumer protection: everything from business development to marketing.

All employees, consultants, agents and partners receive regular responsible gambling training. The aim of the training is to improve awareness in communication, product development and customer offerings in order to prevent problem gambling. Responsible gambling courses are mandatory, and implementation is followed up regularly. All agents receive training in responsible gambling, anti-money

laundering and anti-corruption. This is a requirement for being able to log into the terminal and sell ATG's betting products.

On 31 December 2019, 98 per cent of the employees at ATG and Kanal 75 had completed the basic training in responsible gambling. The training addresses such matters as the risks of gambling for money, problem gambling, gambling on credit, age limits and provides information about where to turn for support and help.

In the autumn of 2019, new training on concerning anti-money laundering and financing of terrorism were launched for all the Group's employees and consultants. The trainings are mandatory. These courses replace a previous AML trainings (anti-money laundering) and have been launched in a new format: a six-episode series of interactive nano-trainings.

98%

of the employees had completed the basic responsible gambling course by the end of the year.

100%

of the agents completed responsible gambling training which is mandatory in order to log into the ATG terminals.



Sweden's first wheelchair user in carriage driving Matilda Persson received SEK 100,000 from the Drömfond to adapt her everyday situation as a groomer to her circumstances at her workplace in the stables.

FOCUS AREA: SUSTAINABLE SPORTS AND SOCIETY

HOW ATG CONTRIBUTES TO A SUSTAINABLE SPORT AND SOCIETY

Sustainability is a topic that engages customers and employees, partners and owners. Through financial support to the sport, continuously working to counter match fixing, doping and corruption, and initiatives aimed at a more inclusive society, ATG contributes to sustainable development and a vibrant countryside.

ATG's SUSTAINABILITY AGENDA involves assuming social, economic and environmental responsibility. Through horse racing operations and more than 2,000 agents from north to south, ATG contributes to a vibrant countryside and a great many jobs. From the start in 1974, ATG has sponsored and been engaged in a number of different sports. Primarily sports involving horses, but the company has also supported promising athletes with their sights set on championships, para athletes, the biathlon association and now 2019, the large-scale contract with Hockeyttan's 46 clubs.

THE CHALLENGE OF MATCH FIXING

One of the greatest challenges in the sports betting industry is match fixing, the illegal manipulation of sports betting in order to secure winnings. Combatting match fixing is a top priority for ATG. Clear rules and procedures are in place to ensure superior betting security and the integrity of all betting objects within the Group. ATG is a member of the International Betting Integrity Association (IBIA), an international organisation that works to combat match fixing and corruption. It receives reports of suspected match fixing and shares the reports with the organisation's members and the authorities. In 2019, some 183 suspected cases were reported in which tennis (101 cases) and football (49 cases) accounted for 82 per cent of all instances. 48 per cent of the cases were reported in Europe. Sweden has also had a number of incidents. As of 1 January 2019, the Criminal Code contains a specific unlawful gambling offence that criminalises match fixing and cheating. The prevention of match fixing is critical in realising a gambling market without manipulated gambling results. ATG has elected to eliminate matches

that are at a greater risk of match fixing, such as betting on individual yellow cards, division 2 and 3 football matches and IFT tennis. ATG has already decided not to offer head-to-head betting. ATG investigates abnormal betting, for example, based on statistical material or a sports deviation. In the case of irregular betting patterns, it is also possible to halt betting on the relevant betting object, investigate, report and repay bets to the players. Tips about irregular behaviour that led to investigations were received from the Swedish Gambling Authority, sports associations and the public. As far as ATG is aware, there has been no confirmed unlawful gambling offence decided in court in which ATG has arranged betting. The Security & Quality department is in charge of supervising the sport. There are restrictions on ATG-arranged betting for selected functions and roles within ATG.

HORSE RACING ON FAIR TERMS

For ATG, it is critical that society and its customers have a positive image of ATG and horse racing. Working for responsible horse racing is a top priority. ATG therefore collaborates with its owners, the Swedish Trotting Association and the Swedish Jockey Club, in efforts to promote good horse welfare. Our owners work actively to prevent doping and strengthen animal welfare.

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

Before a race, those active in trotting carry out self-inspections of horses and equipment using an established checklist. During race meetings, stable area inspections are also carried out, which are random inspections to verify that the self-inspections are done correctly. At all races there is at least one veterinarian present on the track, appointed by The Swedish Board of Agriculture.

HORSE RACING'S ENGINE

For more than 45 years, ATG has served horse racing – and we continue to do so. We are proud that our entire surplus is returned to horse racing. This makes ATG the horses' biggest sponsor and the horse industry's engine.

Through the year's investment in ATG Riders League, a league competition in high-level show jumping, ATG and the Swedish Equestrian Federation have expanded last year's launch of betting on show jumping. The forms of betting that are offered are V5 and Vinnarspel. Riders, operators and customers alike have appreciated the concept and excitement during the competitions. It is evi-

dent that there is a demand within horse riding for league competitions in high-level show jumping. The concept will be expanded next year to include betting on more and higher divisions.

THIRD YEAR FOR ATG DREAM FUND

ATG Drömfond was launched in 2017 with ice hockey profile Peter "Foppa" Forsberg as ambassador. The aim is to counter social exclusion through support to projects that promote inclusion and health through sports. A jury elects those nominated and the winners, all of whom receive funds from the ATG Drömfond.

In 2019, the ATG Drömfond contributed to several different projects that were submitted on two application occasions.

For the second consecutive year, ATG partnered with the magazine Travronden to highlight the dedication within Sweden's trotting and thoroughbred racing community to promote joy and comradery. The winner was Matilda Persson, Sweden's first wheelchair user in carriage driving. Matilda received SEK 100,000 to adapt her everyday situation as a groomer to her circumstances at her workplace in the stables in Kalmar. Among those nominated were Sundbyholm's trotting school, which gives children and young people with disabilities the chance to blend in and Åby trotting school, which arranges day camps where children have the opportunity to create summer memories. Both trotting schools received grants to their project.

A record number of applications (178) were sent in to the national category of ATG Dream Fund, open to all associations and organisations. Four finalists were nominated: RBU Sörmland and its project for families with children with disabilities Familjekraft för familjer med barn med funktionsvariation, the running group for people with disabilities Bara Vanlig, Hammarö GK's handigolf project and Slaughter Sisters, a Nyköping-based roller derby association for women who may not see themselves as athletes. Slaughter Sisters was the final winner. All finalists received a monetary grant along with coverage in social media, editorial material and a video clip about their activities that was broadcast on TV4 Nyhetsmorgon, among other channels. ATG is proud to make a difference even in a small way.

ATG DRÖMFOND CONTRIBUTES TO THE HORSE INDUSTRY

ATG Drömfond also supports other projects and activities. A number of scholarships are handed out every year to organisations and people who contribute to the horse industry in various ways.

A few of the organisations that received funds from ATG Drömfond in 2019 include Life After Racing Foundation, Svenska Hästars Värn, Trumvallens Fjällridning and Stall Kungsgården.

SELECTION OF FUNDS DISTRIBUTED IN 2019 ATG DRÖMFOND*

Three Drömfond Projects with Travronden

SEK 160,000

Four National Drömfond Projects

SEK 300,000

Life After Racing Foundation

SEK 250,000

Legolas Memorial Scholarship

SEK 40,000

*Read more at dromfond.se



FOCUS AREA: ATTRACTIVE AND INCLUSIVE WORKPLACE

“OUR HIGHER PURPOSE MAKES US UNIQUE AT THE GAMBLING MARKET”

Working at ATG means working at a value-driven gaming company with a clear higher purpose. It also means working at a growing IT company in the vanguard of technology. And a company that is committed to personal development and health.

SHARED CORE VALUES and a clear course forward are essential aspects of ATG’s employeeship. ATG’s core values means that we will be progressive, have respect for each other and assume clear ownership. ATG’s manifesto was drafted in 2013 and updated in 2018 ahead of the company’s new circumstances. The manifesto aims to give all employees a clear picture of the company’s vision, mission and customer promise as well as our core values. Our mission, and our higher purpose, is to be the engine of the horse racing industry and the gaming industry’s compass. The mission makes ATG different compared to other gambling companies, and makes sense to employees and customers.

Internal communication is a key part in helping all employees to feel that they are included in where the company is headed. The road forward is communicated regularly within the organisation – partly through the intranet and partly through

manifesto meetings. All employees are encouraged to participate in and give feedback about the meetings and to make suggestions about the next meetings. To increase participation within the Group, initiatives will be carried out in 2020 to also include the Danish subsidiary Ecosys in our internal communication.

Other examples of inclusion and participation are the open invitations to hackathons where all employees are welcome to make suggestions about developing our operations. The focus is often on ideas about what the company can do to improve and develop the customers’ betting experience. Hackathons are also an opportunity to get to know one another and work together across departments.

STILL AN ATTRACTIVE EMPLOYER

ATG’s ambition is to be a really attractive employer. Virtually every area of the annual employee engagement survey reports improvements from an already high level, particularly gratifying given that it has been a year of many changes. All indices are over the benchmark. The index for attractive employer is 23, compared with the benchmark of 9. The organisational and social work environment shows a sound, favourable trend. Awareness of the company’s mission – to be the engine of the horse racing industry – is extremely high within the company as is awareness of our core values. Areas of future development for the



organisation deal primarily with creating an even better feedback culture based on expectations, prerequisites and accountability.

Ahead of the re-regulation of the gambling market, the organisation was affected in a positive direction with investments and new recruitment in the new areas of sports betting and casino games, but also within other parts of our operations. The historic year of 2019 has provided a solid opportunity to acquire new knowledge and insights about the gambling market. During the autumn, a reorganisation was carried out to better adapt the organisation to the new market requirements and provide clarity to customers. The three departments, Sales, Marketing and Product and Business Development were integrated to together form the new department, Commercial. The reorganisation means that new services were created while some services and functions were discontinued.

OWN RECRUITMENT TEAM

Because the company is growing and new skills are needed – not least in IT – the recruitment process has been developed internally. With the objective of reaching as many potential new employees as possible, ATG has established its own recruitment department, which has carried out several targeted initiatives in a variety of channels to attract the right talent. Internal recruitment is encouraged alongside external recruitment efforts to create career paths within the company.

LANGUAGE BUDDIES FOR BETTER INTEGRATION

As before, the company has recruited international employees and offered Swedish language courses. During the year, ATG created a concept involving language buddies, in which Swedish-speaking employees and international employees meet to speak Swedish. The purpose is for the employee to feel included in their workplace and in Swedish society where language skills are often key to integration. Language buddies is a initiative that is appreciated by many employees. It has influenced their personal growth and development. Recruitment and inclusion of international employees is one example of how our core values guide us in being bold enough to be progressive by testing new routes, showing respect for the individual, and assuming ownership and responsibility.

REINFORCED LEADERSHIP

Ongoing leadership development is important to ATG. During the year, managers meet on several occasions to plan for the future, strengthen the community and establish a common knowledge platform as the basis for their work. As one part of the reinforced leadership initiative, ATG has launched a new internal course: “Being a



manager at ATG”. The course includes a personal analysis aimed at providing better self-awareness and better insight into strengths and areas for development. A part of the course also addresses tangibly to include the core values in their day-to-day work and their leadership: to as leader be bold enough to think beyond what is traditional and to provoke, to treat each other with respect and to assume responsibility for the operation’s and their own personal development.

ATG’s ambition is to create an attractive, diverse workplace, which is a prerequisite for achieving our vision to create the world’s best gaming experiences. This means that ATG strives to cultivate a corporate culture and an employee mix characterised by inclusive attitudes and processes.

The task of preventing discrimination is a priority area. It is paramount that employees can accept one another for their differences in a workplace free from bullying and harassment. ATG’s Code of Conduct guides us in how we should act toward each other. ATG will uncover and prevent unethical behaviour. ATG already has a whistleblower service. In 2019, one (1) report was received through the service and the matter was dealt with in line with adopted procedures.

GREATER INVESTMENT IN PERSONAL HEALTH

For more than ten years, ATG has in a conscientious and disciplined manner addressed health and fitness, which has contributed to such positive effects as a low absence due to illness and employees who exercise regularly. A full-time employed corporate trainer offers both personal training and group sessions, health counselling and support with lifestyle changes. Every day, two to three group sessions of very different types are arranged in the sports facilities which, in addition to the gym hall, also houses a gym, a spinning room and a light therapy room. During the year, ATG has taken the initiative regarding the employees’ personal health to a new level. To encourage more employees to exercise and introduce movement as a natural part of their everyday life, all employees have been offered health analyses that test strength, flexibility and fitness. Based on the results, all have received a personal exercise plan that will be followed up twice in 2020. The level of engagement has been high with 70 per cent of the employees opting to participate.

ATG’S CORE VALUES:

PROGRESSIVE

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

RESPECTFUL

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

OWNERSHIP

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

FOCUS AREAS: GOOD BUSINESS ETHICS, SUSTAINABLE SUPPLY CHAIN AS WELL AS RESOURCE-SMART AND CLIMATE-EFFICIENT

GOOD ETHIC A MUST-HAVE FOR GOOD BUSINESS

Good business ethics and countering corruption and money laundering are high-priority areas for ATG. ATG sets high requirements for its suppliers and partners. The company strives also to reduce its environmental impact.

ATG HAS A CODE OF CONDUCT for suppliers and employees. ATG's Code of Conduct defines ATG's expectations on its suppliers and its employees. Every year ATG makes purchases from thousands of suppliers for approximately BSEK 2.4. In addition to purchases from the Swedish Trotting Association and the Swedish Jockey Club, the majority of the products and services that ATG purchases are from gaming suppliers, IT, media and marketing services. Most of ATG's suppliers operate in Sweden, although subcontractors may be active in other countries where risks may be higher.

The Code of Conduct covers such areas as human rights, labour conditions and the environment, anti-corruption and stipulates the minimum requirement for its suppliers' sustainability efforts.

REGULAR SUPPLIER MONITORING

To manage any risks, ATG endeavours to have good knowledge of the risks in the value chain in terms of human rights, labour conditions, the environment and anti-corruption through an efficient control system.

Every year ATG identifies a number of suppliers who will complete a self-assessment based on the Code of Conduct's guidelines. A visit was conducted in 2019 to two of the seven

suppliers evaluated in 2018 in order to monitor the actions taken for noted areas of improvement. In 2019, nine new suppliers have been encouraged to complete ATG's self-assessment questionnaire.

Over the next few years, ATG will review how supplier monitoring can be streamlined. The risk of deviations in terms of ATG's Supplier Code of Conduct is in the suppliers' own operations as well as in the supply chain for the products and services that ATG purchases. In instances of significant risks, the supplier is classified as a risk supplier. The goal is that ATG's 30 largest risk suppliers will live up to ATG's Code of Conduct no later than 2022.

IMPROVED KNOW YOUR CUSTOMER PROCEDURES PREVENTS MONEY LAUNDERING

ATG is subject to the Money Laundering Act and follows the Swedish Gambling Authority's regulations for measures against money laundering and financing of terrorism. Good customer knowledge is a basic requirement for the active work to prevent money laundering. ATG identifies risks and follows up suspicious transactions. All employees and agents are trained in the Anti-Money Laundering Act for preventive purposes and are required to report any suspected irregularities to ATG.



Sports floor complete with weight-lifting area, a gym hall, changing rooms with a sauna and a full-time employed company trainer.

CONTINUED REDUCED ENVIRONMENTAL IMPACT

ATG has for many years worked with environmental issues to lower its use of resources through climate-smart choices.

ATG's greatest climate impact comes from energy consumption of, for example, electricity, heating and travel. In 2019, ATG reduced its electricity consumption in the company's internal data centres and has made sustainability requirements in the procurement of a new external server centre. ATG's and Kanal 75's operations use eco-labelled electricity and district heating is used to heat the offices. ATG's goal is to achieve a fossil free operations by 2030 and to be climate neutral by 2045.

SMARTER USE OF RESOURCES

ATG contributes by investments in digitalisation such as online games and digital gambling in stores with the goal to offer gaming experiences without paper by 2030. When producing printed marketing material, ATG prioritises eco-labelled products. During the year, a number of campaigns were climate compensated (a total of 23.16 tonnes CO₂).

ATG works continuously to improve its environmental efforts at ATG's and Kanal 75's offices. Several parts of ATG's office have been renovated in 2019 and work will continue in 2020. In

connection with these renovations, environmental measures were improved, such as the installation of more recycling stations, LED lamps and dishwashers. Among other things, this means that disposable cups orders have dropped by 14,500 cups compared with 2018.

Despite environmental measures, total emissions in 2019 are basically unchanged compared with 2018. Several initiatives have been started to reduce the total carbon footprint. For more information, see page 127.



ADMINISTRATION REPORT

The Board of Directors and the Chief Executive Officer (CEO) of AB Trav och Galopp (ATG), with its registered office in Stockholm, Sweden and Corp. Reg. No. 556180-4161, hereby submit the Annual report for the financial year of 1 January 2019–31 December 2019 for the Parent Company and the Group.

INFORMATION ON OPERATIONS

The Group comprises the Parent Company Aktiebolaget Trav och Galopp (Corp. Reg. No. 556180-4161), the wholly owned subsidiary Kanal 75 AB (Corp. Reg. No. 556578-3965) and the wholly owned Ecosys Group with its Parent Company Ecosys A/S (Reg. No. 30556372), with the wholly owned subsidiaries 25syv A/S (Reg. No. 30897765) and Ecosys Ltd (Reg. No. C53354).

The operations of the Parent Company ATG intend to safeguard the long-term development of trotting and thoroughbred racing through a responsible gambling offering. The mission has been formulated by our owner, trotting and thoroughbred racetracks, and the State, which regulates the company's operations. ATG holds a Swedish gambling licence and offer horse betting, sports betting and casino games.

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

An agreement was signed in 2017 to acquire the Danish gaming group Ecosys on the condition that the Swedish gambling market was re-regulated. The acquisition was completed at the end of March 2019, after the new legislation came into effect. The Ecosys Group is active with four brands in sports betting, horse betting and casino games in stores and online. The acquisition aims to extend ATG's geographic presence and promote the development of horse betting in Denmark. For more information about the acquisition, refer to Note 27.

SIGNIFICANT EVENTS DURING 2019.

- On 1 January 2019, the Swedish gambling market was re-regulated when the new Gambling Act came into effect. The re-regulation means that ATG no longer holds exclusive rights to horse betting and that ATG can offer its customers sports betting and casino games, which were launched on 1 January 2019.
- The re-regulated gambling market has impacted ATG's financial statements in several respects, which is why a direct comparison between periods cannot be made. One of the changes is that funds to trotting and thoroughbred racing have been eliminated. ATG now purchases rights and services

from the Swedish Trotting Association and the Swedish Jockey Club and will pay dividends and Group contributions in accordance with customary company law and tax regulations.

- Under the new gambling act, ATG is now required to pay gambling tax and corporation tax instead of lottery tax.
- At the end of March, ATG acquired the Danish gaming group Ecosys A/S in line with the previously signed conditional acquisition agreement.
- ATG became the new main sponsor of the ice hockey league Hockeyettan for the next three years, and the league will be renamed ATG Hockeyettan.
- On 11 July, the Swedish Competition Authority resolved not to investigate further into a complaint from BOS (the Swedish Trade Association for Online Gambling) against ATG and dismissed the case from further hearings. The decision cannot be appealed.
- During the third quarter, ATG undertook a reorganisation and formed the ATG Commercial department, led by Katarina Widman. The change aims to optimise work with brands and products and to increase customer focus.
- Mikael Bäcké was appointed Managing Director of the Danish subsidiary group Ecosys A/S in August. Henrik Friis became Deputy Managing Director at the same time.
- ATG reported a record number of million-krona wins, with 281 such wins paid to Swedish customers in 2019.

EVENTS AFTER THE REPORTING PERIOD

- ATG and the Swedish Trotting Association entered into a sponsorship agreement for trotting races whereby ATG will be a title sponsor for Elitloppet until 2022. ATG will continue to be the exclusive gambling company sponsor for Sprintermästaren at Halmstadtravet as well as V75-champions and the Paralympiatravet at Åbytravet.
- In early 2020, the COVID-19 virus was declared a pandemic. The impact on the global economy is already dramatic but difficult to predict. There is no doubt that the pandemic will also impact ATG's operations, the range of sports betting and horse betting has declined sharply worldwide and may continue to decline.

REVENUE

The Group's net gambling revenue during the year totalled MSEK 4,435 (4,162), which is the highest net gambling revenue in the 45-year history of the company. Organic growth was about 4 per cent for the year. The acquired Danish group Ecosys was consolidated from 1 April 2019 and the subsidiary group's consolidated net gambling revenue from the Danish gambling market amounted to MSEK 89 for the April–December 2019 period. The Group's net gambling revenue from horse betting declined MSEK 306, which was offset by sports betting and casino games which generated revenue of MSEK 579 during the year. Horse betting turnover was negatively impacted by responsible gambling measures and the registration requirement

that was introduced in 2018 ahead of the new gambling market regulation. The market competition for live games also intensified, and was most evident in the simpler forms of gambling. During the year, V75® had the same number of Saturdays but 14 fewer jackpots than the comparative period which had an adverse impact on revenue. Gross turnover for Swedish horse betting, which governs the size of the betting pools, was MSEK 12,550 (13,334), a decrease of approximately 6 per cent. International gross turnover amounted to MSEK 2,695 (2,632), up approximately 2 per cent. Total gross turnover for horse betting (Swedish and international) was MSEK 15,245 (15,966), down approximately 5 per cent.

During the year, ATG had other operating income, i.e. income from activities other than gambling, of MSEK 561 (725). Revenue is mainly from TV productions, commissions for international sales and agent sales of partner products in stores as well as, for the comparative year, the divestment of the horse racing system to the Swedish Trotting Association.

COSTS

Gambling tax for the year amounted to MSEK 895. Operating expenses for the year amounted to MSEK 2,910 (1,743). A new and significant expense item has arisen now that ATG has entered into an agreement with horse racing regarding payment for horse sport information, rights and sponsorship. This cost amounted to MSEK 578 for the year. The new betting areas of sports and casino games are also increasing other external expenses. Other external expenses included, in addition to costs for horse sport information and rights, costs for IT systems, advertising, marketing and sales-related costs, such as terminals installed in stores, betting slips and commission to stores. Personnel expenses increased due to the expanded operations. Costs also increased due to operations in Denmark.

Depreciation of fixed assets amounted to MSEK 195 (122).

