



ANNUAL AND SUSTAINABILITY REPORT

2020





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ATG IN ONE MINUTE

ATG develops, markets and sells gaming experiences. The offer comprises horse and sport betting and casino games, as well as TV entertainment with a focus on horse racing. ATG operates in Sweden and Denmark. Sales are made digitally and through agents.

The company's full surplus is returned to the horse industry through the owners, the Swedish Trotting Association and the Swedish Jockey Club, which are the central organisations for trotting and horse racing in Sweden.

APPROX. 1,900

*ATG agents in Sweden and
approximately 60 agents in Denmark*

36

*trotting and thoroughbred racetracks
in Sweden and 9 racetracks
in Denmark*



HORSE BETTING

Sweden is today, together with France, Australia and the US, a leader in the trotting industry. During the year, ATG offers approximately 20,000 races on which bets can be placed. 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.



SPORT BETTING

ATG offers betting on 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.



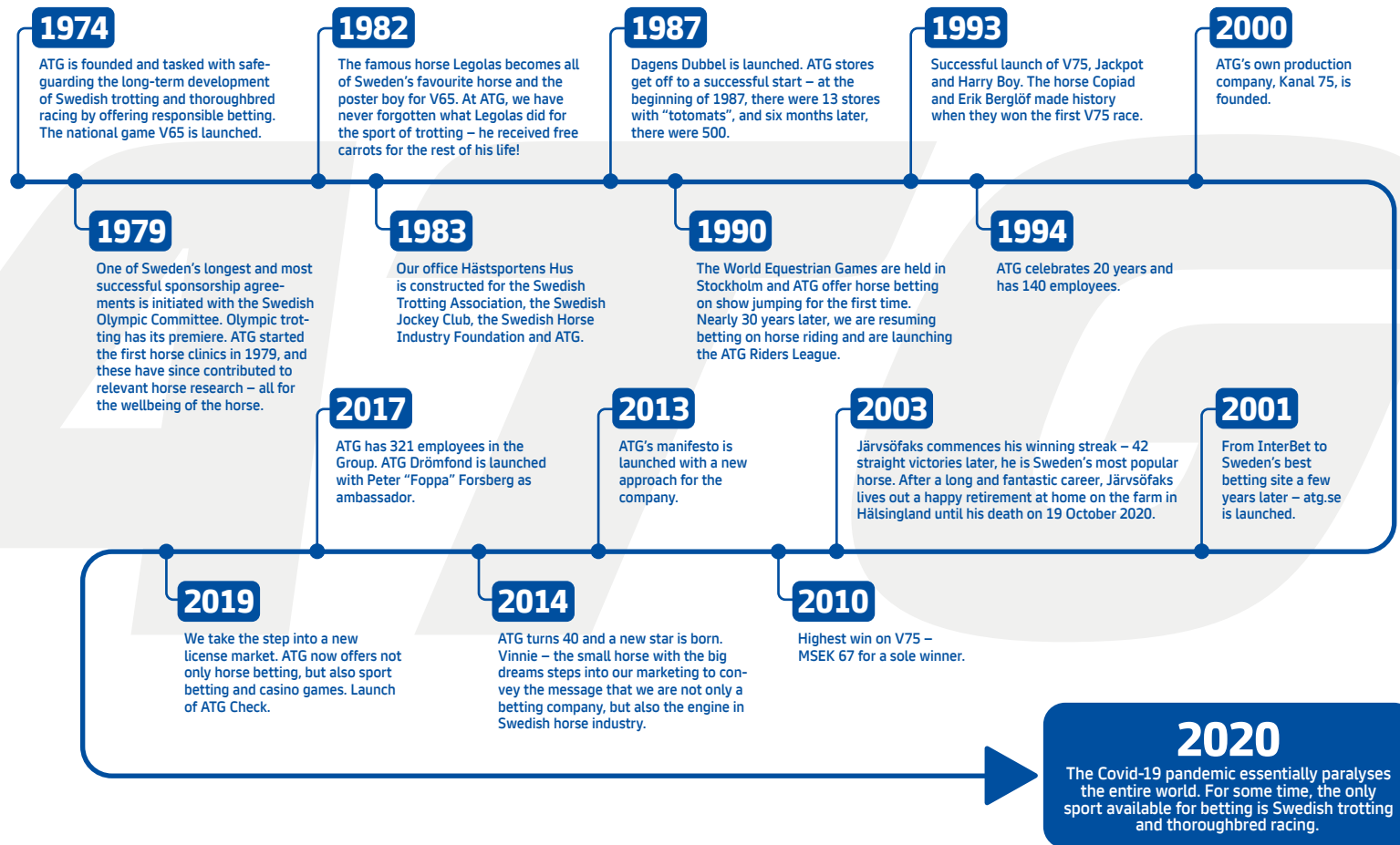
CASINO GAMES

ATG offers live casino in an in-house designed studio. Roulette and Blackjack gambling with Swedish-speaking croupiers is offered. There is also betting on slot machines and table games from established gaming suppliers, as well as Bingo and Virtual Sports.