FUNDS TO TROTTING AND THOROUGHBRED RACING

Funds to trotting and thoroughbred racing was previously a distinct expense item in ATG's income statement. This item was removed in 2019 due to the re-regulation. Instead, ATG has expenses for the rights required to conduct horse betting. To conduct its race activities, ATG lent a total of MSEK 668 to owners and paid MSEK 934 in Group contributions to its Parent Company the Swedish Trotting Association. The costs for rights, loans and Group contributions total MSEK 2,180. Part of the loans will be settled following a decision on dividends and/or Group contributions.

In 2018, *Funds to trotting and thoroughbred racing* amounted to MSEK 2,093 with the allocation of funds to trotting and thoroughbred racetracks mainly made through a system linked to the tracks' racing programmes.

In addition to funds to trotting and thoroughbred racing, last year MSEK 50 was transferred to the Swedish Horse Industry Foundation in accordance with the owners' agreement with the State. As of 1 January 2019, the undertaking to the Swedish

Horse Industry Foundation was transferred from ATG to the owners.

GAMBLING AND LOTTERY TAX

As of 1 January 2019, the lottery tax was replaced by a gambling tax of 18 per cent of gambling profits (stakes-winnings). Lottery tax was previously calculated as a percentage (35 per cent) of net turnover. Gambling tax for the year amounted to MSEK 895 and for the comparative year lottery tax was MSEK 1,455. Under the new gambling act, ATG is now required to not only pay gambling tax but also corporation tax.

OPERATING RESULT AND RESULT FOR THE YEAR

Operating result for the year amounted to MSEK 1,501 (3,467). Result for the year amounted to MSEK 1,162 (-127). The re-regulated gambling market has impacted ATG's financial statements in several respects, which is why a direct comparison between periods cannot be made. To enable a comparison between the periods, the *Parent Company's result before transactions with owners* (see definition on page 136) is reported for 2019, the KPI was MSEK 2,126 (2,011). The KPI indicates the company's profitability before corporation tax and costs related to the rights and information acquired by the owners. The KPI was prepared to enable comparison of periods from 2019 with previous years. As of 2019, gambling tax, costs for rights to our owners for sound, images and sports information are included in ATG's costs, which is why the operating result for 2019 cannot be compared with 2018. The first quarter of 2020 will be reported at the end of April, and operating results can again be compared with the year-earlier period.

FINANCING AND LIQUIDITY

At year-end, total assets amounted to MSEK 3,257 (2,093). Cash flow from operating activities amounted to MSEK 1,596 (140). Cash flow from investing activities amounted to MSEK -495 (-599). Cash flow for the year amounted to MSEK 68 (33). At year-end, cash and cash equivalents amounted to MSEK 592 (521). At year-end, total equity amounted to MSEK 773 (544) and the equity/assets ratio was 24 per cent (26).

INVESTMENTS AND DEVELOPMENT

All investments in intangible assets are assessed on the basis of expected life and financial viability. The investments during the year mainly related to the development of technical platforms and software for betting systems for existing and future betting products among other items, and to further development of the digital channels and data centres. This development is a prerequisite for continued, long-term growth and for the launch of new betting products. In addition to the above investments during the year, ATG invests continuously in the IT operating environment, gambling safety and in enhancing the customer experience.

SEASONAL EFFECTS

Sales have historically shown certain seasonal variation. There are several reasons for these variations, including the trotting and thoroughbred racing calendar, the number of V75® Saturdays during the period, the dates of public holidays and the company's market offerings.

NUMBER OF SCHEDULED V75®

	2019	2018	2017
Q1	13	12	12
Q2	13	14	13
Q3	13	13	14
Q4	14	14	13
TOTAL	53	53	52

EMPLOYEES

Employees are a major contributor to the positive development enjoyed by the Group. The average number of employees in the Group in 2019 was 433 (353). ATG has been undergoing a period of building new product categories and investing in future growth, which is also reflected in the increase in employees. The number of employees is also expected to increase with the Danish subsidiary.

SUSTAINABILITY REPORT

ATG is subject to the requirements for sustainability reporting in accordance with the Annual Accounts Act. The Group has elected to prepare its Sustainability Report in accordance with the GRI Standards: Core Option. ATG has performed a materiality analysis to identify material sustainability topics. Sustainability work is an integrated part of ATG's business model and strategy. To reflect this, the Sustainability Report is published separately from the Administration Report, integrated with the Annual Report on pages 42–57. In-depth information about sustainability reporting, bases for calculation, targets and outcomes are presented in the Sustainability Report on pages 120–135. The risk analysis pertaining to sustainability topics is included in the combined risk section on pages 62–65.

SIGNIFICANT RISKS AND UNCERTAINTIES

ATG's operations entail risks and uncertainties that, to varying degrees, can impact the company negatively. In the short and the long term, strategic, compliance-related, operational and financial risks can impact the possibility of achieving the goals according to the business plan. By consistently and systematically dealing with risk management, the risks are identified, the necessary measures are taken, and good internal governance and control is ensured. Additional risks during the year are those that arise due to operating subsidiaries abroad and those that arise due to fixed-odds betting, which due to its very nature means substantial variances in margins for each completed event. Risk management is an integral part of the process for planning and monitoring operations within ATG. For a compre-

hensive description of ATG's risks and uncertainties and the management of these, refer to pages 62–65.

OUTLOOK

The re-regulation of the gambling market means that responsible gambling measures had a negative impact on the turnover generated by both the company and the gambling market in 2019. At the same time, the re-regulation is creating growth for ATG in the new betting areas. From 2020, the Swedish gambling market is expected to grow from a new lower level. However, there is considerable uncertainty concerning any additional regulatory measures.

Another uncertainty is the market impact of the COVID-19 virus, which was declared a pandemic during the start of 2020. In addition to having a negative impact on turnover and the product offering in 2020, the pandemic may also have a long-term impact on the gambling market worldwide. The effects remain very difficult to understand. In the long term, the strongest correlating factor with the gambling market's turnover growth is an increase in household disposable income.

ATG was granted licences for gambling (horse and sports betting) and commercial online games (online casino games) and launched these new product categories on 1 January 2019. This enabled ATG to broaden its customer offering and establish international operations. ATG expects these possibilities to positively impact the company's turnover and earnings in the longer term. The new legislation affects several conditions for ATG, including a change in the taxation of gambling turnover to 18 per cent, that the company will be subject to income tax, changes to forms of distributing funds to the owners, changes in the agreement between the owners and the State, and the Articles of Association in relation to the company's payment of dividends.

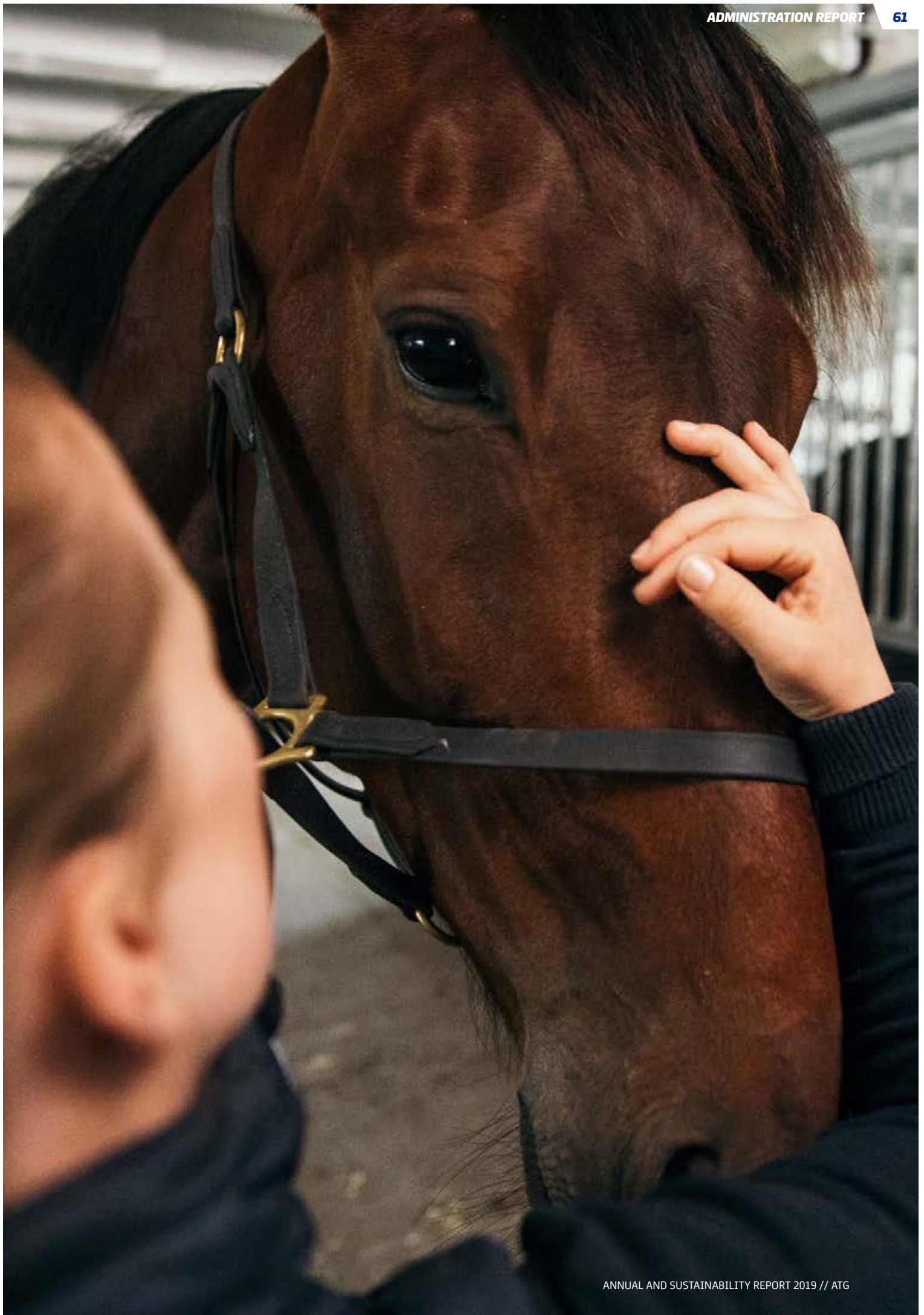
PROPOSED ALLOCATION OF THE COMPANY'S PROFIT

For more information about the proposed allocation of the company's profit, see Note 29.

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

SEK	
Retained earnings	-180,037,810
Profit for the year	284,345,982
TOTAL	104,308,172
Dividend to shareholders	-103,749,100
RETAINED EARNINGS	559,072

The Board proposes the distribution of a dividend to the Swedish Jockey Club corresponding to a total dividend of SEK 103,749,100. The unappropriated earnings will be carried forward. The Parent Company has a development costs reserve amounting to MSEK 675 (521). This reserve is included in restricted equity. The Parent Company's shareholders' equity totals MSEK 827 (543).



RISKS AND RISK MANAGEMENT

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

Identifying risks and uncertainties that can impact ATG's ability to fulfil its mandate and realise its established goals are of vital importance to the company's short- and long-term success. ATG works consistently and systematically to ensure that risks are identified in ample time, so that necessary actions can be taken and good internal control can be ensured. Risk management is conducted in accordance with the COSO framework. Risk management is an integral part of the process for planning and monitoring operations within ATG. Group Management performs systematic risk assessments and present these for the Board as this is an important feature of ATG's strategic plan for continued profitable growth.

Following the re-regulation, the Group is subject to greater requirements to work continuously with compliance issues. New functions were established in 2019 to ensure that ATG's observes the stricter compliance requirements included in the gambling licence regulation, the General Data Protection Regulation (GDPR) and the Money Laundering Act, which aim to prevent the use of companies for money laundering and terrorism financing (AML). A new function was also established in IT with responsibility for the development and management of IT security. One important part of upholding and developing good internal control is to continuously ensure that process owners in the organisation have a distinct ownership of the operation's processes.

Strategic, compliance, operational and financial risks that comprise the Group's most material risk areas are presented below.

RISK MANAGEMENT PROCESS

Risk identification

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

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

Risk prioritisation

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


- High risk
- Medium-high risk
- Low risk

Risk management

Measures and action plans for risks are created.

STRATEGIC RISKS

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

RISK AND RISK LEVEL	RISK DESCRIPTION	RISK MANAGEMENT
Competitive risks 	<p>The new gambling legislation offers ATG an opportunity to broaden the Group's product offering within betting and commercial online games and to establish its operations abroad. The risks relate to ATG failing to capture or retain market shares in the company's product offerings, which could have an adverse impact on profit.</p>	<p>Competitive risks are managed through continuous analyses of the market situation. The analysis includes bases for decisions on the development of the offering and geographic distribution. We can strengthen competitiveness through the continuous development of existing and new betting offerings and our sales channels.</p>
Economic risks 	<p>Demand for ATG's products is dependent on economic developments. The strongest factor that correlates with the gambling market's growth is the increase in disposable household income. An economic slowdown could have a negative impact on the Group's revenue and profitability.</p>	<p>The Group works continuously to ensure cost effectiveness and aims to be highly solvent to be able to resist economic fluctuations.</p>







COMPLIANCE RISKS





Compliance risks are primarily risks that lie within ATG's control and pertain to risks related to losses and legal penalties due to failure to comply with laws, regulations and regulatory requirements.

RISK AND RISK LEVEL	RISK DESCRIPTION	RISK MANAGEMENT
Legal and regulatory compliance 	<p>Compliance with laws and regulations governing gambling operations, responsible gambling, the processing of personal data and countering money laundering, is a prerequisite for operating in the gambling market. Failure to comply with these laws and regulations, or with changes in the application or interpretation of existing laws and regulations, could result in ATG incurring unforeseen costs and/or losing the confidence of its customers. The greatest risk is to lose its licence for conducting gambling operations.</p>	<p>ATG has processes and procedures in place to ensure compliance with applicable laws and regulations. ATG's compliance function is an independent control function tasked with identifying, evaluating and reporting risks. The function also serves as a point of contact with the Swedish Gambling Authority and Swedish Data Protection Authority. The function reports regularly to ATG's Board and CEO. In addition to the compliance function, the Group has an internal control function in the Security and Quality department.</p> <p>In 2019, two independent examinations took place within GDPR and AML, which resulted in action plans to develop these areas.</p> <p>ATG has procedures and processes in place to monitor gambling behaviour and escalation procedures to identify deviating gambling patterns.</p>

OPERATIONAL RISKS





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

RISK AND RISK LEVEL	RISK DESCRIPTION	RISK MANAGEMENT
IT environment and operation 	<p>ATG's operations are dependent on a functional IT environment and appropriate procedures that develop alongside of the operations. In 2019, work also began on the construction of a light rail link close to Hästsportens Hus which introduced the risk of interference with electrical and telecom equipment. Disruptions and interruptions in e-commerce and gambling systems have a direct impact on operations. Critical IT systems must be up and running to enable sales. In connection with disruptions and operational stoppages, ATG is at risk of reduced revenue and weakened confidence.</p>	<p>ATG is continuously striving to limit the number of system disruptions and their consequences. Proactive work to identify and reduce possible threats decreases the risk of operational disturbances, hacking and loss of information. In 2019, a new data centre began operating in another geographic location, which reduced the risk of the negative impact of disruption at Hästsportens Hus (such as a fire, power outages, flooding, threats or traffic accidents).</p>
Third-party suppliers: 	<p>ATG is dependent on suppliers that provide IT services that are critical if all of ATG's gambling areas are to function. Services for payments, betting products, log-in systems, agent environments and the national exclusion register (Spelpaus) are a few examples where ATG's suppliers must maintain a very high level of availability if ATG's customers are to avoid disruptions.</p>	<p>In 2019, ATG introduced a control model whereby all systems have a product owner, including the services provided by ATG's suppliers. Checks are carried out on a continuous basis of services executed in the existing IT environment. The implementation of new third-party providers includes checks and tests according to an established procedure. Any disruption is studied in order to improve procedures and processes to secure IT operations.</p>
Business ethics 	<p>As a major gambling operator, ATG has a responsibility to act in an ethical and exemplary manner. Unethical behaviour could have a negative impact on society, legal penalties and damage ATG's reputation and trust.</p>	<p>The Group has a high standard of ethics and zero tolerance towards all forms of corruption, bribery, money laundering, disloyal anti-competitive behaviour and other irregularities. ATG complies with the Swedish Anti-Corruption Institute's Code on Gifts, Rewards and other Benefits in Business. All employees, partners and suppliers are to act in accordance with the Group-wide Code of Conduct. All employees and retailers are trained in the Act on Measures to Prevent Money Laundering and the Financing of Terrorism.</p>
Brand 	<p>As a leading gambling operator in horse betting, ATG offers various betting products with individually strong brands. This means a risk exists that strong brands degenerate which may mean strong brands are used by competitors and become public domain.</p>	<p>ATG has a strategy for brand management and works actively with issues linked to trademark protection. One important question for the Group is to train key functions in trademark law.</p>
Fixed odds in sports betting 	<p>ATG offers sports betting, which means betting with fixed odds. This may entail a financial risk for ATG as customer winnings may exceed stakes, which would lead to volatility in the company's results.</p>	<p>ATG purchases odds compiling from external parties and monitors and evaluates the outcome on a continuous basis.</p>
Gambling problem 	<p>Gambling problems can have severe consequences for customers and their family members. As a gambling company, ATG has a responsibility to protect customers from excessive gambling, prevent the risks associated with money betting and provide the tools and assistance that customers need to help them control their gambling. Should ATG fail in its duty of care towards customers, ATG could risk losing its gambling licence.</p>	<p>ATG works systematically with responsible gambling to satisfy the requirements placed on the operations and to offer products that consider the health and well-being of its customers. In addition to regulatory requirements and external guidelines, ATG's work with responsible gambling is also governed by the Group's operational instruction and Sustainability Policy. ATG complies with the Swedish Gambling Authority's regulations and the Swedish National Gambling Association's (SPER) guidelines for responsible gambling and responsible marketing. All of ATG's responsible gambling measures can be found under ATG Check at atg.se/atgcheck.</p>

Personnel, skills and recruitment 	Skilled and committed employees are important contributors to ATG's ability to realise its strategies and achieved established goals. If ATG were to fail to offer an attractive work environment, this would have a direct negative impact on staff and the company's ability to attract, engage and retain qualified employees.	ATG works actively to satisfy the needs of employees for an inclusive corporate culture, a good work/life balance, leisure and preventive healthcare. ATG's guidelines for workplace health and safety and diversity guide employees in the aforementioned issues and these efforts are continuously monitored through dialogue and employee satisfaction surveys.
Supply chain responsibility 	If ATG's suppliers breach international regulations and human rights the risk exists that people are injured physically, mentally or are discriminated. This could also impact ATG's reputation and result in legal penalties.	ATG requires all suppliers to work in an ethically correct manner and in line with internationally accepted standards for human rights, the environment, labour conditions and business ethics. The Group's requirements on the aforementioned issues are described in ATG's Supplier Code of Conduct. Preferred suppliers are monitored to identify improvement areas.
Environmental impact 	Climate change is now one of the most serious global challenges. Climate impact from operations arises from energy consumption, business travel and resource use.	ATG works with continuous improvements to reduce the company's energy consumption and greenhouse gas emissions. In 2017, an energy analysis was conducted that forms the basis of the improvement process. All electricity purchased for ATG's offices is renewable and the offices are heated using district heating. Emissions from electricity and heating as well as business travel are monitored on an annual basis. ATG is continuously evolving its operations to reduce the use of paper, mainly in stores.
Poor animal husbandry 	Good horse husbandry is paramount for ATG to be able to arrange betting on horses, and is also our customers' highest priority with respect to the company's responsibility for sustainability. Poor animal husbandry entails a risk that horses suffer. Should the well-being of the horses not be met, the reputation of horse racing risks being tarnished, which would have a direct negative impact on ATG's brand and profitability.	ATG engages in close dialogue and monitoring with the Swedish Trotting Association (ST) and Swedish Jockey Club (SG) about animal welfare. ST's and SG's rules and regulations for racing place high demands on good horse husbandry, before, during and after a race. ATG, as well as ST and SG, work internationally to influence other countries in regard to animal welfare.

FINANCIAL RISKS

Financial risks mainly originate in factors that are found outside of ATG's operations and pertain to risks in the form of changed financial conditions. For a more detailed description and quantification of financial risks, see Note 14.

RISK AND RISK LEVEL	RISK DESCRIPTION	RISK MANAGEMENT
Liquidity risk 	Liquidity risk refers to the risk that the Group finds itself in a situation with insufficient liquid assets to meet its payment commitments.	The Group has sufficient liquid assets and low interest-bearing liabilities.
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.	The Group's financial risk management is governed by the Group's Investment Policy and Credit Policy. ATG has medium-low interest-bearing liabilities and aims to primarily use surplus liquidity for the repayment of loans.
Currency risk 	At ATG, currency exposure consists mainly of transaction exposure; i.e. payments in foreign currency due to investments, purchases or sales of goods and/or services.	ATG's transaction exposure in operating activities is limited. In addition, the instruction adopted by the Board stipulates that all investments are to be denominated in SEK and in relation to at least three Swedish counterparties.
Credit risk 	Credit risk pertains to the risk that the counterparty to a transaction is unable to meet its commitment and that this results in a loss for ATG. One of the Group's credit risks refers to the funds regularly generated by agents that sell the Group's offering on commission.	Routines for the approval of an agent are clear-cut and based on defined requirements and risk assessments of agents. Funds are collected every week by direct debit. Measures are taken for agents where direct debit payments were not possible, including the temporary suspension of terminals until payment is received, collateral is requested or the agreement with the agent is terminated.

FIVE YEAR SUMMARY

GROUP

FIVE YEAR SUMMARY AND KEY PERFORMANCE MEASURES

	2019 ¹⁾	2018	2017	2016	2015 ²⁾
Key performance measures defined in accordance with IFRS					
Result for the year, MSEK	1,162	-127	99	9	26
Earnings per share for the year, SEK	2,905	-318	247	22	64
Key performance measures that are not defined in accordance with IFRS					
Net gambling revenue, MSEK	4,435	4,162	4,209	4,086	3,820
Total revenue, MSEK ³⁾	5,306	5,210	4,832	4,707	4,404
EBITDA, MSEK	1,696	3,589	3,470	3,302	3,205
Operating result, MSEK	1,501	3,467	3,372	3,205	3,108
Operating margin, %	28%	67%	70%	68%	71%
Debt/equity ratio, multiple	3.2	2.8	1.6	1.9	1.6
Result before tax, MSEK	1,504	1,328	1,565	1,449	1,411
Equity/assets ratio, %	24%	26%	38%	35%	39%
Shareholders' equity, MSEK	773	544	671	572	563
Shareholders' equity per share, SEK	1,932	1,360	1,678	1,430	1,409
Return on total capital, %	36%	neg.	6%	1%	2%
Return on equity, %	176%	neg.	16%	2%	5%
Cash flow from operating activities, MSEK	1,596	140	102	172	198
Cash flow from operating activities per share, SEK	3,990	349	253	431	495
Operational measurements					
Funds to trotting and thoroughbred racing, MSEK	–	2,093	1,758	1,705	1,700
Share of green turnover, %	70%	–	–	–	–
Share of green customers, %	87%	–	–	–	–
Number of active customers, million	1.3	1.0	0.5	0.5	0.4
Average number of employees	433	353	321	299	281

1) Ecosys Group was consolidated in the ATG Group from 1 April 2019. Certain performance measures were impacted in 2019 by the introduction of IFRS 16, see the transition Note 28.

2) Key performance measures from 2015 are based on the previous accounting policies. Definitions are shown on page 136.

3) Agent revenue, fees charged by agents for each bet placed, was recognised in key performance measures from 2017 and earlier as a reduced agent commission and is therefore not included in total revenue.

Key performance measures, Parent Company	2019	2018	2017	2016	2015
Net gambling revenue	4,346	4,162	4,209	4,086	3,820
Parent Company's result before transactions with owners ⁴⁾	2,126	2,011	1,906	1,762	1,768
Operating result	1,548	3,466	3,370	3,203	3,105

4) For definition, see page 136.

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. On 1 January 2019, legislation governing the gambling industry in Sweden was amended, whereby licence procedures and a new tax regulation were introduced for companies that offer online games and gambling in Sweden. This fundamentally changed the company's conditions and in some parts changed the company's governance. This report describes the company's governance in 2019.

CORPORATE GOVERNANCE Regulations

ATG's corporate governance is regulated by Swedish legislation. New legislation that applies to the company is the Gambling Act (2018:1138) which came into effect on 1 January 2019. Prior to this, the Act on Measures to Prevent Money Laundering and the Financing of Terrorism (2017:630) was implemented. ATG is also regulated by the Swedish Gambling Authority's regulations on Measures to Prevent Money Laundering and the Financing of Terrorism (LIFS 2018:11) and the agreement between the State and the owners. ATG is not subject to the Swedish Code of Corporate Governance (the Code), but elects to provide a Corporate Governance Report that is in accordance with the Code.

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

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

Agreement with the State

There is an agreement between the owners, ST and SG and the Swedish State, the purpose of which is to regulate and reflect the responsibilities between ATG, ST and SG as well as the Swedish State. The current agreement was signed on 29 November 2018 and applies from 1 January 2019 with an annual extension if no party has cancelled the agreement for renegotiation no later than the end of September of the relevant year. The agreement states that ATG is responsible, in addition to gambling operations, for placing financial resources at the disposal of horse racing to ensure its long-term, positive development.

The agreement includes provisions regarding the composition of the Board and that the Articles of Association may not be changed without permission from the government, and that the owners undertake not to transfer shares in the company to anyone who is not an existing shareholder in the company without government permission.

Earlier agreements regulated ATG's responsibility regarding special investments in the Swedish equine industry by transferring funds to the Swedish Horse Council Foundation (HNS). In the current agreement, this responsibility has been transferred to the Swedish Trotting Association.

In June 2018, the Swedish parliament passed a new gambling act that came into force on 1 January 2019. The new law is based on a license system whereby all companies that are active in the Swedish gambling market must have the appropriate permit — a licence. Companies that are adjudged to have the knowledge, experience and organisation required for conducting operations in accordance with laws and other regulations governing the operations will be granted a licence. ATG was granted a licence on 27 November 2018 for commercial online games and betting, which were the two licences applied for. Operations permitted by the two licences were launched in the market on 1 January 2019.

Owners

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

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) is the company's highest decision-making body, through which the shareholders

exercise their influence over the company. The AGM's most important tasks include adopting the company's balance sheet and income statement, deciding on the allocation of profits and whether to discharge the Board and CEO from liability, the election of Board members and auditors and the remuneration of Board members and auditors.

2019 AGM

The most recent AGM was held on 11 June 2019 at Solvalla in Stockholm, Sweden. The Meeting was attended by representatives of the owners, who accounted for 100 per cent of the votes and the capital. At the proposal of the owners and the government, the AGM re-elected board members Marjaana Alaviuhkola, Mats Norberg, Susanna Rystedt, Petra Forsström, Bo Netz, Lina Bertilsson, Agneta Gille, Urban Karlström and Birgitta Losman, and Per Larsson and Anders Källström were elected new Board members. The company's trade union Unionen is represented on the Board by Marianne Martinsson as an ordinary member, with Christer Utterberg as deputy, and Akademikerförbundet is represented by Fabian Rivière as deputy.

Bo Netz was elected Chairman of the Board and Marjaana Alaviuhkola Deputy Chairman. The AGM resolved to pay Board fees of SEK 300,000 to the Chairman, SEK 130,000

to the Deputy Chairman and SEK 110,000 to each member not employed by the company. In addition, a meeting fee of SEK 2,300 is to be paid per member and meeting. A fee of SEK 30,000 is payable to Chair Susanna Rystedt and to Mats Norberg for membership of the Audit Committee. A fee of SEK 10,000 is payable to the Chair of the Remuneration Committee, Bo Netz. No fee is payable to the employee representatives. The AGM adopted the 2018 income statement and balance sheet and the allocation of profit for the year and retained profits, in accordance with the Board's proposals. The AGM also discharged the Board members and CEO from liability for their administration in 2018.

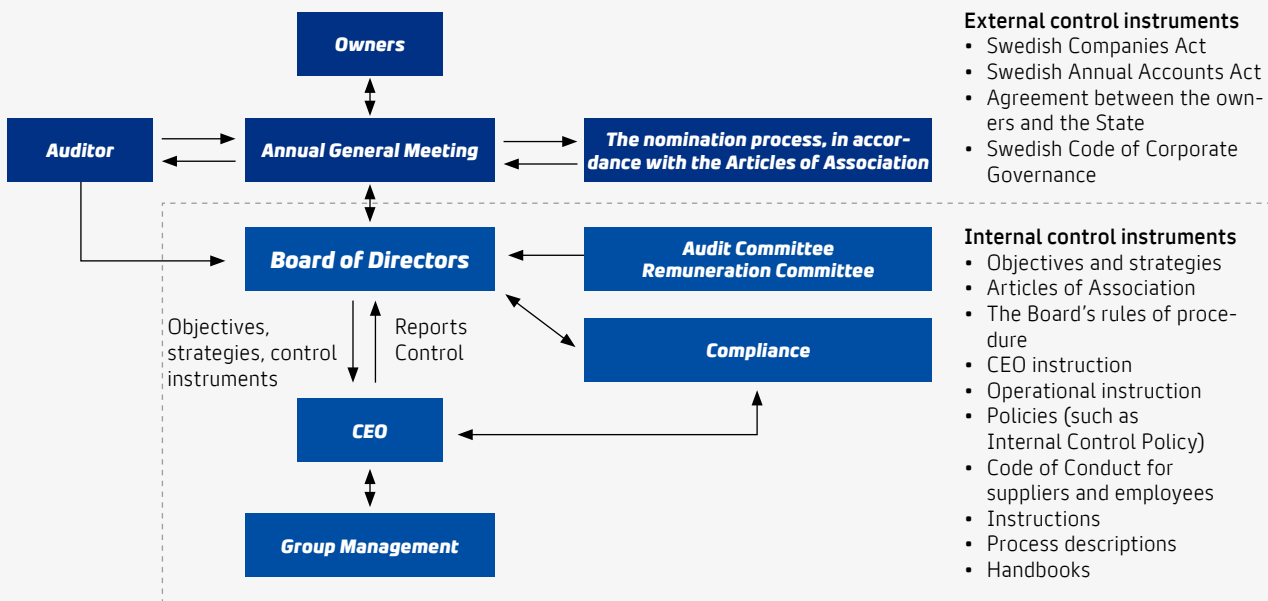
Corporate governance model

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

2020 AGM

The AGM for the 2019 financial year will be held at the company's premises in Hästsportens Hus, Solvalla, Stockholm, Sweden on 5 June 2020. The Annual Report will be available from 30 March 2020 on the company's website: atg.se

OWNER GOVERNANCE



Nomination process

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

The Board prepares the AGM and submits proposals for:

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

Four members are nominated to represent the Swedish Trotting Association (ST), one member is nominated to represent the Swedish Jockey Club (SG) and six members are nominated to represent the government. The government also determines who will be the Chairman of the company. In addition, the company's trade union organisations nominate one member and two deputies. One objective is to have even distribution between women and men on the Board. This contributes to more successful and efficient Board work. In 2019, the Board of ATG, including deputies, was comprised to 50 per cent by women and 50 per cent by men.

BOARD OF DIRECTORS

Responsibilities of the Board of Directors

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

Composition of the Board

ATG's Board comprises 12 ordinary members and two deputies; five members are appointed by the owners, six by the government and one ordinary member and two deputies by the local branches of the Unionen and Akademikerförbundet trade unions. The CEO is not a member of the Board. Instead the CEO participates to give reports along with the company's CFO, the CEO of the Swedish Trotting Association and the CEO of the Swedish Jockey Club. Other officials of the Group also participate in a reporting function both continuously and as needed. For a more detailed description of Board members, see pages 74–75.

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

Chairman of the Board's responsibilities

The Chairman of the Board, who is appointed by the government, has a special responsibility for ensuring that the work of the Board is conducted efficiently and is well organised. The Chairman directs the Board's work and monitors the operations in dialogue with the CEO. The Chairman is responsible for ensuring that other members receive adequate information and decision support and the necessary training. The Chairman coordinates the annual evaluation of the Board's and the CEO's performance. The evaluation, which takes the form of a written questionnaire, is compiled and presented at the following Board meeting.

At the 2019 AGM, Bo Netz was elected Chairman. He has been a Board member since 2011 and Chairman since 2018.

The Board's work in 2019

During the 2019 financial year, the Board held 12 ordinary meetings, including one statutory meeting. At these meetings, the Board addressed and made decisions on issues related to licence and regulatory issues, sustainability issues with a substantial focus on responsible gambling, business conditions, market conditions, financial reporting, the budget, forecasts and projects. It also analysed and approved overall strategic issues including the company's focus, product range, competitive environment and growth opportunities. The CEO, CFO, CEO of the Swedish Trotting Association and CEO of the Swedish Jockey Club make reports at all Board meetings, except in the case of issues concerning evaluation of the Board's and the CEO's performance and the remuneration of senior executives. Department heads and other responsible senior executives attended several Board meetings during the year.

BOARD OF DIRECTORS – COMPOSITION AND ATTENDANCE

MEMBER	Elected	Title	Attendance	Independent to the company and Executive Management	Independent in relation to the owner
Bo Netz	2011	Chairman of the Board	12/12	Yes	Yes
Marjaana Alaviuhkola	2014	Deputy Chairman	12/12	Yes	No
Lina Bertilsson	2018	Member	12/12	Yes	No
Anders Källström**	2019	Member	5/7	Yes	No
Petra Forsström	2016	Member	10/12	Yes	Yes
Agneta Gille	2018	Member	12/12	Yes	Yes
Roland Johansson*	2018	Member	3/5	Yes	No
Urban Karlström	2018	Member	12/12	Yes	Yes
Birgitta Losman	2018	Member	12/12	Yes	Yes
Mats Norberg	2017	Member	12/12	Yes	No
Per Larsson** ****	2019	Member	5/5	Yes	No
Susanna Rystedt	2009	Member	12/12	Yes	Yes
Daniel Schützer***	2018	Member	2/3	Yes	No
Marianne Martinsson	2010	Member	12/12	Yes	Yes
Fabian Rivière	2013	Deputy Board member	11/12	Yes	Yes
Christer Utterberg	2017	Deputy Board member	9/12	Yes	Yes

*Stepped down at the AGM on 11 June 2019

**Joined the Board on 11 June 2019

***Stepped down in April 2019

****Stepped down in November 2019

In April, Daniel Schützer stepped down from the Board. In October, Per Larsson stepped down from the Board and also from the Board of the Swedish Jockey Club. This meant the Board was not at full strength between April and June and between October and December.

Committees

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

Audit Committee

The Audit Committee's assignments are described in the Instruction for the Audit Committee. The Audit Committee consists of two members, who are elected annually by the Board at the statutory meeting. For 2019, Susanna Rystedt was re-elected as the Chairman and Mats Norberg as a member of the Committee. The Audit Committee held ten meetings during the year. During the year, the company's ex-

ternal auditor participated in the Committee's meetings on every occasion. The CFO participates in a reporting function in the Committee's meetings. The Chief Accounting Officer is secretary of the meetings. In addition, other representatives from the organisation participated in a reporting function when necessary. After every meeting, the Audit Committee reports to the entire Board.

Remuneration Committee

The Remuneration Committee's assignments are described in the Instruction for the Remuneration Committee. The Remuneration Committee consists of two members, who are elected annually by the Board at the statutory meeting. For 2019, Bo Netz was elected as the new Chairman and Marjaana Alaviuhkola was elected a new Board member. The CEO participates in a reporting function and the CFO as secretary in committee meetings. The Remuneration Committee held three meetings during the year and reported each meeting to the Board.

Compliance

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

Managing Director and Chief Executive Officer

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

GROUP MANAGEMENT

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

AUDITORS

The 2019 AGM appointed the accounting firm Ernst & Young AB with Åsa Lundvall as auditor-in-charge for a period of one year. Åsa Lundvall is an authorised public accountant and partner at Ernst & Young. ATG has established that Åsa Lundvall has no relationships with ATG or related companies that could affect the auditor's independence in relation to the company. Åsa Lundvall is also considered to have the requisite competence to perform the job of ATG's auditor. During the year, Åsa Lundvall or her assistant auditor participated in every meeting of the Audit Committee and at one Board meeting. On two occasions she also presented written audit reports. The auditor has also met the Board without the presence of Group Management.

REPORT ON INTERNAL CONTROL AND RISK MANAGEMENT

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

Control environment

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

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

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

Risk assessment

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

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

Control activities

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

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

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

Information and communication

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

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

Monitoring activities

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

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

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

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

Internal audit

The Board's annual assessment of needs led to the decision as things stand today, to not establish an internal function for the internal audit, in addition to existing systems, processes and functions. The Board also resolved to instruct the Audit Committee to regularly consider the need for an independent examination of areas in addition to the areas described below. In respect of internal control and reporting of suspicious transactions in accordance with the Act on Measures to Prevent Money Laundering and the Financing of Terrorism (2017:630), the Lotteries Act (1994:1000) as well as the Swedish Gambling Authority's regulations on Measures to Prevent Money Laundering and the Financing of Terrorism (LIFS 2018:11), ATG will continue to commission an external party to perform the duties of the independent examination function every year.

Stockholm, 17 March 2020

Board of Directors



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

BOARD OF DIRECTORS

ATG's Board of Directors comprises six members appointed by the State, five members appointed by the trotting and thoroughbred racing, one employee representative and two deputy employee representatives. The Board had vacant seats at the time of submitting the Annual Report for 2019.



BO NETZ

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



MARJAANA ALAVIUHKOLA

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



LINA BERTILSSON

Position: Board member (the Swedish Trotting Association representative)
Elected: 2018
Born: 1970
Education: Civil Engineering degree from the Royal Swedish Institute of Technology
Other assignments: Unit Manager at the Swedish Transport Administration, Deputy Chairman of the Swedish Trotting Association, Chairman of Eskilstuna United
Background: The Swedish Transport Administration, Ministry of Enterprise and Innovation, Chairman of Sörmland Trotting Association, horse owner, breeder, B trainer



PETRA FORSSTRÖM

Position: Board member (State representative)
Elected: 2016
Born: 1964
Education: Accounting degree
Other assignments: Head of Economic Development, Härnösand Municipality
Background: Svenska Spel, the Betting Institute, SPER (Council for Gaming Ethics)



AGNETA GILLE

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



URBAN KARLSTRÖM

Position: Board member (State representative)
Elected: 2018
Born: 1953
Education: Economics degree
Other assignments: Self-employed
Background: Former positions include Director General of the Swedish Fortifications Agency



BIRGITTA LOSMAN

Position: Board member (State representative)
Elected: 2018
Born: 1972
Education: Peace and development research
Other assignments: Sustainability strategist at the University of Borås, Board member of Sahlgrenska Hospital and Sahlgrenska Science Park, Chairman of Borås Fältrittklubb
Background: Regional advisor (industry and commerce, infrastructure), Board member of the Swedish Association of Local Authorities and Regions, international aid work, self-employed



MATS NORBERG

Position: Board member (the Swedish Trotting Association representative)
Elected: 2017
Born: 1965
Education: Upper-secondary school studies in accounting
Other assignments: Board member of the Swedish Trotting Association and own companies
Background: Business consultant LRF Konsult, specialised in the equine sector. Various assignments involving trotting and horse ownership, and breeder

**SUSANNA RYSTEDT**

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

**ANDERS KÄLLSTRÖM**

Position: Board member (the Swedish Trotting Association representative)
Elected: 2019
Born: 1959
Education: University degree Communication Programme
Other assignments: Chairman Svenska Hockeyligan AB, Chairman High Coast Distillery AB. Board member of Setra Group AB and LRF Konsult AB. Chairman of Co-operatives Sweden
Background: President and CEO of LRF, President and CEO of Allehanda Media, Municipal Commissioner Örnsköldsvik

**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 TietoE-nator, Programmera AB and Sandrew Metronome

**FABIAN RIVIÈRE**

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

**CHRISTER UTTERBERG**

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

GROUP MANAGEMENT



HANS LORD SKARPLÖTH

Position: CEO
Employed: 2013
Born: 1972
Education: Bachelor's degree in accounting and bachelor's degree in commercial law from Mälardalen University College
Other assignments: Board member of EPMA (European Pari Mutual Association), Deputy Chairman of SPER, Board member of Almega Tjänsteföretagen, Chairman of Ecosys A/S and Chairman of Kanal75 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



PATRIK BRISSMAN

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



PER GUTESTEN

Position: Chief Information Officer
Employed: 2017
Born: 1973
Education: Computer engineer
Other assignments: Board member of Ecosys A/S
Background: Nordea, SEB, Connecta (now CGI), Sun Microsystems (now Oracle)



MAGNUS LUNNER

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



TOBIAS MELIN

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



LOTTA NILSSON VIITALA

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

**PER TELLANDER**

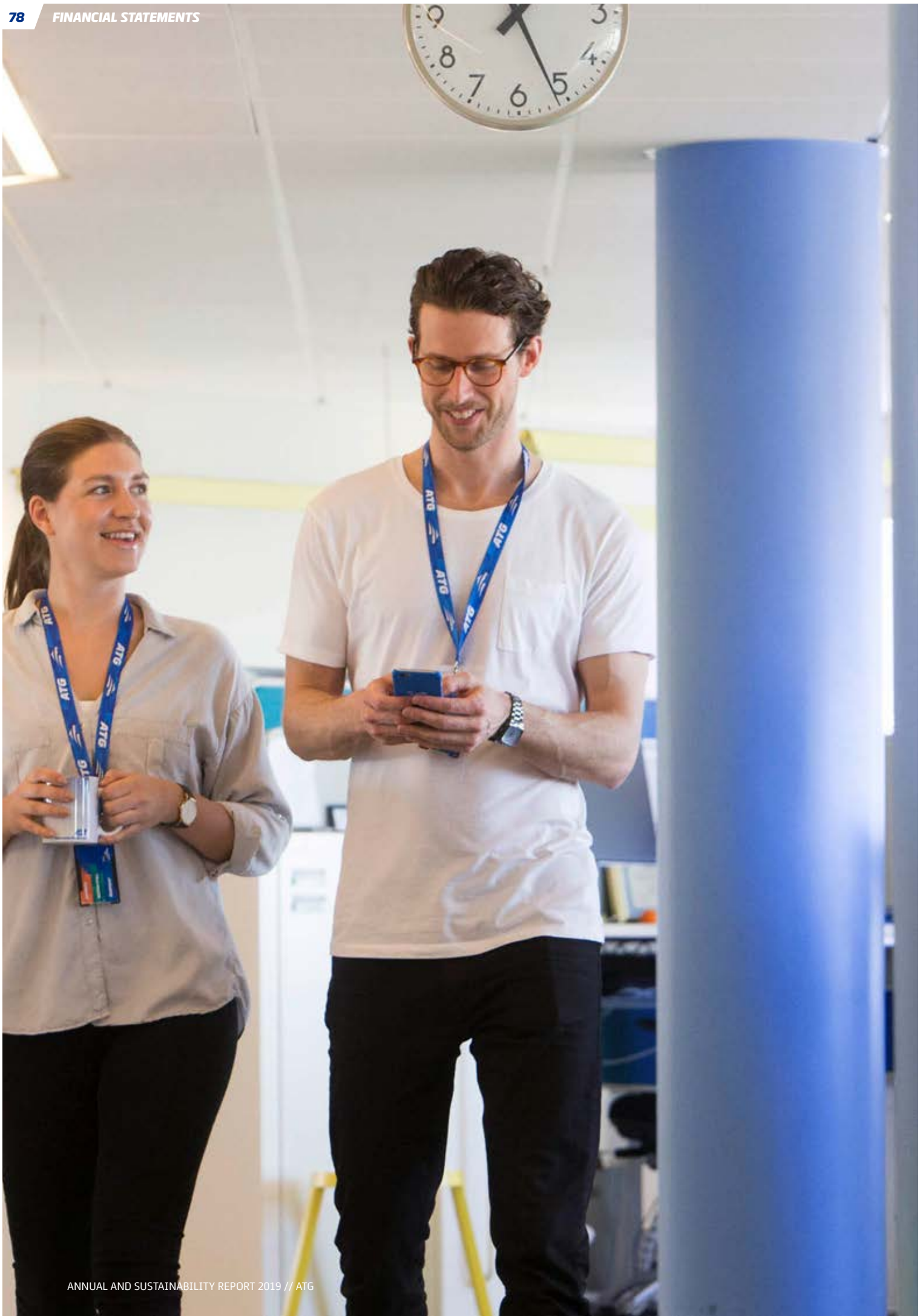
Position: CEO of Kanal 75
Employed: 2014
Born: 1967
Education: Economics and journalism at IFS, the Stockholm School of Economics
Other assignments: Deputy Board member of Green Squid Sthlm AB
Background: Management positions at MTG and SBS. Product development and other roles at Svenska Spel

**KATARINA WIDMAN**

Position: Chief Commercial Officer
Employed: 2014
Born: 1978
Education: Business administration graduate from the Stockholm School of Economics
Other assignments: Board member of eleven AB
Background: Head of Global Marketing, SAS. Management positions within marketing and sales at Viasat/MTG. Marketing Manager Sweden, Norwegian. Product Manager, L'Oréal Sweden

**CARIN KAPPE**

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



FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN MSEK	Note	2019¹⁾	2018
Net gambling revenue	2	4,435	4,162
Agent revenue		310	323
Other revenue	3, 9	561	725
Total revenue		5,306	5,210
Gambling tax		-895	-
Capitalised work for own account		86	114
Personnel expenses	4	-425	-352
Other external expenses	5, 9, 17	-2,345	-1,382
Other operating expenses		-31	-1
Depreciation, amortisation and impairment of PPE and intangible assets	10, 12	-195	-122
Operating profit		1,501	3,467
Financial income	6, 9	19	7
Financial expenses	6, 17	-16	-3
Profit from financial items		3	4
Profit before tax and funds to horse racing		1,504	3,471
Funds to trotting and thoroughbred racing	7, 9	-	-2,093
Commitments according to agreements with the State		-	-50
Profit before tax		1,504	1,328
Income tax	8	-342	0
Lottery tax	8	-	-1,455
Profit/loss for the year²⁾		1,162	-127
<i>Items that may be transferred to profit for the year</i>			
Translation differences, foreign subsidiaries		1	-
Other comprehensive income		1	-
Comprehensive income for the year²⁾		1,163	-127
Earnings per share for the year, SEK			
Before and after dilution ³⁾		2,905	-318
Number of shares, thousand			
Average number of shares outstanding		400	400

1) Ecosys Group was consolidated into the ATG Group from 1 April 2019.