ATG's HISTORY

ATG has operated in the service of horse racing since 1974, when the company was founded by the Swedish Trotting Association and the Swedish Jockey Club. ATG offers its customers a complete, world-class gaming experience comprising horse and sport betting and casino games.



ATG AND 2020 IN BRIEF

For those of you short on time – here is a condensed version about the past year.

1974

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

97%

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

"I have never experienced anything like it"

Hans G Lindskog, ATG's winner ambassador, on 2020, when ATG's customers had a total of 367 million-krona wins on horse betting, of which 292 million-krona wins on V75. Both figures were records.

BSEK

6.3

was ATG's total revenue, an increase of 19 per cent.

MSEK

1.4

customers have bet at ATG in 2020.

250,000

viewers on average saw the Saturday V75 Direkt on TV4 from 6:00 to 7:00 p.m., an increase of more than 38,000 viewers per week.

SUSTAINABILITY

Through its sustainability work, the Group contributes to eight of the UN Sustainable Development Goals.



BSEK 2.9

was ATG's profit before transactions with the owners, the Swedish Trotting Association and the Swedish Jockey Club. An improvement of MSEK 775.

43 e-NPS

The employee engagement survey shows that increasing numbers of employees are recommending ATG as an employer. Benchmark: 12.

86%

of the customers who completed a self-assessment test on atg.se rank as green. Since 1 January 2019, approximately 92,000 customers have completed a self-assessment test.

Message from the CEO:

A UNIQUE YEAR CHARACTERISED BY CONCERN, PRIDE AND GRATITUDE

It is with mixed feelings that my employees and I at ATG look back on 2020. The ongoing pandemic impacted us and our business environment in a way that nobody could have imagined at the beginning of the year. It has been, and remains, a challenging time for us all.

For this reason, I am proud and grateful that, under these conditions, we were able to deliver the best year for ATG since its start in 1974. Some of our key financial performance measures:

- Net gambling revenue: MSEK 5,359 (+21%)
- Operating profit: MSEK 2,240 (+49%)
- Parent Company's profit before transactions with the owners: MSEK 2,901 (+36%)

There were two underlying factors for these strong figures. Firstly: that, in recent years, ATG has made a strong investment in delivering on its customer promise. Secondly: when the rest of the sporting world was closed down due to coronavirus, the Swedish Trotting Association and Swedish Jockey Club were able to continue their professional competitions in a Covid-compliant manner since all of the public areas were closed. The interest in our horse betting brands increased to a record level among Swedish and international customers during the second quarter of the year. The question during the second

half of the year was whether we would succeed in retaining customers' interest when competition normalised. The answer was yes.

The number of customers continued to grow during the second half of the year to a total of 1.4 million (1.3). Further confirmation of customers' approval was the willingness to recommend us to friends and acquaintances, with the NPS increasing from 2 to 15 during the year.

RECORD FOR HORSE RACING

The fact that ATG is "the gambling company with the horses" was confirmed during 2020. All of the brands in horse betting displayed growth. V75® remained the most popular brand – 19 consecutive V75 games had sales in excess of MSEK 100. The Wednesday V86® had the largest percentage increase. Our new Sunday game, Grand Slam 75®, also attracted major interest. The increased interest in betting and the sport was reflected in increased TV viewing. During the year, we also widened the ATG stores'

offering through the possibility of selling store shares for V64® and Grand Slam 75®, as well as a higher repayment to the players of our single race brands, Tvilling, Trio and Komb.

STRONG SECOND HALF FOR SPORT BETTING

Our Sport betting product area got off to a positive start during the first quarter. When all sport was closed down at the beginning of the pandemic, there was a negative impact on net gambling revenue. When league games and tournaments started in June, there was concern about whether our sport betting customers would return. This concern was unfounded.

Sport betting performed strongly during the second half of the year and set records in terms of net gambling revenue and number of customers. Growth for the full year was 51 per cent, due to successful product development of the betting experience. For example, we offered unique betting tips for many matches and competitions.