2) The profit for the year and the comprehensive income for the year are attributable in their entirety to the Parent Company's owners.

3) No dilution occurred during the reporting period.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN MSEK	NOTE	2019	2018
Non-current assets			
Goodwill	10, 27	33	–
Product brands	10, 27	37	–
Other intangible assets	10, 27	811	666
Property, plant and equipment	12, 17	495	279
Other non-current receivables	11	267	185
Deferred tax assets	8	–	–
Total non-current assets		1,643	1,130
Current assets			
Accounts receivable	13, 14	30	32
Receivables from Group companies	9, 14	537	88
Other receivables	14, 15	364	243
Prepaid expenses and accrued income	16	91	79
Cash and cash equivalents	14, 18	592	521
Total current assets		1,614	963
TOTAL ASSETS		3,257	2,093
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	19		
Share capital		40	40
Other contributed capital		-40	-40
Retained earnings, including result for the year		773	544
Total shareholders' equity		773	544
Non-current liabilities			
Liabilities to credit institutions	14, 20	1,073	499
Lease liabilities	14, 20	102	25
Deferred tax liabilities	8	0	0
Other provisions	23	200	–
Total non-current liabilities		1,375	524
Current liabilities			
Accounts payable	14	139	198
Liabilities to credit institutions	14	–	–
Lease liabilities	14, 17	19	9
Liabilities to Group companies	14	26	1
Liabilities, account customers	14	419	368
Current tax liabilities	8	142	0
Other current liabilities	14, 21	265	348
Accrued expenses and deferred income	22	99	102
Total current liabilities		967	1,026
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,257	2,093

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN MSEK	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Retained earnings</i>		<i>Equity attributable to Parent Company shareholders</i>
Shareholders' equity, 1 January 2018	40	-40	671		671
Result for the year			-127		-127
Other comprehensive income	-	-	-		-
Shareholders' equity, 31 December 2018	40	-40	544		544
AMOUNTS IN MSEK	<i>Share capital</i>	<i>Other contributed capital</i>	<i>Retained earnings</i>	<i>Translation reserve</i>	<i>Equity attributable to Parent Company shareholders</i>
Shareholders' equity, 1 January 2019	40	-40	544	-	544
Result for the year			1,162		1,162
Group contributions paid			-934		-934
Other comprehensive income					
Translation differences, foreign subsidiaries				1	1
Shareholders' equity, 31 December 2019	40	-40	772	1	773

CONSOLIDATED STATEMENT OF CASH FLOW

AMOUNTS IN MSEK	NOTE	2019	2018
Operating activities			
Operating profit		1,501	3,467
Adjustments for non-cash items			
Depreciation, amortisation and impairment of PPE and intangible assets	10, 12	195	122
Other items		2	-19
Funds to trotting and thoroughbred racing	7	-	-2,150
Commitments according to agreements with the State		-	-50
Interest received	6	16	7
Interest paid	6	-15	-3
Income tax paid	8	0	0
Lottery tax paid	8	-	-1,452
Cash flow from operating activities before changes in working capital		1,699	-78
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		1	164
Increase (+)/Decrease (-) in operating liabilities		-104	54
Cash flow from operating activities		1,596	140
Investing activities			
Investments in intangible assets	10	-244	-344
Investments in PPE	12	-185	-148
Acquisition of subsidiaries	27	-71	-
Decrease/increase in long-term receivables	11	5	-107
Cash flow from investing activities		-495	-599
Financing activities			
Loans raised	14, 17, 20	585	501
Repayment of lease liabilities	14, 17, 20	-16	-9
Loans to shareholders and Group contributions		-1,602	-
Cash flow from financing activities		-1,033	492
Cash flow for the year		68	33
Cash and cash equivalents at start of the year			
Exchange-rate difference in cash and cash equivalents		3	0
Cash flow for the year		68	33
Cash and cash equivalents at end of the year ¹⁾	18	592	521

1) Cash and cash equivalents at the end of the year included MSEK 363 (297) from funds held on behalf of account customers.

PARENT COMPANY INCOME STATEMENT

AMOUNTS IN MSEK	NOTE	2019	2018
Net gambling revenue	2	4,346	4,162
Agent revenue		310	323
Other revenue	3, 9	455	486
Total revenue		5,111	4,971
Gambling tax		-872	-
Capitalised work for own account		86	114
Personnel expenses	4	-358	-306
Other external expenses	5, 9, 17	-2,244	-1,223
Other operating expenses		-31	-1
Depreciation, amortisation and impairment of PPE and intangible assets	10, 12	-144	-89
Operating profit		1,548	3,466
Financial income	6, 9	19	7
Financial expenses	6	-10	-2
Profit from financial items		9	5
Result before appropriations, tax and funds to horse racing		1,557	3,471
Funds to trotting and thoroughbred racing	7, 9	-	-2,093
Commitments according to agreements with the State		-	-50
Profit before appropriations and tax		1,557	1,328
Group contributions paid		-934	-
Group contributions received		3	-
Result before tax		626	1,328
Income tax	8	-342	-
Lottery tax	8	-	-1,455
Result for the year		284	-127

The Parent Company had no items in 2019 or 2018 that were recognised in other comprehensive income. Result for the year for the Parent Company is thus the same as comprehensive income for the year. Accordingly, the Parent Company is not presenting a separate "Statement of comprehensive income."

PARENT COMPANY BALANCE SHEET

AMOUNTS IN MSEK	NOTE	2019	2018
Non-current assets			
Intangible assets	10	775	651
Property, plant and equipment	12	314	183
Participations in Group companies	25	79	0
Other long-term receivables	9, 11, 14	328	185
Total non-current assets		1,496	1,019
Current assets			
Accounts receivable	13, 14	29	29
Receivables from Group companies	9, 14	574	135
Other receivables	14, 15	353	242
Prepaid expenses and accrued income	16	93	77
Cash and bank balances	14, 18	583	521
Total current assets		1,632	1,004
TOTAL ASSETS		3,128	2,023
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	19		
<i>Restricted equity</i>			
Share capital		40	40
Statutory reserve		8	8
Development costs reserve		675	521
		723	569
<i>Non-restricted equity</i>			
Retained earnings		-180	100
Result for the year		284	-127
		104	-27
Total shareholders' equity		827	543
Non-current liabilities			
Liabilities to credit institutions	14, 20	1,073	499
Other provisions	23	200	-
Total non-current liabilities		1,273	499
Current liabilities			
Accounts payable	14	116	170
Liabilities to credit institutions	14, 20	-	-
Liabilities to Group companies	14	31	17
Liabilities, account customers	14, 21	415	368
Current tax liabilities	8	142	-
Other current liabilities	14, 21	252	344
Accrued expenses and deferred income	22	72	83
Total current liabilities		1,028	982
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,128	2,023

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

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

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

AMOUNTS IN MSEK	RESTRICTED EQUITY			NON-RESTRICTED EQUITY	
	Share capital (400,000 shares)	Statutory reserve	Development costs reserve	Retained earnings, including result for the year	Total shareholders' equity
Shareholders' equity, 1 January 2019	40	8	521	-27	543
Result for the year				284	284
The year's provision to the development costs reserve			356	-356	-
The year's reversal of the development costs reserve			-203	203	-
Shareholders' equity, 31 December 2019	40	8	675	104	827

PARENT COMPANY CASH-FLOW STATEMENT

AMOUNTS IN MSEK	NOTE	2019	2018
Operating activities			
Operating result		1,548	3,466
Adjustments for non-cash items			
Depreciation, amortisation and impairment of PPE and intangible assets	10, 12	144	89
Other items		2	-19
Funds to trotting and thoroughbred racing	7	-	-2,150
Commitments according to agreements with the State		-	-50
Interest received	6	16	7
Interest paid	6	-10	-2
Income tax paid	8	0	-
Lottery tax paid	8	-	-1,452
Cash flow from operating activities before changes in working capital		1,700	-111
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-27	169
Increase (+)/Decrease (-) in operating liabilities		-97	64
Cash flow from operating activities		1,576	121
Investing activities			
Investments in intangible assets	10	-238	-342
Investments in PPE	12	-163	-137
Acquired participations in subsidiaries	27	-79	-
Increase (-)/Decrease (+) in long-term receivables	11	-9	-107
Cash flow from investing activities		-489	-585
Financing activities			
Loans raised	20	575	498
Loans to shareholders		-1,602	-
Cash flow from financing activities		-1,027	498
Cash flow for the year		60	34
Cash and cash equivalents at start of year			
		521	488
Exchange-rate difference in cash and cash equivalents		3	0
Cash flow for the year		60	34
Cash and cash equivalents at end of the year¹⁾	18	583	521

1) Cash and cash equivalents at the end of the year included MSEK 357 (297) from funds held on behalf of account customers.

ACCOUNTING POLICIES

GENERAL INFORMATION

The Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on 17 March 2020 and will be presented for adoption to the Annual General Meeting in June 2020. Aktiebolaget Trav och Galopp (ATG), company registration number 556180-4161, is the Parent Company of the ATG Group. ATG has its registered office in Stockholm, under the address SE-161 89 Stockholm.

The operations of the Parent Company ATG intend to safeguard the long-term development of trotting and thoroughbred racing through a responsible gambling offering. The mission has been formulated by the company's owner, trotting and thoroughbred racetracks, and the State, which regulates the company's operations.

On 1 January 2019, the Swedish gambling market was re-regulated when the new Gambling Act came into effect. The re-regulation means that ATG no longer holds exclusive rights to horse betting and that ATG can offer its customers sports betting and casino games, which were launched on 1 January 2019.

The re-regulated gambling market has impacted ATG's financial statements in several respects, which is why a direct comparison between periods cannot be made. One of the changes is that funds to trotting and thoroughbred racing have been eliminated. ATG now purchases rights and services from the Swedish Trotting Association and the Swedish Jockey Club and will pay dividends and Group contributions in accordance with customary company law and tax regulations.

The Group comprises the Parent Company Aktiebolaget Trav och Galopp (556180-4161), the wholly owned subsidiary Kanal 75 AB (556578-3965) and the wholly owned Ecosys Group with its Parent Company Ecosys A/S (30556372), with the wholly owned subsidiaries 25syv A/S (30897765) and Ecosys Ltd (C53354). The Ecosys Group was consolidated as of 1 April 2019.

The Swedish Trotting Association (802003-5575) owns 90 per cent of ATG. The remainder 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 presentation 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

Listed below are the amended standards, and interpretations of existing standards, that have to be applied for the first time for financial years beginning on 1 January 2019 or later and that are relevant to the Group.

IFRS 16 Leases

IFRS 16 Leases supersedes IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC 27. The standard requires assets and liabilities attributable to all leases, except contracts for 12 months or less and contracts for low-value assets, to be recognised in the statement of financial position. In all material respects, recognition by the lessor is unchanged.

Accounting in accordance with IFRS 16 is based on the view that the lessee has a right to control the use of the asset under a specific period of time and at the same time an obligation to pay for this right. The lease liability is recognised at the discounted present value of all future lease payments. The right-of-use asset is recognised as the value of the lease liability adjusted for any initial expenditure, restoration costs and advance payments. Costs relating to the leased asset comprise depreciation of the asset and interest on the lease liability.

If a contract includes low value assets or has a lease term of 12 months or less, the lease payments are henceforth to be recognised as an operational cost.

Simplified transition method

ATG applies IFRS 16 as of 1 January 2019 using the simplified transition method, which means that the comparative figures have not been restated. The opening balance for 2019 was restated in accordance with IFRS 16.

Transition effects

The transition has affected ATG's financial statements in that rental contracts for premises and other lower value leased objects are now recognised in the statement of financial position. For leases previously classified as operating leases with the Group as lessee, a lease liability is recognised at the present value of future lease payments. The assets (right-of-use assets) are recognised at the same amount as the lease liabilities, with no transition effect on shareholders' equity.

IFRS 16 will also have a positive impact on the operating result in the income statement since some of the lease expenses will be recognised as interest expense in net financial items. In the cash-flow statement, lease payments are allocated between interest paid in cash flow from operating activities and repayment of lease liabilities in financing activities. This will therefore have a positive effect on cash flow from operating activities.

The effects on the balance sheet, income statement and key performance measures for the period are presented in Note 28.

Parent Company

In the Parent Company, all leases are still recognised using the rule for operating leases. The new standard IFRS 16 Leases, which came into effect on 1 January 2019, has not affected the Parent Company as ATG chose to apply the exception for legal entities in accordance with RFR 2.

NEW AND AMENDED ACCOUNTING POLICIES NOT YET APPLIED

No new or amended standards, and interpretations of existing standards, that will be applied for financial years beginning on or after 1 January 2019 are expected to have an impact on the Group's financial reporting.

Basis for preparing the financial statements

The consolidated financial statements have been prepared using the cost method with the exception of derivatives, which have been recognised at fair value.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements applies to the Parent Company Aktieföretaget Trav och Galopp (556180-4161), the wholly owned subsidiary Kanal 75 AB (556578-3965) and the wholly owned Ecosys Group with its Parent Company Ecosys A/S (30556372), with the wholly owned subsidiaries 25syv

A/S (30897765) and Ecosys Ltd (C53354). The Ecosys Group was consolidated as of 1 April 2019.

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 measurement period may not exceed 12 months from the acquisition date. The surplus comprising the difference between the cost and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities is recognised as goodwill. If the cost is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognised directly in the statement of comprehensive income.

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

ELIMINATION OF INTRA-GROUP TRANSACTIONS

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

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rate at the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency using the exchange rate at the balance-sheet date. Exchange-rate differences arising on translation are recognised in the result for the year. Exchange-rate differences in operating receivables and operating liabilities are included in operating result, while exchange-rate differences attributable to financial items are reported in net financial items.

Translation of foreign operations

The assets and liabilities of foreign operations, including goodwill and other consolidated surplus and deficit values, are translated from the foreign operation's functional currency to the Group's presentation currency, Swedish kronor, using the exchange rate at the balance-sheet date. Income and expenses in a foreign operation are translated into Swedish kronor at an average rate provided by an approximation of the exchange rates applying at the time of each transaction. Translation differences arising on the translation of foreign operations are recognised in other comprehensive income and accumulated in a separate component of shareholders' equity, referred to as Translation differences, foreign subsidiaries. When the controlling influence ceases for a foreign operation, the accumulated translation differences relating to the operations are realised, after which these are reclassified from the translation reserve in shareholders' equity to the result for the year.

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 financial 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 10 and 12	Intangible assets and PPE
Assumptions when measuring assets and liabilities in business combinations	Note 27	Business combinations
Assumptions when measuring other receivables	Note 15	Other receivables

REVENUE RECOGNITION

As of 1 January 2019, ATG Group's net gambling revenue has consisted of horse betting, casino games and sports betting. Revenue from the Group's gambling operations is recognised net less the winnings returned to the players and bonus expenses. Revenue is recognised when the customer obtains control of the sold product or service and can use and benefit from the product or service. Revenue is recognised excluding VAT and discounts. The Group's gambling revenue is recognised at a point in time when the obligation/control is transferred to the player at the same time as the service is delivered.

Horse betting revenue

The Group's horse betting revenue is derived from betting on horse racing and is recognised when the results of trotting and thoroughbred races have been confirmed following the completion of races, which is also the point at which the obligation to the player is satisfied. The revenue is measured at the fair value of the sums received. The Group's horse betting revenue comprises a net amount (net gambling revenue), based on the players' stakes less paid-out winnings.

Sports betting and casino games revenue

The Group's sports betting and casino games revenue is recognised as net gambling revenue in the period in which the betting event occurred. Net gambling revenue comprises the players' stakes (gross gambling revenue) less the winnings returned to the players and bonuses. The revenue is measured at the fair value of the sums received. Gambling revenue from online casinos is recognised when payment is received as this coincides with the time the game takes place and the obligation to the player is thereby satisfied.

Gambling revenue for sports betting is recognised when the position in relation to the player is closed, whereupon the commitment to the player is satisfied. Sports betting transactions that are not settled by the end of the period have the nature of derivatives since the Group maintains an open position, with fixed odds against the customer. These are defined as a

Financial liability and measured at fair value through profit or loss under IFRS 9 Financial instruments. On the balance-sheet date, the value of these liabilities was insignificant. The revenue is recognised in the period in which the betting event occurs.

Agent revenue

Agent revenue pertains to revenue from betting slips, and revenue from the betting shares of agents. This revenue is a component of the customers' stakes for participating in betting and is included in the calculation of gambling tax. Costs for agent commissions are recognised under Other expenses in the financial statements.

Other revenue

Other revenue pertains to revenue from activities outside the company's core operations. This income mainly consists of production revenue from TV and online services in trotting and thoroughbred racing, commission on international gambling sales, partner revenue and store revenue. Other income also pertains to exchange-rate gains on the translation of accounts payable and accounts receivable in foreign currency.

GAMBLING TAX

In regulated markets such as Sweden and Denmark, a gambling tax is paid on gambling operations.

INCOME TAXES

Pursuant to Chapter 1, Section 2 of the Income Tax Act (1999:1229), the Parent Company ATG was until 31 December 2018 tax exempt. However, in accordance with Chapter 7, Section 17 of the Gambling Tax Act (1991:1482), ATG was liable to pay lottery tax. Following the re-regulation of the gambling market and the new Gambling Act, which came into effect on 1 January 2019, ATG instead pays gambling tax and corporation tax. The subsidiaries Kanal 75 AB and Ecosys A/S are subject to income tax law and the subsidiary's tax is recognised as income tax.

Income tax comprises current tax and deferred tax. Income tax is recognised in profit or loss except when the underlying transaction is recognised in other comprehensive income when the associated tax effect is also recognised here. Current tax is tax due for payment or to be received in the current year, using the tax rates enacted at the balance-sheet date.

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 income tax is calculated by applying the tax rates and tax laws that have been decided or announced as of the balance-sheet date and that are expected to apply when the particular deferred tax asset is realised or the deferred liability settled. The carrying amount of the deferred tax asset is adjusted insofar as the future estimated taxable surplus has changed.

Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are only recognised insofar as it is probable that these will be possible to be used. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be used. Offsetting deferred tax assets against deferred tax liabilities occurs when the right exists to settle current taxes between the companies.

UNCERTAINTY CONCERNING THE TREATMENT OF INCOME TAX

The Group assesses whether it is probable that a tax authority would approve an uncertain tax treatment for the current and deferred tax. Remeasurements are conducted if facts and circumstances change. If it is not probable, the most probable amount or expected value is recognised.

FUNDS TO TROTGING AND THOROUGHBRED RACING AND COMMITMENTS ACCORDING TO AGREEMENTS 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. In 2018 and previous years, Funds to trotting and thoroughbred racing and Commitments according to agreements with the State were recognised separately in the statement of comprehensive income. The items originate in the same agreement and since these items are material, they are recognised individually. Because the surplus is not considered to constitute part of ATG's current running costs or non-current funding costs, the items are recognised after operating result and net financial items.

The re-regulated gambling market has impacted ATG's financial statements in several respects. One of the changes is that funds to trotting and thoroughbred racing and Commitments according to agreements with the State have been eliminated. ATG now purchases rights and services from the Swedish Trotting Association and the Swedish Jockey Club and will pay dividends and Group contributions in accordance with customary company law and tax regulations.

EARNINGS PER SHARE

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

INTANGIBLE ASSETS

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

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

Goodwill

The Group's goodwill is acquisition-related. Goodwill is measured at cost less any accumulated impairment. Goodwill is tested for impairment at least annually.

Product brands

Product brands, acquired by the Group, are recognised at cost less accumulated amortisation and impairment.

Internally developed intangible assets

The assets mainly comprise capitalised development costs for new or improved gambling products and gambling 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.

Other intangible assets

Intangible assets, acquired by the Group, are recognised at cost less accumulated amortisation and impairment.

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. When there are material components in property, plant and equipment, these 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. To reflect the expected consumption of the asset, straight-line depreciation/amortisation 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>		
Gambling products	5–8 years	5–8 years
System platform	5–10 years	5–10 years
Store terminal software	8–10 years	8–10 years
Customer relationships	10 years	–
Product brands	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	5 years	5 years
Computers	3 years	3 years
Other equipment	5 years	5 years

Impairment of PPE and intangible 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 primarily tested on an individual basis and in cases where the asset does not generate independent cash flow, 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.

FINANCIAL INSTRUMENTS

General policies

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

Effective interest method

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

Classification

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

Financial assets measured at amortised cost

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

Financial assets measured at fair value through other comprehensive income

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

Financial assets/liabilities measured at fair value through profit or loss

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

Sports betting transactions that are not settled by the end of the period have the nature of derivatives since the Group maintains an open position, with fixed odds against the customer. These derivatives are measured at fair value (financial liability) through profit or loss until the position is closed. The positions are quickly closed, meaning the Group has no material exposure in the balance sheet.

Measurement

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

Impairment of financial assets measured at amortised cost

The Group makes assessments of future expected credit losses (ECLs) for financial assets measured at amortised cost

where a provision for expected future losses is recognised. For accounts receivable, the Group applies the simplified approach for calculating the ECLs, meaning the reserve will be equivalent to the expected losses over the receivable's entire remaining term.

To measure ECLs, accounts receivable have been grouped based on the allocated credit risk characteristics and days overdue. The ECLs are recognised in the consolidated income statement under operating expenses. The ECL rates are based on customers' payment history and historic credit loss data.

Financial liabilities measured at amortised cost

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

Borrowings are recognised at amortised cost and any differences between the amount received (net after transaction costs) and the principal amount are recognised in the statement of comprehensive income distributed over the term of the loan, using the effective interest method. 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 the loans carry a variable market interest rate. Borrowing costs are recognised in the statement of comprehensive income for the period to which they pertain.

LEASES

The Group as a lessee 2019

The Group assesses whether a contract is, or contains, a lease when the contract is signed. For all leases where the Group is the lessee, it recognises a right-of-use asset and a corresponding lease liability, with the exception of short-term leases (defined as leases with a lease term of 12 months or less) and leases with underlying assets of low value. For these leases, the Group recognises lease payments as an operating expense. The lease liability is initially measured at the present value of future lease payments discounted using the implicit interest rate or the expected incremental borrowing rate.

The right-of-use asset comprises the initial assessment of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. These are then measured at cost less any accumulated depreciation and impairment.

The right-of-use assets are depreciated from the commencement date until the end of the useful life or the end of the lease term, whichever is the earliest.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset requires impairment and recognises any identified impairment as described in PPE.

The Group as a lessee 2018 and earlier

Leases were defined in two categories – operating and finance – depending on the financial implication of the leases. The Group was a lessee through both operating and finance leases. The Group was a lessee through finance leases. A finance lease existed when the financial risks and rewards of ownership were essentially transferred to the lessee. If this was not the case, the lease was an operating lease. Assets leased under the terms of a finance lease were recognised as assets in the consolidated balance sheet. The obligation to pay future lease payments was recognised as long-term and current liabilities. These assets were depreciated according to plan, while lease payments were recognised as interest and repayment of debt. The Group was also a lessee through operating leases when the financial risks and rewards associated with the asset had not been transferred to the Group. The lease payments, including an initial higher rent, were recognised as an expense straight line over the lease term.

The Group as a lessor

Leases in which the Group is a lessor pertain to the rental of terminals to ATG's agents and when ATG sublets parts of its office premises. All such leases are recognised as operating leases. Lease income is recognised in the statement of comprehensive income.

ACCOUNT CUSTOMERS

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

PROVISIONS

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

EMPLOYEE COMPENSATION

Pension obligations

The Group 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.

The Group also has employee pension plans with Alecta, which are deemed to be multi-employer defined-benefit plans. Alecta's solvency rate on 31 December 2019 was 148 per cent (142). Expected fees for the plans in 2020 are expected to be about MSEK 10. However, the Group has made the assessment that UFR 10, Recognition of ITP 2 pension plan financed through insurance with Alecta is applicable for this. The Group does not have sufficient information to allow the plans to be reported in accordance with IAS 19 and, accordingly, reports these plans as defined-contribution plans in accordance with UFR 10.

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 a liability or a provision. This is because it is no longer probable that an outflow of resources will be required to settle the obligation, or because the size of the obligation cannot be calculated with sufficient reliability.

CASH-FLOW STATEMENT

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

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

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash, bank balances and balances held on behalf of customers (customer accounts). Balances held on behalf of customers are kept separate from the Group's assets and the use of these funds is limited, which is in accordance with regulations issued by the gambling authorities. The use of overdraft facilities for borrowing is included as current liabilities in the statement of financial position.

EXCHANGE-RATE DIFFERENCE IN CASH AND CASH EQUIVALENTS

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

TRANSACTIONS WITH RELATED COMPANIES

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

EVENTS AFTER THE REPORT PERIOD

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

PARENT COMPANY

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

Presentation of income statement and balance sheet

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

Development costs reserve

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

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

Shares in subsidiaries

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

Leases

In the Parent Company, all leases are still recognised according to the rules for operating leases. The new standard IFRS 16 Leases, which came into effect on 1 January 2019, has not affected the Parent Company as ATG chose to apply the exception for legal entities in accordance with RFR 2.

Group contributions and shareholders' contributions

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

NOTES

Amounts in MSEK, unless otherwise stated.

NOTE 2 NET GAMBLING REVENUE

NET GAMBLING REVENUE BY CATEGORY AND GEOGRAPHIC MARKET

GROUP	SWEDEN		DENMARK*	GROUP*		PARENT COMPANY	
	2019	2018	2019	2019	2018	2019	2018
Horses	3,835	4,162	21	3,856	4,162	3,835	4,162
Sports betting	254	–	17	271	–	254	–
Casino games	257	–	51	308	–	257	–
TOTAL NET GAMBLING REVENUE	4,346	4,162	89	4,435	4,162	4,346	4,162

NET GAMBLING REVENUE PER SALES CHANNEL AND GEOGRAPHIC MARKET

GROUP	SWEDEN		DENMARK*	GROUP*		PARENT COMPANY	
	2019	2018	2019	2019	2018	2019	2018
e-channel	3,035	2,545	70	3,105	2,545	3,035	2,545
Retail	1,311	1,617	19	1,330	1,617	1,311	1,617
TOTAL	4,346	4,162	89	4,435	4,162	4,346	4,162

No single customer accounts for more than 10 per cent of turnover. All net gambling revenue is recognised at a point in time.

* Ecosys Group was consolidated in the ATG Group as of 1 April 2019.

NOTE 3 OTHER REVENUES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Production income, Kanal 75		239	–	–
Store income	73	66	73	66
Online services	3	5	3	5
Sales international	179	179	179	179
Partner income	102	106	102	106
Exchange gains	1	1	1	1
Other income	204	129	98	129
TOTAL	561	725	455	486

Through collaboration with foreign partners, international customers are able to bet on ATG's products in Sweden. ATG received commission of MSEK 179 (179) 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 73 (66) pertains to the rental of store terminals; see Note 17 Leases.

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

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

NOTE 4 EMPLOYEES AND PERSONNEL EXPENSES**AVERAGE NUMBER OF EMPLOYEES**

	2019			2018		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden	224	123	347	198	103	301
Subsidiaries						
Sweden	44	13	57	39	13	52
Denmark	24	5	29	–	–	–
TOTAL GROUP	292	141	433	237	116	353

EXECUTIVE MANAGEMENT, NUMBER OF SENIOR EXECUTIVES

	2019			2018		
	Men	Women	Total	Men	Women	Total
Group/Parent Company						
Board members	4	7	11	5	7	12
CEO and other senior executives	6	2	8	9	2	11
TOTAL	10	9	19	14	9	23

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	2019			2018		
	Salaries and other remuneration	Pension costs	Social security expenses	Salaries and other remuneration	Pension costs	Social security expenses
Parent Company						
Board members (excl. employee representatives)	2.0	–	0.6	2.0	–	0.6
CEO and other senior executives	15.6	3.9	4.9	16.2	3.9	6.0
Other employees	214.3	26.6	74.1	175.8	24.3	62.3
TOTAL PARENT COMPANY	231.9	30.5	79.6	194.0	28.2	68.9
Subsidiaries						
Board members (excl. employee representatives)	–	–	–	–	–	–
CEO and other senior executives	3.9	0.5	1.2	1.8	0.5	0.7
Other employees	46.6	3.5	12.1	29.4	2.9	9.8
TOTAL GROUP	282.4	34.5	92.9	225.2	31.5	79.4

For 2019, the remuneration of the CEO and senior executives consisted of fixed salary of MSEK 19.1 (17.5), other benefits of MSEK 0.4 (0.6) and pension of MSEK 4.4 (4.4). Board members only receive fixed fees. 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 CEOs of subsidiaries 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.

NOTE 5 AUDITORS' FEES

	<i>GROUP</i>		<i>PARENT COMPANY</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Ernst & Young AB				
Audit assignment	3	1	3	1
Audit activities in addition to audit assignment	–	–	–	–
Other services	–	2	–	2
TOTAL	3	3	3	3

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

NOTE 6 FINANCIAL ITEMS

	<i>GROUP</i>		<i>PARENT COMPANY</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
FINANCIAL INCOME				
Interest income, Group	12	2	12	2
Exchange-rate differences	3	–	3	–
Interest income	4	5	4	5
TOTAL	19	7	19	7
FINANCIAL EXPENSES				
Interest expenses	-11	-2	-10	-2
Interest expenses, leasing	-4	-1	–	–
Exchange-rate differences	-1	-0	-0	-0
TOTAL	-16	-3	-10	-2
NET FINANCIAL ITEMS	3	4	9	5

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

Information on how large a share of income and expenses in net financial items that will derive from financial instruments is reported in Note 14, Financial instruments and financial risk management.

NOTE 7 FUNDS TO TROTTING AND THOROUGHBRED RACING

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Trotting				
Swedish Trotting Association	-	242	-	242
Racetracks	-	1,475	-	1,475
Active horse racing participants	-	178	-	178
Business administration	-	2	-	2
TOTAL TO TROTTING	-	1,896	-	1,896
Swedish Jockey Club	-	56	-	56
Racetracks	-	133	-	133
Active horse racing participants	-	7	-	7
TOTAL TO THOROUGHBRED RACING	-	196	-	196
TOTAL TO TROTTING AND THOROUGHBRED RACING	-	2,093	-	2,093

NOTE 8 INCOME TAX

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Tax on result for the year	-342	0	-342	-
Current tax expense	-142	0	-142	-
Deferred tax income/expense	-200	0	-200	-
TOTAL RECOGNISED TAX ON RESULT FOR THE YEAR	-342	0	-342	-

RECOGNISED TAX

Current tax was calculated using the nominal taxes prevailing in each country. In cases where the tax rate has changed for future years, this rate is used for deferred tax.

CHANGE IN DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRYFORWARDS

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Opening carrying amount	0	0	-	-
Deferred tax liability pertaining to surplus value from acquisitions	-11	0	-	-
Deferred tax asset pertaining to loss carryforwards	11	0	-	-
Deferred tax liability pertaining to temporary differences from Group contributions provided	200**	0	-	-
CLOSING CARRYING AMOUNT	200	0	-	-

Deferred tax liabilities pertain to temporary differences for customer relationships, product brands, technology and licences arising from acquisitions. The deferred tax asset pertains in its entirety to capitalised loss carryforwards. The deferred tax liability pertaining to surplus value from acquisitions and the deferred tax asset pertaining to loss carryforwards are recognised net in the consolidated statement of financial position.

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Result before tax	1,504	1,328	626	-
Income tax calculated using Sweden's tax rate	-322	0*	-134	-
Tax effect of:				
Difference in tax rates for foreign operations	-0	-	-	-
Non-taxable income	-0	-	0	-
Non-deductible expenses	-8	0	-8	-
Loss carryforwards for which no deferred tax assets were recognised	-10	-	-	-
Other items	-2	-	-200**	-
TAX ON RESULT FOR THE YEAR	-342	0	-200	-

* Until 2018, the Parent Company was exempt from income tax.

**Pertains to provision for potential tax on Group contributions paid. The provision is reported as a precautionary measure should the Swedish Tax Agency not approve the tax deduction for ATG's Group contributions paid. The Group contribution was left as an open claim in the declaration of income. The current tax rate for income tax in Sweden is 21.4 per cent (22.0) and in Denmark 22 per cent.

FISCAL LOSS CARRYFORWARDS

The Ecosys Group had, based on the submitted tax declarations for the income year 2018 and calculated tax for the income year 2019, loss carryforwards of MSEK 133 on 31 December 2019. The loss carryforwards have no limited period of validity. Of the Group's total

loss carryforwards of MSEK 133, MSEK 50 is the basis of calculation for a deferred tax asset of MSEK 11. MSEK 83 of the Group's fiscal loss carryforwards has not yet been taken into account. The recognised deferred tax asset corresponds to the value of the deferred tax liabilities arising from the acquisition of Ecosys A/S.

NOTE 9 TRANSACTIONS WITH RELATED PARTIES

ATG is 90.00025 per cent owned by the Swedish Trotting Association and 9.99975 per cent owned by the Swedish Jockey Club, whereby both are considered related parties. ATG is a related party of the State. The Swedish State has a controlling influence over ATG. The Group had no other significant transactions with related parties during the period except for ongoing management transactions and loans to the owners. For information and remuneration of senior executives and Board members, see Note 4.

Pledged assets and contingent liabilities for the benefit of related parties

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

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Sale of goods/services to related parties				
Kanal 75 AB	–	–	2	2
Ecosys Group	–	–	3	–
Swedish Jockey Club	11	–	2	–
Swedish Trotting Association IF	0	222	0	7
Swedish Trotting Association AB	150	80	55	80
TOTAL	161	302	62	89
Purchases of goods/services from related parties				
Kanal 75 AB	–	–	203	40
Swedish Jockey Club	22	–	22	–
Swedish Trotting Association IF	556	644	556	644
TOTAL	578	644	781	684
Financial income from related parties				
Ecosys Group	–	0	1	–
Swedish Jockey Club	1	0	1	0
Swedish Trotting Association AB	1	0	1	0
Swedish Trotting Association IF	10	–	10	–
TOTAL	12	0	13	0

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Receivables from related parties as per 31 December				
Kanal 75 AB	–	–	37	47
Ecosys Group	–	–	69	–
Swedish Jockey Club	160	–	159	–
Swedish Trotting Association IF	639	88	639	88
Swedish Trotting Association AB	95	100	86	100
TOTAL	894	188	990	235
Liabilities to related parties as per 31 December				
Kanal 75 AB	–	–	4	16
Swedish Jockey Club	–	–	–	–
Swedish Trotting Association AB	26	1	26	1
TOTAL	26	1	30	17
State-owned companies				
Purchases of goods/services from related parties of the State				
Svenska Spel	2	13	2	13
TeliaSonera	26	22	25	22
PostNord	0	1	0	1
TOTAL	28	36	27	36
Sales of goods/services to State-owned companies				
Svenska Spel	1	2	1	2
TOTAL	1	2	1	2

NOTE 10 INTANGIBLE ASSETS

GROUP	Goodwill	Product brands	System platform	Projects in progress	Other¹⁾	Total
2019 financial year						
Acquisition value brought forward	–	–	270	309	800	1,379
Acquisition of companies	33	40	1	2	35	111
Purchases during the year			48	173	23	244
Capitalised projects			215	-293	78	0
Sales and scrapping during the year				-1		-1
Reclassification				-11		-11
Exchange-rate differences	0	0	0	0	0	0
Accumulated cost	33	40	534	179	936	1,721
Amortisation brought forward	–	–	-61	–	-652	-713
OB amortisation in acquired companies					-12	-12
Sales and scrapping during the year						
Amortisation during the year		-3	-60		-51	-115
Exchange-rate differences		0	0	0	0	0
Accumulated amortisation	–	-3	-121	–	-715	-839
Carrying amount	33	37	412	179	221	881
2018 financial year						
Acquisition value brought forward			211	51	863	1,125
Purchases during the year				342	2	344
Capitalised projects			60	-84	24	0
Sales and scrapping during the year				-1	-88	-89
Reclassification					0	0
Accumulated cost	–	–	270	309	800	1,379
Amortisation brought forward			-36		-703	-739
Sales and scrapping during the year				1	89	90
Amortisation and impairment for the year			-25	-1	-39	-64
Reclassification						
Accumulated amortisation	–	–	-61	0	-652	-713
Carrying amount	–	–	210	309	148	666

1) The Parent Company's note recognised separately betting products and store terminal software from the category.

NOTE 10, CONTINUED

PARENT COMPANY	System platform	Projects in progress	Betting products	Store terminal software	Other	Total
2019 financial year						
Acquisition value brought forward	270	309	76	114	584	1,353
Purchases during the year	42	173		4	20	239
Capitalised projects	213	-291		5	73	0
Sales and scrapping during the year		-1				-1
Reclassification		-11				-11
Accumulated cost	525	179	76	123	676	1,579
2018 financial year						
Amortisation brought forward	-61		-30	-69	-542	-702
Sales and scrapping during the year						
Amortisation during the year	-60		-9	-10	-23	-102
Accumulated amortisation	-121	-	-39	-79	-565	-804
Carrying amount	405	178	37	44	111	775
2018 financial year						
Acquisition value brought forward	211	51	76	114	646	1,098
Purchases during the year		342				342
Capitalised projects	60	-84		0	24	0
Sales and scrapping during the year		-1			-86	-87
Accumulated cost	270	309	76	114	584	1,353
Amortisation brought forward	-36	0	-22	-59	-615	-731
Sales and scrapping during the year		1			87	88
Amortisation and impairment for the year	-25	-1	-9	-10	-15	-59
Accumulated amortisation	-61	0	-30	-69	-542	-702
Carrying amount	210	309	46	45	42	651

The worked-up intangible assets consist of internal development of new gambling areas (sports betting and casino games), ATG's digital betting platforms (atg.se and tillsammans.atg.se) and regulatory compliance in new gambling markets. Projects in progress include work with new betting products and the development of technical platforms.

Amortisation is recognised in profit or loss straight line over the intangible assets' estimated useful life. Amortisable intangible assets are amortised from the date the asset is completed.

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

Impairment testing

Goodwill

Goodwill arises in conjunction with the acquisition of companies. In 2019, goodwill arose in conjunction with the acquisition of the Ecosys Group. In total, the Group's goodwill was MSEK 33 at the end of the year. As goodwill is not depreciated, impairment testing was carried out in accordance with IAS 36 relating to Ecosys Group's assets, where future discounted cash flows were compared with the carrying amount. The test showed that no impairment requirement is deemed to exist.

An impairment loss is recognised when the recoverable amount of an asset (or cash-generating unit) is expected to be lower than its carrying amount. The recoverable amount of cash-generating units is determined by calculating the value in use, which means certain assumptions must be made.

Forecast, growth rate and margins

A calculation of the recoverable amount for the Ecosys Group took place with an average growth rate over a five-year forecast and was based partly on historical outcomes and the Management's assessment of market developments going forward in relation to:

- Sales volume: based on historical outcomes and the Management's assessment of the number of customers going forward and its specific growth rate.
- EBITDA margin: based on a weighting of historical outcomes and the Management's experiences and assessment.
- Terminal growth after the forecast period of 2 per cent.
- Working capital tied-up: based on historical outcomes and the Management's assessment.

Discount rate

The discount rate is calculated as the Group's weighted-average cost of capital including risk premium before tax (WACC). The discount rate reflects the market-based assessment of monetary values over time and the specific risks linked with the asset. The discount rate used in impairment testing is 12 per cent.

Sensitivity analyses

In a sensitivity analysis of all units, Management has not identified any changes in underlying assumptions that could give rise to impairment. Executive Management conducted tests and concluded that a reasonable and possible change to the critical variables above would not have a material impact that would result in a lower recoverable amount than the carrying amount. The impact on enterprise value from a 1 per cent deviation in the discount rate would be MSEK 15. The impact on enterprise value from a 1 per cent deviation in EBITDA margin would be MSEK 21. Neither a +1 per cent change in discount rate nor a -1 per cent decline in EBITDA margin would, separately or together, lead to the impairment of goodwill.

NOTE 11 OTHER LONG-TERM RECEIVABLES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Stockholm Trotting Association	70	71	70	71
Loans, Ecosys A/S	–	35	61	35
Swedish Trotting Association IF	117	–	117	–
Swedish Trotting Association AB	80	80	80	80
TOTAL	267	185	328	185

A receivable from the Stockholm Trotting Association arose in conjunction with ATG participation in financing the conversion and extension of ATG's office building, the Hästsportens Hus property at Solvalla. The receivable relates to two loans with an interest rate of between 1 and 5 per cent. The loans have a maturity up to 2045. The loans to Ecosys and Svensk Travsport AB carry interest based on STIBOR + a market-based supplement. The loans are extended by six months at a time with a mutual period of notice of

one month. ATG has no expected credit loss for any other receivables.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

<i>GROUP</i>	<i>Servers</i>	<i>Right-of-use assets</i>	<i>Store terminals</i>	<i>Leasehold improvements</i>	<i>Other</i>	<i>Projects in progress</i>	<i>Total</i>
2019 financial year							
Accumulated cost							
Opening balance	131	–	32	97	209	108	577
Reclassification		71			-71	11	11
Acquisition of companies					2	2	4
Purchases during the year	85	11	25	13	32	19	185
Capitalised projects			102	9	2	-113	0
Transition effects of IFRS 16 (see Note 28)		98					98
Sales and scrapping during the year	-9	-1			-17	-1	-28
Closing balance	207	179	159	119	157	26	847
Accumulated depreciation							
Opening balance	-75	–	-24	-80	-120	–	-298
Reclassification		-37			37		0
Sales and scrapping during the year	9	0			17		26
Depreciation during the year	-20	-17	-12	-7	-23		-80
Closing balance	-86	-54	-36	-87	-89	–	-352
Carrying amount at year end	121	125	123	32	68	26	495
2018 financial year							
Accumulated cost							
Opening balance	114		30	89	219	34	486
Purchases during the year	10		2	5	23	108	148
Capitalised projects	19			8	8	-34	0
Sales and scrapping during the year	-12			-5	-41		-58
Closing balance	131	–	32	97	209	108	577
Accumulated depreciation							
Opening balance	-60		-21	-78	-140	–	-299
Sales and scrapping during the year	12			5	41		58
Depreciation during the year	-27		-3	-7	-21		-57
Closing balance	-75	–	-24	-80	-120	–	-298
Carrying amount at year end	56	–	8	17	90	108	279

PARENT COMPANY	<i>Servers</i>	<i>Store terminals</i>	<i>Leasehold improvements</i>	<i>Other</i>	<i>Projects in progress</i>	<i>Total</i>
2019 financial year						
Accumulated cost						
Opening balance	80	32	90	56	108	366
Reclassification					11	11
Purchases during the year	85	22	13	24	19	163
Capitalised projects		102	9		-111	0
Sales and scrapping during the year	-9			-17	-1	-27
Closing balance	156	156	112	63	26	513
Accumulated depreciation						
Opening balance	-44	-24	-79	-37		-184
Sales and scrapping during the year	9			17		26
Depreciation during the year	-15	-12	-6	-9		-42
Closing balance	-50	-36	-84	-29	-	-199
Carrying amount at year end	106	120	28	34	26	314
2018 financial year						
Accumulated cost						
Opening balance	78	30	88	64		260
Purchases during the year	10	2	5	12	108	137
Sales and scrapping during the year	-9		-2	-21		-32
Closing balance	80	32	90	56	108	366
Accumulated depreciation						
Opening balance	-38	-21	-77	-49		-185
Sales and scrapping during the year	9		2	21		32
Depreciation during the year	-14	-3	-4	-9		-30
Closing balance	-44	-24	-79	-37	-	-183
Carrying amount at year end	36	8	11	19	108	183

NOTE 13 ACCOUNTS RECEIVABLE

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Accounts receivable	36	38	35	35
Provision for expected credit losses	-6	-6	-6	-6
TOTAL	30	32	29	29

GROUP	2019		2018	
	Gross	Provision for expected credit losses	Gross	Provision for doubtful receivables
Age analysis of accounts receivable				
Not due accounts receivable	15		32	
Accounts receivable 1–30 days past due	12		0	
Accounts receivable 31–60 days past due	1		0	
Accounts receivable 61–180 days past due	1		0	
Past-due accounts receivable >180 days	7	-6	6	-6
TOTAL	36	-6	38	-6

At 31 December 2019, the Group's expected credit losses for accounts receivable amounted to MSEK 6 (6).