CASINO GAMES – AN EXCITING AND SAFE EXPERIENCE

It is a priority for us that our customers gamble for pleasure and enjoy their gambling. While we developed the gaming experience in the Casino games product area, including Bingo, we chose to



Hans Lord Skarplöth
CEO

introduce restrictions to our marketing. In April, we introduced a mandatory loss limit for online casino. The casino customers showed their appreciation of ATG's responsible approach and fair casino games by growing significantly in number.

Due to the pandemic, the government decided on a temporary regulation with responsible gambling measures aimed specifically at the most risky forms of gambling, online casino and slot machines, as of 2 July. The underlying purpose of the regulation is positive, but we believe that a mandatory loss limit would have been a better responsible gambling measure.

MESSAGE FROM THE CEO, CONTINUED

DANISH SUCCESSES

It was gratifying to see the performance of our subsidiary Ecosys in Denmark. The business certainly had similar challenges to the Swedish operation due to the pandemic. With its brands Derby25 (horse betting), Bet25 (sport betting) and Rød25 (casino games), the company captured market shares and displayed strong growth. Horse betting, in particular, attracted new Danish customers and grew to become the company's largest product area during the year. This was fully in line with our target for 2020 to make the company primarily a horse betting company.

SUCCESSES FOR
INTERNATIONAL HORSE BETTING

International horse betting broke records. In the spring, when all global horse and sport betting was essentially shut down due to the pandemic, betting companies throughout the world gave their companies the opportunity to bet on ATG's offering. For companies that, like ATG, contribute to national trotting and thoroughbred racing, this was a key source of revenue during those dark spring months. As the CEO of Norsk Rikstoto, Camilla Garmann, said at the end of March: "ATG is now responsible for revenues flowing to the rest of the horse industry in Europe."

The collaboration with Norway, specifically, was strengthened in 2020. In September, Norwegian customers were able to play V86 on Wednesdays for the first time with the result that the betting pools replenished further. An entirely new collaboration also saw the light of day for the first time

during the year when we offered betting on the high-class horse races in Hong Kong.

OUR MOST IMPORTANT SUSTAINABILITY
TOPICS

Our most important sustainability topics are responsible gambling and horse welfare. Our sustainability strategy is integrated with the business plan. ATG is a signatory to the Global Compact, the UN initiative for sustainable business, which means that we act according to the ten principles involved. We continue to improve our work step by step.

We hope and believe that our work based on our mission – the engine of the horse racing industry and the gaming industry's compass – will ultimately contribute to a better reputation for the gaming industry.

THE GAMBLING MARKET COMMISSION

The gambling market commission was presented in the autumn. The commission did not propose a market fee for betting on horses. It is self-evident to me that all companies that arrange betting on horses must pay for the sport, since trotting and thoroughbred racing is currently 90-per cent financed by betting at ATG.

However, a positive feature of the commission's proposals was to introduce the risk classification of betting products. This has been a core issue for me for many years. Statistics and research shows that there is a difference between buying a Harry Boy or gambling on an online slot machine in terms of the risk of

gambling problems arising.

Another positive feature was the proposal that the Swedish Gambling Authority be given the possibility to further ensure that unlicensed companies do not target Swedish customers. It is incredibly important that Swedish customers remain within the regulated Swedish market and do not disappear to unlicensed gambling companies.

HORSE RACING'S FINANCING

The past year delivered many records for sales and earnings.

All of our surplus is distributed to our owners, the Swedish Trotting Association and the Swedish Jockey Club. The highest amount in ATG's history was distributed to the owners in 2020. 2020 was an extreme year in many ways that will be difficult to replicate.

OUTLOOK FOR 2021 AND BEYOND

The pandemic has and continues to affect us and our operations. However, we feel confident about the outlook for the coming year. We will continue to develop and improve our operations and our

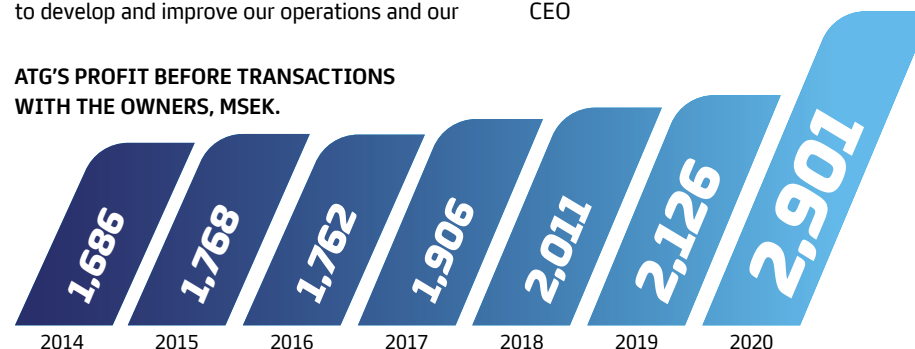
customer offering in order to retain and continue to increase our attractiveness for our large number of customers. In this way, we will continue to secure the financing of trotting and thoroughbred racing.