Changes in the provisions are presented below:

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Provision for expected credit losses				
Opening balance	-6	-3	-6	-3
Provision for the year	-1	-4	-1	-4
Reversal of previously posted impairment losses	1	1	1	1
CLOSING BALANCE	-6	-6	-6	-6

Accounts receivable

ATG's accounts receivable consist of receivables from agents and international partners. 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.

For accounts receivable, the Group applies the simplified approach for calculating the expected credit losses, meaning the reserve is equivalent to the expected losses over the receivable's entire remaining lifetime. The ECL rates are based on the customer's payment profile and historical credit losses.

NOTE 14 FINANCIAL INSTRUMENTS

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

Market risk

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

Interest-rate risk

The Group's borrowing costs and yield on cash and cash equivalents are impacted by changes in the general level of interest rates. Interest-rate risk is the risk that interest-rate changes will have a negative impact on the Group's net interest income and/or cash flow. A +1 per cent change in the interest rate on the Group's financial loans would have a negative impact of approximately MSEK 10 on net interest income.

Currency risk

At ATG, currency exposure consists mainly of transaction exposure; i.e. payments in foreign currency due to investments, as well as purchases or sales of goods and/or services. ATG's transaction exposure in operating activities is limited. In addition, the instruction adopted by the Board stipulates that all investments are to be denominated in SEK and in relation to at least three Swedish counterparties. The Group does not apply currency hedging. Currency risks exist when restating assets and liabilities in foreign operations to the Parent Company's functional currency, known as translation exposure. The exposure pertains to DKK. A currency change would only have a marginal effect on the Group's financial position.

Other price risks

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

Credit and counterparty risks

Credit and counterparty risk pertains to the risk that the counterparty to a transaction may not be able to satisfy its commitment and that this results in a loss for ATG. One of the Group's credit risks refers to the funds regularly generated by agents that sell the Group's offering on commission. Routines for the approval of an agent are clear-cut and based on defined requirements and risk assessments of agents. Funds are collected every week by direct debit. Measures are taken for agents where direct debt payments were not possible, including the temporary suspension of terminals

until payment is received, collateral is requested or the agreement with the agent is terminated.

The Group's credit risk in long-term receivables is considered limited as the counterparties are owners and the Stockholm Trotting Association, from which ATG leases Hästsportens Hus.

The Group has a very limited credit risk with external customers who gamble online as these are private individuals and payment for the Group's online gambling services takes place through customer deposits in advance. The Group has a credit risk in relation to companies that supply payment services. To offset this credit risk, the Group works with well-established suppliers in the industry.

The Group's cash and cash equivalents are managed by banks with high credit ratings.

Financing and liquidity risk

Financing and liquidity risk is defined as the risk that when renegotiating loans or when meeting payment obligations, financing opportunities are limited or the price scenario has changed considerably. ATG's main sources of financing are cash flow from operating activities and loans solely from credit institutions. Financing and liquidity risks are managed within the framework of an established policy. The Group's financial liabilities, which primarily consist of a liability pertaining to funds held on behalf of account customers, accounts payable and liabilities to credit institutions, are presented below. The Group is not facing any material liquidity risk relating to its lease liabilities. The lease liabilities are monitored by the Group's finance function.

GROUP	Within 1 year	Within 2–5 years	Later than 5 years	Total
Due date structure, financial liabilities, 31 Dec 2019				
Liabilities to credit institutions		1,075		1,075
Lease liabilities	19	51	80	150
Liabilities to Group companies	26			26
Accounts payable	139			139
Liabilities, account customers	419			419
Other current liabilities	265			265
TOTAL	868	1,126	80	2,074

Due date structure, financial liabilities, 31 Dec 2018				
Liabilities to credit institutions	9	524		533
Liabilities to Group companies	1			1
Accounts payable	198			198
Liabilities, account customers	368			368
Other current liabilities	198			198
TOTAL	774	524	–	1,298

GROUP, 31 DEC 2019	Financial assets measured at amortised cost	Financial liabilities measured at amortised cost	Total carrying amount
Fixed assets			
Financial assets			
Other long-term receivables	267		267
Accounts receivable	30		30
Receivables from Group companies	537		537
Other receivables	364		364
Cash and cash equivalents	592		592
TOTAL FINANCIAL ASSETS	1,790		1,790
Financial liabilities			
Liabilities to credit institutions		1,073	1,073
Lease liabilities		102	102
Liabilities to Group companies		26	26
Accounts payable		19	19
Liabilities, account customers		419	419
Other current liabilities		265	265
TOTAL FINANCIAL LIABILITIES		1,904	1,904

NOTE 14, CONTINUED

GROUP, 31 DEC 2018	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Fixed assets			
Financial assets			
Other long-term receivables	185		185
Accounts receivable	32		32
Receivables from Group companies	88		88
Other receivables	243		243
Cash and cash equivalents	521		521
TOTAL FINANCIAL ASSETS	1,069		1,069
Financial liabilities			
Liabilities to credit institutions		533	533
Liabilities to Group companies		1	1
Accounts payable		198	198
Liabilities, account customers		368	368
Other current liabilities		198	198
TOTAL FINANCIAL LIABILITIES		1,298	1,298

PARENT COMPANY, 31 DEC 2019	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Financial assets			
Other long-term receivables	328		328
Accounts receivable	29		29
Receivables from Group companies	574		574
Other receivables	353		353
Cash and bank balances	583		583
TOTAL FINANCIAL ASSETS	1,867		1,867
Financial liabilities			
Liabilities to credit institutions		1,073	1,073
Liabilities to Group companies		31	31
Accounts payable		116	116
Liabilities, account customers		415	415
Other current liabilities		252	252
TOTAL FINANCIAL LIABILITIES		1,887	1,887

NOTE 14, CONTINUED

PARENT COMPANY, 31 DEC 2018	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Financial assets			
Other long-term receivables	185		185
Accounts receivable	29		29
Receivables from Group companies	135		135
Other receivables	242		242
Cash and bank balances	521		521
TOTAL FINANCIAL ASSETS	1,112		1,112
Financial liabilities			
Liabilities to credit institutions		499	499
Liabilities to Group companies		17	17
Accounts payable		170	170
Liabilities, account customers		368	368
Other current liabilities		194	194
TOTAL FINANCIAL LIABILITIES		1,248	1,248

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

Fair value of financial instruments

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

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

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

that are observable for the asset or the liability, such as interest rates, yield curves, volatility and multiples.

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

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

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

NOTE 15 OTHER RECEIVABLES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Receivable, Swedish Jockey Club	159	0	159	0
Receivable, agents	132	119	131	119
Receivable, Group bank account	29	36	29	36
Receivables from payment service providers	24	52	24	52
Other receivables	20	36	10	35
TOTAL	364	243	353	242

NOTE 15, CONTINUED

ATG uses bank guarantees and personal guarantees from the company's agents as collateral. During the year, these bank guarantees amounted to 21 (25) with a total value of MSEK 2 (2). At year-end, 282 (158) personal guarantees had been signed. A receivable from the Swedish Jockey Club will be settled in part in connection with the dividend payment from the Parent Company. Receivables from agents are short-term and payment is generally received within one week of the date on which the receivable arose. Receivables from payment service providers pertain to receivables from banks and other credit institutes that are lenders (issuing credit cards or suchlike) for the Group's customers. Since autumn 2019, when the new Payment Services Directive (PSD2) came into effect, the Group's risk for credit losses on receivables from payment service providers is very limited.

The ATG Group has not made provisions for probable losses on any of the receivables above. The assessment is that the Group will not have any expected credit losses on the receivables. Agents who fail to fulfil their commitments and settle their liabilities are invoiced and recognised as accounts receivable and future credit losses for these are reported in the Note for accounts receivable.

The result for the year was charged with a total of confirmed credit losses of MSEK 1 (0) pertaining to the receivables above, which relate to events before the new Payment Services Directive took effect.

NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Commissions, terminal partners	17	14	17	14
Prepaid licence costs, support and maintenance agreements	42	30	42	30
Prepaid communication network costs	6	5	6	5
Prepaid sponsorship costs	1	2	1	2
Prepaid marketing costs	11	4	11	4
Other prepaid costs	14	24	16	22
TOTAL	91	79	93	77

NOTE 17 LEASES

LEASES 2019

As of 1 January 2019, Group leases are recognised in accordance with IFRS 16. See transition effects in Note 28.

GROUP 2019, MSEK	Buildings	Vehicles	Other	Total
Right-of-use assets*				
Opening balance	98	6	28	132
CLOSING BALANCE	92	14	20	125
*See Note 12				
Depreciation				
Depreciation during the year	-6	-3	-8	-17

Lease liabilities

The maturity analysis for the undiscounted flows can be found in Note 14 together with other maturity analyses.

The liquidity risk attributable to lease liabilities is described in Note 14 together with other descriptions of the Group's liquidity risk.

LEASE AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MSEK	2019
Depreciation for right-of-use assets	-17
Interest expenses for lease liabilities	-4
Lease expenses relating to short-term leases	-8
Lease expenses relating to leases of low-value assets	0
Costs pertaining to variable lease payments not included in the measurement of lease liabilities	0
Revenue from subleasing of right-of-use assets	4

Leases where the Group is lessee contain no material variable lease terms.

Cash flow for leases

Total cash flow for leases in 2019 was MSEK -28.

Operating leases as a lessor

The Group and the Parent Company's operating leases as a lessor consist of the renting out of equipment to ATG's agents. These leases can be terminated with one to three months' notice. The fees for the equipment include contractual conditions entailing minimum rents subject to a revenue clause. The contractual rent comprises a revenue-based supplement in addition to the minimum rent. During the year, the variable increment of the agents' rent accounted for MSEK 31 (23) of the total rent of MSEK 73 (66). ATG also sublets parts of its office premises to the Swedish Trotting Association, the Swedish Jockey Club and the Swedish Horse Industry Foundation. Future minimum lease income for non-cancellable operating leases falls due for payment as follows:

	<i>GROUP</i>		<i>PARENT COMPANY</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Within 1 year	14	14	14	14
Later than 1 but within 5 years				
Later than 5 years				
TOTAL	14	14	14	14
Expensed lease income	76	69	76	68

LEASES 2018

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

Operating leases as a lessee

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

	<i>GROUP</i>		<i>PARENT COMPANY</i>	
	<i>2018</i>	<i>2019</i>	<i>2018</i>	<i>2019</i>
Within 1 year	8	19	15	
Later than 1 but within 5 years	31	50	37	
Later than 5 years	92	80	89	
TOTAL	131	149	141	
Expensed lease payments	8	18	15	

Finance leases as a lessee

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

	<i>GROUP</i>
FINANCE LEASES	2018
Property, plant and equipment	
Equipment	34
TOTAL	34
Cost	71
Accumulated depreciation at 1 Jan	-28
Depreciation during the year	-9
Carrying amount	34

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

	<i>GROUP</i>
	2018
Within 1 year	10
Later than 1 but within 5 years	20
Later than 5 years	-
TOTAL	30
Future minimum lease payments	30
Less interest charge	-2
Present value of future minimum lease payments	28

NOTE 18 CASH AND CASH EQUIVALENTS

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Bank balances	229	224	226	224
Customer accounts*	363	297	357	297
TOTAL	592	521	583	521

*Balances held on behalf of customers.

NOTE 19 SHAREHOLDERS' EQUITY

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Shareholders' equity, MSEK	773	544	827	543
Equity/assets ratio, %	24	26	26	27

Group**Share capital**

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

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

Retained earnings, including profit for the year

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

Parent Company**Restricted and non-restricted reserves**

Shareholders' equity is divided into restricted equity and non-restricted funds. Restricted share capital comprises share capital of MSEK 40 (40) and statutory reserves of MSEK 8 (8), as well as the development cost reserve of MSEK 675 (521).

NOTE 20 LONG-TERM LIABILITIES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Liabilities to credit institutions	1,073	499	1,073	499
Liabilities related to right-of-use assets	102	25	–	–
TOTAL	1,175	524	1,073	499

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

NOTE 21 OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Gambling and Lottery tax	82	150	80	150
Winnings liability	29	27	29	27
Liability, trotting and thoroughbred racing associations	5	9	5	9
Terminal partners	62	67	62	67
Jackpot	8	9	8	9
International partners	10	16	10	16
Swedish Trotting Association IF	0	18	0	18
Other current liabilities	69	52	58	48
TOTAL	265	348	252	344

NOTE 22 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Accrued expenses to racetracks and active horse racing participants	0	30	0	30
Accrued salaries and employer's contributions	39	29	33	24
Commission from stores	0	1	0	1
Commission foreign gambling	7	5	7	5
Other accrued expenses	50	37	29	23
Deferred income	3	0	3	0
TOTAL	99	102	72	83

NOTE 23 PROVISIONS

	GROUP		PARENT COMPANY	
	2019	2018	2019	2018
Amounts on 1 January	-	11	-	11
Provisions for the year	200	-	200	-
Provisions utilised	-	8	-	8
Unutilised amount that has been reversed	-	-19	-	-19
Other adjustments	-	-	-	-
AMOUNTS ON 31 DECEMBER	200	-	200	-

The year's provision relates to deferred tax on Group contributions, see Note 8.

NOTE 24 LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES

GROUP	2019	2018
Opening balance	532	40
Cash flow		
Loans raised	585	501
Repayment of lease liabilities	-16	-9
Non-cash items		
Transition effects of IFRS 16 (see Note 28)	93	-
Interest	0	0
CLOSING BALANCE*	1,194	532

* Of the closing balance, MSEK 1,073 (524) relates to long-term liabilities to credit institutes, MSEK 102 to long-term lease liabilities and MSEK 19 (9) to current leases liabilities.

NOTE 25 PARTICIPATIONS IN GROUP COMPANIES

PARENT COMPANY	2019	2018
Accumulated cost		
Opening balance	0.1	0.1
Acquisitions and capital contributions	79.4	-
Impairment losses	-	-
CARRYING AMOUNT	79.5	0.1

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

PARENT COMPANY

GROUP COMPANY/ CORP. REG. NO./ REG. OFFICE	Number of partici- pations	Participa- tion, %	Book value 2019	Book value 2018
Kanal 75 AB/ 556578-3965/ Stockholm	1,000	100%	0.1	0.1
Ecosys A/S / 30556372/ Denmark	1,074,219	100%	79.4	-
25syv A/S* / 30897765/ Denmark	500,000	100%	-	-
Ecosys Ltd+/ C53354/ Malta	1,165	100%	-	-

The share of equity corresponds to the share of voting rights. Kanal 75 AB produces TV and Internet services for trotting and thoroughbred racetracks. The Ecosys Group is active with four brands in sports betting, horse betting and casino games in stores and online.

*25syv A/S and Ecosys Ltd are wholly owned subsidiaries of the Parent Company's subsidiary Ecosys A/S.

NOTE 26 PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**Contingent liabilities**

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

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

NOTE 27 BUSINESS COMBINATIONS

At the end of March, ATG acquired all of the shares of the Danish gaming group Ecosys A/S in line with the previously signed conditional acquisition agreement. The acquisition aims to extend ATG's geographic presence and contribute towards the development of horse betting in Denmark. Ecosys consists of the Parent Company and the wholly owned subsidiaries 25syv A/S and Ecosys Ltd. Ecosys offers horse betting (Derby25.dk), sports betting (Bet25.dk), casino games (Rød25.dk) and mobile casino games (Casinogo.dk). Ecosys was consolidated into the ATG Group from 1 April 2019.

The purchase price of MSEK 77 was paid in cash on the date of transfer. No contingent considerations applied. Transaction costs of MSEK 3 in relation to the acquisition were recognised in the January–September 2019 period as an expense in the Consolidated statement of comprehensive income under Other expenses.

In the 2017 financial year, Ecosys' turnover amounted to MSEK 64 and EBITDA to MSEK -26. In the 2018 financial year, Ecosys' turnover amounted to MSEK 103 and EBITDA to MSEK -0.

The table below shows the final acquisition analysis and fair value of the acquired assets and assumed liabilities. The identified surplus value relates to intangible assets in the form of customer relationships (MSEK 8), product brands (MSEK 40) and technology and licences (MSEK 5). The estimated useful life of the identified surplus values is 5–10 years. Goodwill (MSEK 33) is attributable to future revenue synergies, primarily in horse racing, based on the opportunity to leverage existing knowledge and scale it up in the acquired operations to achieve expansion. None of the reported goodwill is expected to be tax deductible. The acquisition had no material effect on the Group's revenue (see Note 2), EBITDA or earnings per share.

VALUES IN ACQUISITION ANALYSIS, MSEK

	<i>Acquisition values</i>
Customer relationships	8
Product brands	40
Other intangible assets	17
Deferred tax asset linked to loss carryforwards	12
Property, plant and equipment	4
Cash and cash equivalents	6
Other current assets	3
Deferred tax liabilities	-12
Current liabilities	-34
ACQUIRED NET ASSETS	44
Goodwill	33
CASH PURCHASE PRICE PAID	77
Less cash and cash equivalents in Ecosys	-6
NET OUTFLOW OF GROUP'S CASH AND CASH EQUIVALENTS FROM THE ACQUISITION	71

NOTE 28 TRANSITION EFFECTS OF IFRS 16**IFRS 16 TRANSITION EFFECTS ON THE GROUP**

	31 Dec 2018 IAS 17	Effect IFRS 16	1 Jan 2019 IFRS 16
Fixed assets			
Right-of-use assets*	34	98	132
Current assets			
Prepaid lease payment	5	-5	0
Cash and cash equivalents	-5		-5
TOTAL ASSETS	34	93	127
Shareholders' equity and liabilities			
Equity attributable to Parent Company shareholders			
Long-term liabilities for finance leases	25	85	110
Current liabilities for finance leases	9	8	17
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34	93	127

At 1 January 2019, the Group's weighted-average incremental borrowing rate was approximately 3 per cent.

In January to December 2019, other external expenses decreased MSEK 8, depreciation of PPE increased MSEK 6 and financial expenses increased MSEK 3 due to IFRS 16 Leases.

Transition effects had no material effect on key performance measures calculated using the consolidated statement of comprehensive income. The key performance measures related to the Group's financial position were marginally impacted as the right-of-use assets comprise about 3 per cent of the Group's total assets.

* Recognised in accordance with IAS 17 as PPE.

RECONCILIATION BETWEEN OPERATING LEASE COMMITMENTS RECOGNISED UNDER IAS 17 AT 31 DECEMBER 2018 AND LEASE LIABILITIES RECOGNISED UNDER IFRS 16

Operating lease commitments at 31 December 2018	131
Prepaid operating lease payments at 31 Dec 2018	-5
Discounting effect with the Group's discount rate	-33
Finance lease liabilities at 31 Dec 2018	34
IFRS 16 TOTAL LEASE LIABILITY AT 1 JAN 2019	127
Prepaid operating lease payments at 31 Dec 2018	5
RIGHT-OF-USE ASSETS AT 1 JAN 2019	132

NOTE 29 PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes that earnings for 2019 be appropriated as follows:

NON-RESTRICTED EQUITY IN THE PARENT COMPANY, SEK	2019
Retained earnings	-180,037,810
Result for the year	284,345,982
TOTAL	104,308,172
Dividend to shareholders	-103,749,100
RETAINED EARNINGS	559,072

The Board proposes a dividend payment to the Swedish Jockey Club corresponding to a total dividend of SEK 103,749,100. The unappropriated earnings will be carried forward.

The Parent Company has a development costs reserve amounting to MSEK 675 (521). This reserve is included in restricted equity.

The Parent Company's shareholders' equity totalled MSEK 827 (543).

**NOTE 30 SIGNIFICANT EVENTS AFTER
THE END OF THE FINANCIAL YEAR**

ATG and the Swedish Trotting Association entered into a sponsorship agreement for trotting races whereby ATG will be a title sponsor for Elitloppet until 2022. ATG will continue to be the exclusive gambling company sponsor for Sprintermästaren at Halmstadtravet as well as V75-champions and the Paralympiatravet at Åbytravet.

In early 2020, the COVID-19 virus was declared a pandemic. The effects are difficult to predict, but will impact ATG's operations, income and earnings as the range of sports betting and horse racing and betting worldwide has declined sharply.

BOARD'S SIGNATURES

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

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

Stockholm, 17 March 2020

BO NETZ

Chairman of the Board

MARJAANA ALAVIUHKOLA

Deputy Chairman

LINA BERTILSSON

Board member

PETRA FORSSTRÖM

Board member

AGNETA GILLE

Board member

URBAN KARLSTRÖM

Board member

BIRGITTA LOSMAN

Board member

MATS NORBERG

Board member

SUSANNA RYSTEDT

Board member

ANDERS KÄLLSTRÖM

Board member

MARIANNE MARTINSSON

Board member,
employee representative

HANS LORD SKARPLÖTH

Managing Director and Chief Executive Officer

Our audit report was submitted on 20 March 2020

Ernst & Young AB

ÅSA LUNDVALL

Authorised Public Accountant

AUDITORS' REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and the consolidated accounts of Aktiebolaget Trav och Galopp for 2019. The company's annual accounts and consolidated accounts are included on pages 58–116 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 2019 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 2019 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 statement on pages 67–77. 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 opinions

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 opinions.

Other information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for this other information. The other information comprises pages 1–57 and 120–136.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the 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 Managing Director are responsible for assessing the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism 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 opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Aktiebolaget Trav och Galopp for 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory Administration Report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

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

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities according to these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation, and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Director's guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a 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 Managing Director 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 exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is primarily based on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with its starting point in risk and materiality. This means that we focus our examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal complies with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 67–77 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditors examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 20 March 2020

Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant



SUSTAINABILITY REPORT

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

BUSINESS MODEL	15–17
RISKS AND RISK MANAGEMENT	62–65
ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES	121–123
GOVERNANCE, FOLLOW-UP, EARNINGS AND PERFORMANCE MEASURES:	
ENVIRONMENT	57, 124–130
HUMAN RIGHTS	56, 124–130
ANTI-CORRUPTION	51, 56, 124–130
PERSONNEL	54–55, 124–130
RESPONSIBLE GAMBLING (SOCIAL CONDITIONS)	49–51, 124–130
HORSE WELFARE	27, 52–53, 124–130

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

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

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2019 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

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

OPINIONS

A statutory sustainability statement has been prepared. Stockholm, 20 March 2020
Ernst & Young AB

Åsa Lundvall
Authorised Public Accountant

SUSTAINABILITY REPORTING PRINCIPLES



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

COMMUNICATION ON PROGRESS

REPORTING PRINCIPLES

ATG has prepared its Sustainability Report in accordance with the GRI Standards: Core Option since 2017. The Sustainability Report is prepared annually and the 2019 report is the company's third Sustainability Report. The Sustainability Report encompasses AB Trav och Galopp and Kanal 75 AB. The Danish gaming group Ecosys was acquired at the start of 2019. Ecosys's figures have been integrated into the key performance measures for personnel in GRI 102-8. The target moving forward is to integrate Ecosys into ATG's sustainability activities. All disclosures in this Sustainability Report pertain to the financial year 1 Jan 2019 to 31 Dec 2019, unless otherwise stated.

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

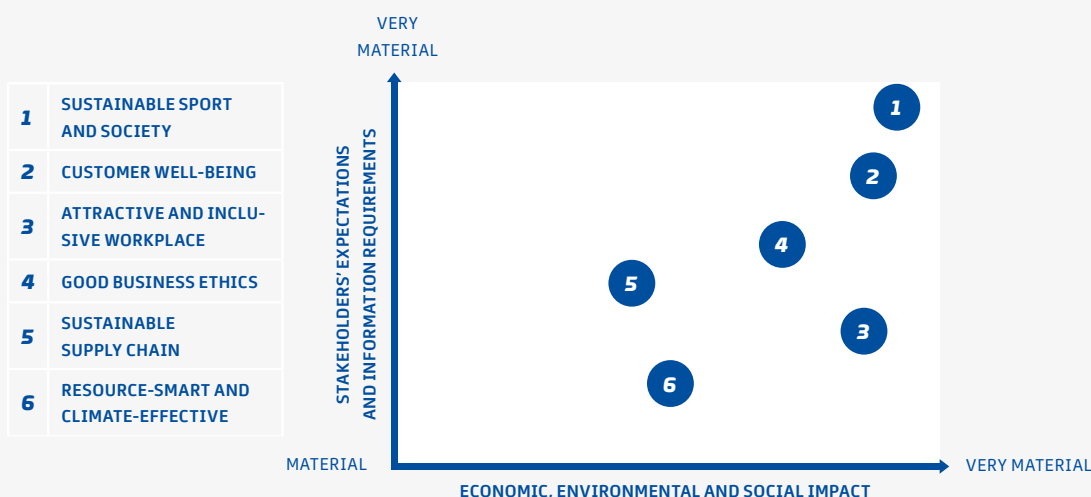
The Sustainability Report is not audited externally on the basis of the GRI Standards, but ATG believes that the report meets the reporting requirements under the Core option.

MATERIALITY ASSESSMENT

The content of ATG's Sustainability Report is based on a materiality assessment performed in 2019. The aim of the materiality assessment is to identify and prioritise the areas in which ATG has a significant economic, environmental and social impact and that influence the assessments and decisions of ATG's stakeholders. Key issues included in the assessment were topics from the GRI Standards and other relevant issues based on ATG's sustainability context. ATG's material sustainability topics and their order of priority are presented below. The sustainability topics have been prioritised using two parameters:

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

As part of this year's materiality assessment, a more extensive survey was carried out with key stakeholder groups to gain knowledge of stakeholders' priorities in relation to ATG's sustainability agenda*. In last year's stakeholder dialogue, stakeholders ranked seven sustainability topics. In this year's dialogue, stakeholders instead ranked 23 more detailed and in-depth sustainability topics. In addition, the stakeholder dialogue was expanded with two new groups that operate in the sport and racetracks. This year's sustainability topics provide new important insights into ATG's sustainability agenda, for example, the gambling industry's reputation is one of the most important sustainability topics for ATG's stakeholders. These topics have been grouped into six focus areas, see page 43. Due to the new materiality assessment and updated sustainability strategy, ATG has included a number of new key performance measures in this year's Sustainability Report.



ONGOING STAKEHOLDER DIALOGUE

ATG maintains an ongoing dialogue with the company's key stakeholders. Stakeholder dialogues are conducted as both an integral part of day-to-day operations and in the form of specific activities with a sustainability focus. In addition to the stakeholder dialogue that took place in connection with the materiality analysis, ATG has maintained regular dialogue with key stakeholder groups as part of day-to-day operations. A selection of methods with key stakeholder groups is presented below.

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

MEASUREMENT METHODS

A description of the measurement methods used to compile the key performance measures for the Sustainability Report is provided below.

CUSTOMER WELL-BEING

Share of green turnover is calculated from the net gambling revenue from customers who have completed self-assessment tests and been identified as green. Customers showing a green profile in ATG's responsible gambling tool, PTS (Player Tracking System), have low risk of developing problem gambling. The key performance indicator is new for 2019.

Share of green customers, customers with a risk profile of 1, 2 or 3 on a scale of 1–7 in ATG's PTS and who have completed a self-assessment test and placed a bet during the year have been identified as green. Green customers have low risk of developing problem gambling according to an analysis in ATG's responsible gambling tool PTS. The key performance indicator is new for 2019.

Share of priority target groups that perceive ATG to be a fair company in the manifest survey, this is an aggregated brand metric where we look at whether our target groups associate ATG and its brand with the brand claims of "Fair and honest" and "Stands for responsible gambling." The key performance indicator is new for 2019.

Net Promotor Score (NPS), is a metric of our customers' loyalty and is measured using the question "How likely is it that you would recommend ATG to your friends and colleagues?" Customers reply by giving a score from 0 (not likely at all) to 10 (highly likely). The key performance indicator is new for 2019.

We can divide customers into three NPS categories based on their responses:

Critics = gave a score of 0–6 to the question of whether they would recommend ATG

Passive = gave a score of 7–8 to the question of whether they would recommend ATG

Ambassadors = gave a score of 9–10 to the question of whether they would recommend ATG

The NPS key performance indicator is calculated by taking a percentage of ambassadors minus a percentage of critics (for example, 40 per cent ambassadors – 30 per cent critics = NPS 10).

ATTRACTIVE AND INCLUSIVE WORKPLACE

Employee Net Promoter Score (e-NPS) is measured by ATG and Kanal 75 employees replying to the question of "How likely is it that you would recommend the company as workplace to a friend?"

Employee index is the combined total of four indices measured in the annual employee survey. These indices are: Employee Engagement Index, Leadership Index, Team Efficiency Index and Psychosocial Work Environment Index. The survey is carried out by an external survey company.

Number of employees is calculated as per 31 December of the relevant reporting year. The number of employees is recognised in accordance with the GRI broken down by gender, employment contract (permanent/temporary), employment type (full-time/part-time) and age (under 30, 30–50, over 50).

A permanent employment contract is a contract with an employee for an indeterminate period. This also includes employees on probation.

A temporary employment contract is of limited duration.

A full-time employee has an employment rate of 100 per cent.

A part-time employee has an employment rate of less than 100 per cent.

Disclosures on the number of employees include all of the employees in the entire Group, and do not exclude employees on service leave or sick leave. This may mean that a role/position is counted twice if a temporary employee is engaged to cover the absence.

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

Other employee disclosures have been collated from ATG's payroll system and are based on information from salaries paid in December of the relevant year. Disclosures from the payroll system were exported to an accounting module that calculates and compiles information according to preprogrammed formula to reduce the risk of human error.

SUSTAINABLE SPORT AND SOCIETY

Number of reported deviations of suspected match fixing where ATG offered gambling is calculated based on the number of alerts from the International Betting Integrity Association (IBIA) and ATG's internal investigations.

Key performance indicators related to the number of doping tests, stable area inspections and camp inspections are provided by the Swedish Trotting Association. ATG's owners, the Swedish Trotting Association and the Swedish Jockey Club, are responsible for measuring horse welfare. Stable area inspections refer to inspections at race meetings designed to verify that

those active have conducted self-inspections according to an established checklist. Camp inspections are performed at training facilities and the stables of licensed trotting and thoroughbred racing trainers to ensure good animal welfare.

MSEK to projects that contribute to an inclusive society

encompass sponsoring, funds donated by the ATG Drömfond, gifts and grants awarded to budding talent and to recognise performance.

Direct economic value generated and distributed

This disclosure aims to report the economic value generated by the business and how it is distributed between ATG's key stakeholder groups.

Total revenue refers to net gambling revenue, agent revenue, other income and interest income.

Economic value is distributed between:

- Gambling tax/lottery tax
- Rights/services driven by the Swedish Trotting Association and the Swedish Jockey Club
- Funds to trotting and thoroughbred racing
- Funds to community investments (ATG Drömfond, sponsoring and other investments)
- Personnel expenses
- Other expenses and interest expenses
- Group contributions
- Income tax

Value retained

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

RESOURCE-SMART AND CLIMATE-EFFECTIVE

Materials used (paper)

Resource-smart and climate-effective involves offering ATG's products and services in a resource-efficient manner and promoting sustainable and informed material choices. This sustainability topic is linked to GRI 301 Materials, and is reported under topic-specific disclosure 301-1 Materials used by weight or volume, and the company-specific indicator of share of eco-labelled paper. Disclosure 301-1 relates to the weight of paper used for marketing and sales of ATG's products. This includes the paper used for marketing materials, and the use of betting slips and receipts by ATG's agents.

Both disclosures are calculated and obtained from printing companies. Other materials, such as plastic, textiles and cardboard are also followed up, but the volumes are relatively small and so only the volume of paper is reported.

ATG collaborates with a supplier for the printing of betting slips and receipts. The weight of betting slips and receipts is based on information received from the distributor that transports the material to the agents.

Greenhouse gas emissions (GHG)

ATG uses the GHG Protocol Corporate Accounting and Reporting Standard to report its greenhouse gas emissions. The report includes direct (Scope 1) GHG emissions, indirect (Scope 2) GHG emissions from purchased electricity and heating, and GHG emis-

sions from business trips (Scope 3). To delimitate and allocate to a scope, ATG uses the operational control approach.

Direct (Scope 1) GHG emissions: Direct GHG emissions occur from business trips with vehicles that ATG is deemed to own or control. These include company cars that are only used for work, and benefit cars when they are used for business trips. Emissions from company cars are calculated based on the amount of fuel purchased and emission factors from the Network for Transport Measures (NTM). Emissions from company cars are estimated based on the driving distance reported by drivers and emission factors from NTM. Emissions include CO₂, N₂O and CH₄ and are recognised as CO₂-e. At ATG's office, there is also a standby generator that runs on diesel and whose emissions are included in this category. Emissions from the standby generator are an estimation based on the amount of diesel purchased.

Indirect (Scope 2) GHG emissions from purchased electricity and heating: The underlying activity data for the emissions is the number of kilowatt-hours used for electricity and district heating at ATG's and Kanal 75's offices. All electricity purchased by ATG is renewable, and an emissions factor of 5 g CO₂-e per kilowatt hour was used to calculate emissions. For district heating, an emissions factor from ATG's supplier was used.

GHG emissions from business trips and paper consumption

(Scope 3): Emissions from business trips are based on data obtained from suppliers and include travel by air, rail and rental car booked through ATG's contracted travel agent. These emissions include only CO₂. There is a risk that the emissions are slightly higher than reported because some bookings are not made through the travel agent. Scope 3 also include business trips with private cars. These emissions are calculated using information about travel expenses reimbursed and emission factors from NTM, and include CO₂, N₂O and CH₄ and are reported as CO₂-e. A new feature from this year is that paper production from printed marketing materials, betting slips and receipts are also included in Scope 3. The emission factor for paper production is 952.7 kg CO₂-e per tonne of paper. The source of the emission factor is DEFRA.

GOD BUSINESS ETHICS

Good business ethics include ATG's internal efforts to counter corruption and money laundering and to safeguard personal privacy through strong protection of personal data.

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

SUSTAINABLE SUPPLY CHAIN

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

GOVERNANCE AND MONITORING

GOVERNANCE OF SUSTAINABILITY EFFORTS

ATG's sustainability efforts shall focus on the topics that are most material for the operations and that generate value for ATG's stakeholders. Working continuously to identify and prioritise the areas in which ATG has the greatest impact and involving stakeholders in this process are therefore of great importance for ATG. Read more about ATG's materiality assessment on page 121.

ATG's material sustainability topics determine the priorities for sustainability efforts. ATG's sustainability strategy is based on six areas to increase the positive impacts and reduce the negative impacts and risks that ATG's operations contribute to. ATG endeavours to apply the precautionary principle when developing and marketing its products. Within each of these six prioritised areas, ATG has long-term ambitions that provide a direction and short-term targets. Policies and guidelines set out expectations and responsibilities for both the organisation and its partners.

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

POLICIES AND GUIDELINES

Policies are decided by ATG's Board. Guidelines may be decided by Executive Management.

ATG's most important policies and guidelines are:

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

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

- Social sustainability
- Environmental sustainability
- Economic sustainability and business ethics
- Horse welfare

ATG's Supplier and Employee Code of Conduct is based on the Ten Principles of the UN Global Compact, which in turn are based on the Universal Declaration of Human Rights, the ILO

Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption. The Code of Conduct specifies a minimum level of sustainability for suppliers, while also enabling cooperation and dialogue with the suppliers with the aim of achieving continuous improvements.

The Purchasing Policy aims to define the main principles for purchasing within the ATG Group in order to ensure that these principles best support the Group's objectives and strategies. The policy emphasises the importance of considering social and environmental aspects and business ethics when purchasing, which is also regulated in ATG's Supplier and Employee Code of Conduct. The Purchasing Policy provides support and regulates the purchases that should be made based on strategic sourcing.

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

EXTERNAL INITIATIVES, REGULATIONS AND GUIDELINES

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

ATG's activities are subject to a range of laws, licensing requirements, regulations and guidelines. The Swedish Gambling Authority issues regulations for the protection of social interests and to prevent money laundering. The Swedish Gambling Authority also issues ATG's license and imposes regulations on how the operations should be conducted in terms of responsible gaming. The Swedish Gambling Association's (SPER) guidelines for responsible gaming and marketing are also applied when developing and marketing gambling products.

ATG also cooperates in the Independent Gaming Collaboration (OSS), which is an association of the regulated companies in the gambling industry – the National Association for Gambling Addicts, the Swedish Gambling Authority, the Helpline and the Public Health Agency. Meetings within OSS are held twice per year to facilitate an exchange of knowledge and experience concerning responsible gambling matters.

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

ATG is a member of the International Betting Integrity Association (IBIA), which combats match fixing and corruption.



SUSTAINABILITY MONITORING

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

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

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

A whistleblower function is available for employees to make reports of suspected breaches of ATG's internal rules or external regulations. Any employee who reports such information must not suffer any retaliation in their relationship with ATG as employer, and information about the employee will be treated as strictly confidential by ATG. The whistleblower function may also be used by suppliers to report breaches of ATG's Supplier Code of Conduct.

THE MARKETING GUIDELINES STIPULATE THAT MARKETING:

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

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

THE SWEDISH GAMBLING AUTHORITY'S RESPONSIBLE GAMBLING LOGOTYPE

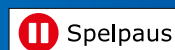
According to the new Gambling Act, all gambling companies must make the responsible gambling logotype clearly visible wherever online games are offered. The logotypes must be placed in a locked field at the top of the license holder's websites and mobile applications so that the logotypes are visible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



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



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



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

TARGETS AND OUTCOMES

ATG's six focus areas contain long-term targets that set the direction for each area. Targets are also established for one year at a time that step by step support efforts to achieve the long-term objective. Ecosys is only subject to the target of gender distribution on the Board and managers being as a minimum in the interval of 40–60 per cent. The target moving forward is to integrate Ecosys into ATG's sustainability activities.

	LONG-TERM TARGETS	TARGETS FOR 2019	OUTCOME 2019	COMMENTS
CUSTOMER WELL-BEING	ATG'S CUSTOMERS GAMING FOR PLEASURE AND FEEL GOOD ABOUT IT. ATG HELPS TO REDUCE GAMBLING PROBLEMS IN SWEDEN BY ACTING AS A ROLE MODEL	Identify share of green turnover ² .	70 per cent green turnover.	The key performance indicator was measured for the first time in 2019. The target is set with 2019 as the base year.
		Identify share of green customers ³ .	87 per cent green customers.	The key performance indicator was measured for the first time in 2019. The target is set with 2019 as the base year.
		34 per cent of priority target groups perceive ATG to be a fair company in the manifest survey ⁴ .	30 per cent of priority target groups perceive ATG to be a fair company in the manifest survey.	The intense debate on the record-breaking media investments by gambling companies had a negative effect on the reputation of the entire gambling industry. It also impacted ATG's reputation as a "Fair" company. ATG's figures recovered after the drop in the first quarter, but the target of 34 per cent was never achieved.
		Net Promoter Score (NPS) +1. ⁵	+2.	Several new services (betting products and responsible gambling, etc.) were launched during the year. This probably strengthened loyalty to ATG and the NPS target was achieved.
		All advertising must comply with legislation and ethical marketing self-regulating guidelines.	In 2019, ATG was convicted in one case for marketing communication that did not comply with voluntary codes or marketing regulations	The complaint related to marketing via mobile telephone to consumers.
SUSTAINABLE SPORT AND SOCIETY	THE SPORT BETTING THAT ATG OFFERS SHOULD BE FREE FROM MATCH FIXING OR DOPING CONTRIBUTE TO SUSTAINABLE HORSE RACING AND THE EQUINE INDUSTRY IN SWEDEN CONTRIBUTE TO AN INCLUSIVE SOCIETY	The number of reported deviations of suspected match fixing where ATG offered gaming must provide a fair view of reality.	23 reported deviations of suspected match fixing where ATG offered betting incl. reports from (IBIA ¹).	ATG is not aware of any confirmed cases of match fixing where ATG offered betting.
		ATG has a zero tolerance policy for doping in trotting and thoroughbred racing.	0 confirmed cases of doping in trotting and thoroughbred racing.	–
		MSEK 74 is to be donated to projects that contribute to an inclusive society (through ATG Drömfond, sponsoring and other investments).	MSEK 72 donated to projects that contribute to an inclusive society (through ATG Drömfond, sponsoring and other investments).	–
		All of ATG's surplus goes to its owners (the Swedish Trotting Association and the Swedish Jockey Club).	All of ATG's surplus goes to its owners (the Swedish Trotting Association and the Swedish Jockey Club).	See Administration Report page 58-.
ATTRACTIVE & INCLUSIVE WORKPLACE	ONE OF SWEDEN'S MOST ATTRACTIVE EMPLOYERS GENDER DISTRIBUTION ON THE BOARD AND AMONG MANAGERS IS TO BE A MINIMUM IN THE INTERVAL OF 40–60%.	Employee Net Promoter Score (e-NPS) 27. ⁶	e-NPS 23.	e-NPS 23 is strong figure in relation to the benchmark of 9. Work on achieving the target is ongoing since our employees are our most important asset.
		Employee index 80. ⁷	Employee index 79.	Benchmark 75
		Gender distribution on the Board and among managers is to be between 40 per cent and 60 per cent men and women.	Board: 50 per cent men, 50 per cent women. Group Management: 67 per cent men, 33 per cent women. Managers: 61 per cent men, 39 per cent women.	–

	LONG-TERM TARGETS	TARGETS FOR 2019	OUTCOME 2019	COMMENTS
GOOD BUSINESS ETHICS	ATG IS WELL AWARE OF THE VALUE CHAIN RISKS REGARDING HUMAN RIGHTS, LABOUR CONDITIONS, ENVIRONMENT AND ANTI-CORRUPTION, AND HAS EFFECTIVE CONTROL SYSTEMS IN PLACE TO MANAGE THE RISKS. CONTRIBUTE TO A GAMBLING MARKET THAT IS HEALTHIER IN 2022 THAN TODAY (2019).	ATG is to have a top 3 industry ranking for gambling companies, (SBI) Sustainable Brand Index.	ATG is third in the industry ranking of gambling companies.	–
		No corruption.	Zero cases of corruption.	–
		Zero cases of personal data breaches.	ATG reported four possible personal data breaches to the Swedish Data Protection Authority.	No breach was confirmed for any of these cases.
		Zero cases of money laundering in connection with ATG's products.	During the year, 45 cases of suspicious transactional behaviour by a customer or agent were reported to the Swedish Financial Intelligence Unit.	ATG monitors and reports suspicious transactions on an ongoing basis.
SUSTAINABLE SUPPLY CHAIN	ATG's TOP 30 RISK SUPPLIERS COMPLY WITH ATG's SUPPLIER CODE OF CONDUCT	No warnings or fines by authorities/regulators due to non-compliance with AML ⁸ and responsible gambling.	No warnings were issued or fines levied by authorities/regulators due to non-compliance with AML and responsible gambling.	–
		Identify ATG's top 30 risk suppliers by 2022. ⁹	The identification of ATG's risk suppliers began in 2019. In 2019, nine suppliers responded to a self-assessment survey. ATG is evaluating the responses in the surveys received and following up with suppliers if necessary.	The purchasing department is leading the work on implementing a centrally controlled sourcing process. A sustainable supply chain remains a focus area for ATG and work will continue on this in 2020.
RESOURCE-SMART & CLIMATE-EFFECTIVE	SUSTAINABLE AND CONSCIOUS CHOICES RESPONSIBLE WASTE MANAGEMENT GAMBLING WITHOUT PAPER BY 2030 FOSSIL-FREE OPERATIONS BY 2030 CLIMATE-NEUTRAL BY 2045	100per cent eco-labelled paper ¹⁰ in marketing materials, betting slips and receipts	The paper used for marketing materials is 100 per cent FSC and/or Nordic Swan labelled. The paper used for betting slips and receipts is 100 per cent FSC and/or Nordic Swan labelled.	–
		The volume of paper used for marketing materials, betting slips and receipts is to decrease 5 per cent compared with 2018.	Total paper consumption declined 5% compared with 2018, despite the launch of ATG Sport with betting terminals at retailers that generate receipts.	Fewer marketing campaigns in 2019 helped reduce the volume of marketing materials by 26 per cent. Betting slips and receipts increased 15per cent with the establishment of betting terminals that generate receipts. Efforts to reduce paper consumption are continuing in order to achieve the target of gambling without paper.
		97 per cent renewable energy for electricity and heating.	99.3 per cent renewable energy for electricity and heating in ATG's and Kanal 75's operations.	–

¹ The International Betting Integrity Association sends alerts of suspected match fixing to ATG.

² Green turnover measures the net gambling revenue from customers who have completed logged-on self-assessment tests and been identified as green in ATG's Player Tracking System (PTS).

³ Green customers have low risk of developing problem gambling according to an analysis of ATG's PTS.

⁴ The manifest survey is an aggregated brand metric where we look at whether our target groups associate ATG and its brand with the brand claims of "Fair and honest" and "Stands for responsible gambling."

⁵ The Net Promoter Score (NPS) measures the extent to which customers would recommend ATG to friends and colleagues.

⁶ e-Net Promoter Score (e-NPS) measures the extent to which employees would recommend ATG as a workplace.

⁷ The Employee Engagement Index is measured within the framework of ATG's employee survey and measures employee engagement and satisfaction.

⁸ Anti-money laundering, aimed at preventing companies from being used to launder money and finance terrorism.

⁹ A supplier that has a significant risk of deviating from ATG's Supplier Code of Conduct either in the supplier's operations or in the supplier chain for the products and services that ATG purchases from the supplier.

¹⁰ FSC, Nordic Swan Ecolabel, EU Ecolabel or PEFC Certified

SUSTAINABILITY INDICATORS

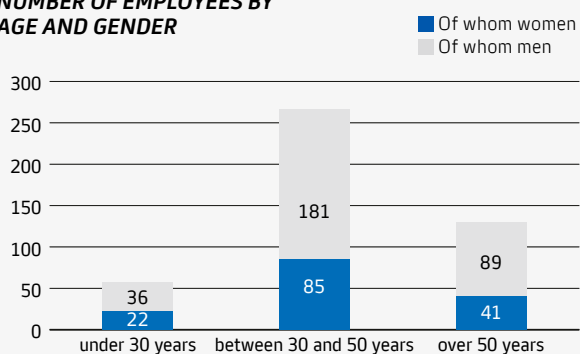
In this section, we present the material sustainability indicators that are not included anywhere else in the Annual Report or Sustainability Report.

GRI INDICATORS FOR EMPLOYEES

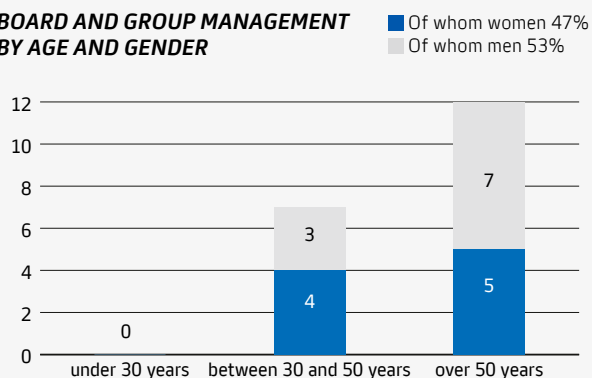
The following disclosures pertain to ATG, Kanal 75 and Ecosys employees and report by type of employment, gender and age. There are no significant seasonal variations regarding the number of employees.

INFORMATION ON EMPLOYEES AND OTHER WORKERS, AND DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES (GRI 102-8 AND 405-1)

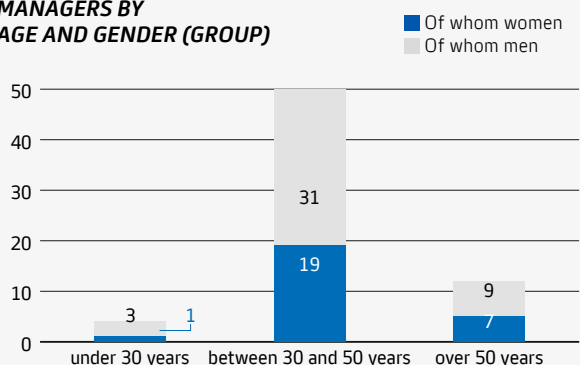
NUMBER OF EMPLOYEES BY AGE AND GENDER



BOARD AND GROUP MANAGEMENT BY AGE AND GENDER



MANAGERS BY AGE AND GENDER (GROUP)



NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT

	Total	Permanent	Temporary
Group	454	436	18
of whom women	148	143	5
of whom men	306	293	13
ATG	363	349	14
of whom women	131	127	4
of whom men	232	222	10
Kanal 75	56	56	0
of whom women	11	11	0
of whom men	45	45	0
Ecosys	35	31	4
of whom women	6	5	1
of whom men	29	26	3

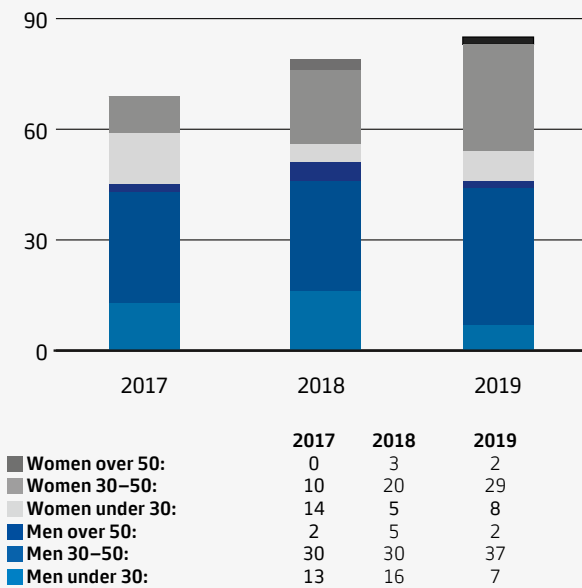
NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT

	Total	Full-time	Part-time
Group	454	432	22
of whom women	148	142	6
of whom men	306	290	16
ATG	363	345	18
of whom women	131	125	6
of whom men	232	220	12
Kanal 75	56	53	3
of whom women	11	11	0
of whom men	45	42	3
Ecosys	35	34	1
of whom women	6	6	0
of whom men	29	28	1

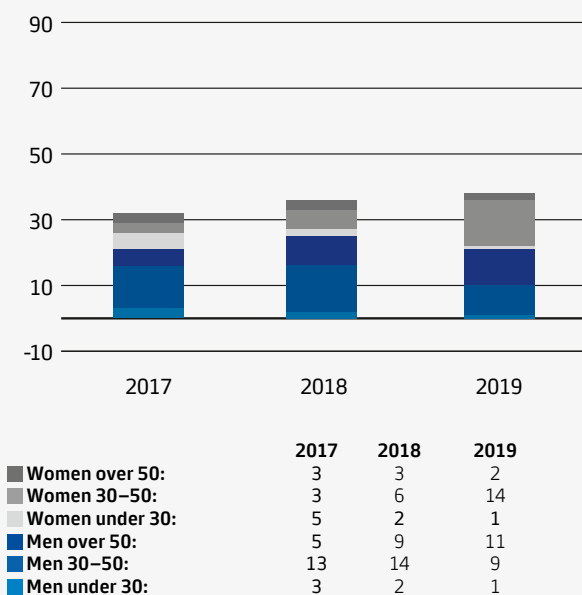
NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER (GRI 401-1)

In 2019, ATG employed 85 new people. During the same period, 38 employees terminated their employment. The figures in the graphs below pertain to the Group and are presented by gender and age.

NUMBER OF NEW EMPLOYEES



NUMBER OF EMPLOYEES WHO LEFT THE COMPANY



INSPECTIONS IN TROTTING AND THOROUGHBRED RACING

ATG's owners, the Swedish Trotting Association and the Swedish Jockey Club, work actively to promote animal welfare through a range of inspections. Camp inspections are inspection of the training facilities and stables of licenced trotting trainers. During race meetings, stable area inspections are carried out, which are random inspections to verify that the self-inspections are done correctly by the active horse racing participants.

NUMBER OF DOPING TESTS	2018	2019
Total	4,252	4,284
Of which Swedish Trotting Association	4,018	4,057
Of which Swedish Jockey Club	234	227

NUMBER OF DOPING CASES DISCOVERED IN INSPECTIONS	2018	2019
Total	1	0
Of which Swedish Trotting Association	1	0
Of which Swedish Jockey Club	0	0

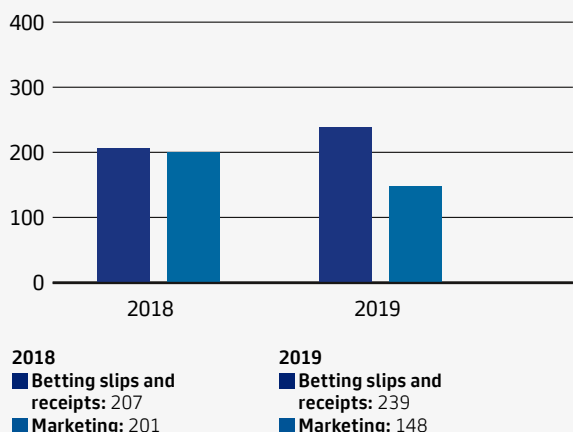
NUMBER OF STABLE AREA INSPECTIONS	2018	2019
Total	7,103	7,383

NUMBER OF CAMP INSPECTIONS	2018	2019
Total	1,135	924

PAPER IN MARKETING, BETTING SLIPS AND RECEIPTS (GRI 301-1)

ATG monitors the volume of paper used for marketing materials at agents and the use of betting slip and receipts.

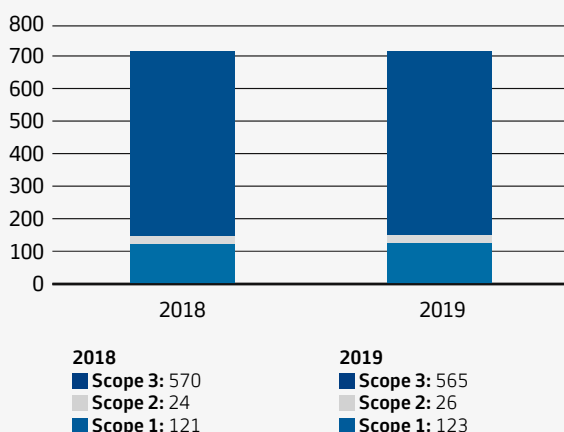
PAPER USED FOR MARKETING, BETTING SLIPS AND RECEIPTS (TONNES OF PAPER)



GHG EMISSIONS (GRI 305-1, 305-2 AND 305-3)

In ATG’s disclosures of GHG emissions, emissions are included in Scope 1 and Scope 2, and business trips in Scope 3. Scope 1 includes emissions from business journeys and from the production of backup electricity at the office. Scope 2 includes emissions from purchased electricity and heating. Scope 3 includes emissions from business travel by air, rented car and rail, and paper production for printed marketing materials, betting slips and receipts.

SCOPE 1, 2 AND 3 GHG EMISSIONS (TONNES CO₂e)



ATG’s FINANCIAL CONTRIBUTION TO SOCIETY (GRI 201-1)

2019 was a record-breaking year for ATG with the highest net turnover in the company’s history. The distribution of money between ATG’s stakeholders is presented below, although a decision remains to be made on how the retained economic value will be distributed between the company and its owners. A decision on the distribution of profit will be made at the forthcoming annual general meeting.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

AMOUNTS IN MSEK

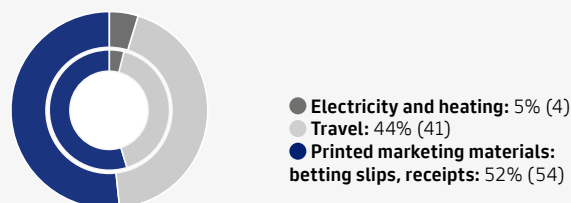
Economic value generated

	2018	2019
Total revenue	4,978	5,130

Economic value distributed

Gambling tax/lottery tax	-1,455	-872
Rights/services Swedish Trotting Association and Swedish Jockey Club	-	-528
Funds to trotting and thoroughbred racing	-2,093	-
Funds to community investments	-74	-72
Personnel expenses	-306	-358
Other expenses & interest expenses	-1,177	-1,743
Group contributions (paid and received)	-	-931
Income tax	0	-342
Economic value retained	-127	284

GHG EMISSIONS 2019



Total emissions 2019: 714 tonnes CO₂e (2018: 715 tonnes incl. emissions from printed marketing materials, receipts, betting slips). 2019 is the first year that ATG has included emissions from printed marketing materials, receipts and betting slips. The outer circle refers to 2019 and the inner circle refers to 2018. Emissions for 2018 have been revised in this report for comparability.



Slaughter Sisters in Nyköping received an early Christmas present from ATG Drömfond's ambassador and Swedish ice hockey star Peter "Foppa" Forsberg. The organisation received SEK 150,000 from ATG Drömfond for its activities that create an inclusive and open culture for people of all ages to meet and enjoy rollerderby, rollerdance and rollerskate.

GRI CONTENT INDEX

The entire index refers to the 2016 GRI Standards.

GRI STANDARD	INDICATOR	PAGE	COMMENT/OMISSION
GENERAL DISCLOSURES			
GRI 102: General disclosures	Organisational profile		
	102-1	Name of the organisation	58, 121
	102-2	Activities, brands, products, and services	28–29
	102-3	Location of headquarters	68
	102-4	Location of operations	58
	102-5	Ownership and legal form	67
	102-6	Markets served	25–25
	102-7	Scale of the organisation	11
	102-8	Information on employees and other workers	128–129
	102-9	Supply chain	56
	102-10	Significant changes to the organisation and its supply chain	32
	102-11	Precautionary principle or approach	124
	102-12	External initiatives	124
	102-13	Membership of associations	124
	Strategy		
102-14	Statement from senior decision-maker	12–13	
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	36–37	
Governance			
102-18	Governance structure	67–72	
Stakeholder engagement			
102-40	List of stakeholder groups	44, 122	
102-41	Collective bargaining agreements	GRI content index	Employees of ATG and Kanal 75 have collective bargaining agreements. Does not apply to Ecosys.
102-42	Identifying and selecting stakeholders	44	
102-43	Approach to stakeholder engagement	44, 121–122	
102-44	Key topics and concerns raised	45, 121	
Reporting practice			
102-45	Entities included in the consolidated financial statements	121	
102-46	Defining report content and topic Boundaries	121	
102-47	List of material topics	121, 45	
102-48	Restatements of information	130	
102-49	Changes in reporting	121–123	
102-50	Reporting period	121	
102-51	Date of most recent report	68	
102-52	Reporting cycle	121	
102-53	Contact point for questions regarding the report	GRI content index	Maria Guggenberger, Head of CSR maria.guggenberger@atg.se
102-54	Claims of reporting in accordance with the GRI Standards	121	
102-55	GRI content index	132–135	
102-56	External assurance	121	

GRI STANDARD	INDICATOR	PAGE	COMMENT/OMISSION
MATERIAL SUSTAINABILITY TOPICS			
<i>Economic performance and ethics in business</i>			
Economic performance			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	18–19, 126	
	103-3 Evaluation of the management approach	18–19, 67–72	
GRI 201: Economic performance	201-1 Direct economic value generated and distributed	130	
<i>Anti-corruption</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	56	
	103-3 Evaluation of the management approach	72, 124	
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	GRI content index	ATG trains employees and agents to prevent money laundering. It has not been possible to compile figures for the number of trained individuals for the Sustainability Report, but ATG intends to present these in future reports.
	205-3 Confirmed incidents of corruption and actions taken	127	
<i>Socioeconomic Compliance</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	124–125	
	103-3 Evaluation of the management approach	124–125	
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	127	
<i>Reputation of the gambling industry (company-specific area)</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	124–125	
	103-3 Evaluation of the management approach	124–125	
Own indicator	Company-specific metric: Reputation of the gambling industry among players and non-players (SBI/SKI)	127	
CUSTOMER WELL-BEING			
<i>Satisfied customers (company-specific area)</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	122, 126	
	103-3 Evaluation of the management approach	19, 126	
Own indicator	Company-specific metric: NKI (NPS)	126	
<i>Customer health and safety</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	49–51, 126	
	103-3 Evaluation of the management approach	50	
GRI 416: Customer health and safety	416-1 Assessment of the health and safety impacts of product and service categories	GRI content index	All of ATG's products are risk-assessed in Gamgard.
Own indicator	Company-specific metric: Green turnover	66, 126	
Own indicator	Company-specific metric: Priority target groups perceive ATG to be a fair company in manifest survey	126	

GRI STANDARD	INDICATOR	PAGE	COMMENT/OMISSION
<i>Customer privacy</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	123	
	103-3 Evaluation of the management approach	125	
GRI 418: Customer privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	127	
<i>Marketing and labelling</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	124–126	
	103-3 Evaluation of the management approach	124–125	
GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labelling	125	
	417-3 Incidents of non-compliance concerning marketing communications	126	
SUSTAINABLE SPORT AND SOCIETY			
<i>Sport on equal terms (company-specific area)</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	53, 126	
	103-3 Evaluation of the management approach	53	
Own indicator	Company-specific metric: Number of reported deviations of suspected match fixing where ATG offered betting (IBIA)	126	
	Company-specific metric: Number of doping tests within the activities of the Swedish Trotting Association and Swedish Jockey Club	129	
<i>Horse welfare (company-specific area)</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	53	
	103-3 Evaluation of the management approach	53	
Own indicator	Company-specific metric: Number of stable area inspections within the activities of the Swedish Trotting Association	129	
	Company-specific metric: Number of Camp inspections within the activities of the Swedish Trotting Association	129	
<i>Contribution to society</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	116	
	103-3 Evaluation of the management approach	52–53	
Own indicator	Company-specific metric: MSEK/Number of projects that contribute to an inclusive society	126	

GRI STANDARD	INDICATOR	PAGE	COMMENT/OMISSION
ATTRACTIVE AND INCLUSIVE WORKPLACE			
<i>Employment</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	54–55, 124, 126	
	103-3 Evaluation of the management approach	124	
GRI 401: Employment	401-1 New employee hires and employee turnover	129	
Own indicator	Company-specific metric: NPS	126	
Own indicator	Company-specific metric: Employee Engagement Index	126	
<i>Diversity and equal opportunity</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	54–55, 126	
	103-3 Evaluation of the management approach	124–125	
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	128	
RESOURCE-SMART AND CLIMATE-EFFECTIVE			
<i>Materials</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	57, 124, 127	
	103-3 Evaluation of the management approach	125	
GRI 301: Materials	301-1 Materials used by weight or volume	130	
Own indicator	Company-specific metric: share of eco-labelled paper	127	
<i>Emissions</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	57, 124, 127	
	103-3 Evaluation of the management approach	123, 57	
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	130	
	305-2 Energy indirect (Scope 2) GHG emissions	130	
	305-3 Other indirect (Scope 3) GHG emissions	130	
SUSTAINABLE SUPPLY CHAIN			
<i>Supplier environmental and social assessment</i>			
GRI 103: Management approach	103-1 Explanation of the material topic and its Boundary	43	
	103-2 The management approach and its components	56, 65	
	103-3 Evaluation of the management approach	56, 123–124	
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	127	
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria	127	

KEY PERFORMANCE INDICATORS AND DEFINITIONS

ATG prepares its financial statements according to IFRS. Because IFRS defines only a few performance measures, ATG has decided to use additional performance measures.

Active horse racing participants

Refers to everyone involved in trotting and thoroughbred racing, such as horse owners and breeders.

Share of green turnover

ATG Share of green turnover. The share of ATG's net gambling revenue from customers who have completed self-assessment tests and been identified as green. Green customers have low risk of developing problem gambling according to an analysis in ATG's responsible gambling tool, PTS (Player Tracking System).

Share of green customers Share of ATG's customers who have been identified as green from those who have placed a bet this year and completed a self-assessment test. Green customers have low risk of developing problem gambling according to an analysis in ATG's responsible gambling tool, PTS (Player Tracking System).

Number of active customers The number of customers who placed at least one winnings-monitored/registered bet over the past 12 months.

Number of million-krona wins

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

ATG stores The stores that supply ATG's products.

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

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

DEFRA Department for Environment, Food and Rural Affairs.

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

EBITDA Operating result before depreciation and impairment losses.

Shareholders' equity per share

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

Gamgard Tool used to measure risk in various gambling products before and after responsible gambling measures are applied.

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

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.

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

Lottery tax According to the Gambling Tax Act (1991:1482), ATG paid a lottery tax of 35% of net revenue. Lottery tax was replaced by the gambling tax on 1 January 2019.

Funds to trotting and thoroughbred racing The financial funding that ATG paid to Swedish trotting and thoroughbred racing. Included payments to central associations and racetracks and also funds paid to breeders and horse owners. The financial model was changed on 1 January 2019 due to the new conditions with the re-regulation of the betting market, which is why Funds to trotting and thoroughbred racing have been replaced with payment for services purchased and dividends or similar to owners.

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

Parent Company's result before transactions with owners Operating result less previous lottery tax and plus transaction with owners regarding horse racing information,

rights and sponsoring. See reconciliation in table below. The performance measure is recognised to create comparability between the years and also between the company and its competitors.

Net betting revenue Players' stakes less pay-out to customers.

NTM Network for Transport Measures.

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

Unredeemed winnings Winnings that are not redeemed.

Agent Retailers of ATG's betting products in stores.

Sales growth Sales increase or decrease expressed as a percentage.

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

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

Operating margin Operating result as a percentage of total revenue. In financial statements prior to 1 January 2019, operating margin was calculated as operating result as a percentage of net gambling revenue. Comparative figures in this report have been restated.

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

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

National Association for Gambling Addicts

A non-party-political and non-religious federation of gambling addiction associations that works to prevent and remediate gambling addiction.

SPER The Swedish Gambling Association, represents the gambling market in Sweden and works to promote the interests of its members. The association's mission is to promote a healthy, modern and sustainable gambling market.

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

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

Swedish gambling turnover Total funds bet by Swedish customers on trotting and thoroughbred races during the period.

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

Totalisator (tote betting or tote board) is a system for betting on horse races.

Compensation for race meetings Compensation paid by ATG to the racetrack arranging the event in conjunction with single-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.

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

Commitments according to agreements with the State Payment from ATG to the Swedish Horse Industry Foundation according to agreements with the State. As of 1 January 2019, the obligation was transferred from ATG to the owners.

PARENT COMPANY'S RESULT BEFORE TRANSACTIONS WITH OWNERS

MSEK	2019	2018	2017	2016	2015
Operating result	1,548	3,466	3,372	3,203	3,105
Lottery tax	–	-1,455	-1,466	-1,441	-1,337
Costs for horse racing information, rights and sponsoring	578	–	–	–	–
Total	2,126	2,011	1,906	1,762	1,768



DID YOU KNOW THAT...

**... ATG PAYS ABOUT MSEK 79 IN V75® WINNINGS EVERY WEEK?
... 281 MILLION-KRONA WINS WERE PAID IN 2019?
... ALL SURPLUS FROM ATG GOES TO THE HORSE RACING INDUSTRY?**