As CEO of ATG, it was extremely pleasing that my employees managed the considerable change in their work conditions during the prevailing circumstances. There is a strong sense of pride in being part of ATG. The employee survey for the year showed that the willingness to recommend ATG as a workplace has increased significantly from an already high level.

It is with enormous gratitude, to our customers, employees and horse racing, that I am able to say that in 2020, ATG succeeded in becoming Sweden's most successful gambling company in relative and absolute terms. We will never give up this position.



Hans Lord Skarplöth
CEO

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



THE SWEDISH GAMBLING MARKET REMAINS STRONG

ATG has a licence for betting and commercial online games in the Swedish market. Its performance in the past year was characterised by the ongoing pandemic, cancelled sports events and the introduction of new regulations. Despite the year's challenges, the market recovered well and continues to grow.

The Swedish gambling market comprises six different license areas. ATG has a licence for betting and commercial online games. Since 1 January 2019, ATG has offered horse betting, sport betting and online casino games. A total of 100¹ companies have a licence to organise gambling in Sweden, of which 70 companies hold licences to organise betting and commercial online games.

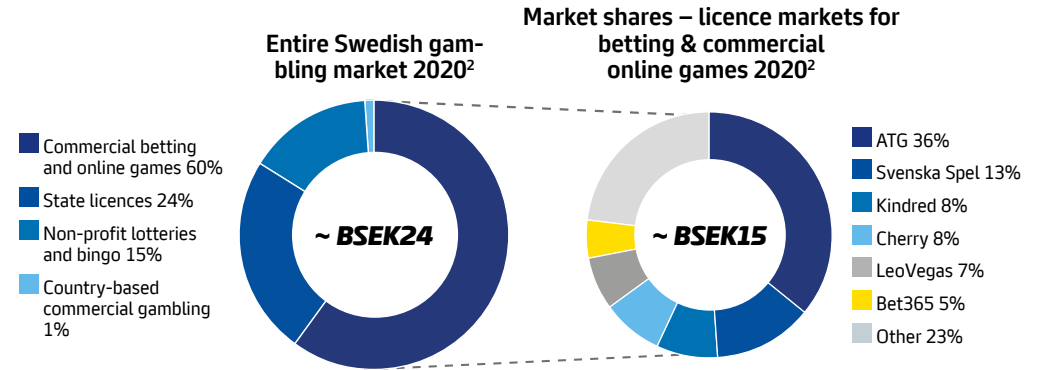
MARKET DEVELOPMENTS

Like so much else, the market has been impacted by the pandemic, which has created large variations between periods and various betting areas. Sport betting displayed growth during the first quarter of the year. Shortly thereafter, society was strongly impacted by Covid-19 and the measures implemented to restrict the spread of infection. This resulted, for example, in many sports events being cancelled completely for

a time and most of the sport betting offering disappeared. Sport betting more than halved during the second quarter of the year, while horse betting increased. The increased interest in horse betting remained and permeated the entire second half of the year. At the same time, sport betting recovered, not least due to an unusually large offering when many leagues played during the summer months to catch up on their earlier suspended seasons.

The market trend for online casino was strong in the first two quarters, but was slowed in the second half of the year by the temporary regulation on responsible gambling measures targeted at online gambling.

Over the full year, the interest in horse betting increased, followed by online casino, while sport betting declined due to the closure during the second quarter of the year. In total, the market is deemed, despite the variations, to have had a



² Source: The Swedish Gambling Authority, Swedish Tax Agency and the companies' financial reports, as well as ATG's processing (net turnover, excluding fees for participating in bets).

growth of 9 per cent with a net gambling revenue of approximately BSEK 14.6 (13.4) excluding fees for participating in gambling.

MARKET POSITION AND COMPETITORS

ATG is the largest player in the licence areas of betting and commercial online gaming. The market share is estimated at 36 per cent.

ATG continues to grow successfully in all gaming areas (horse, sport and online casino) and the number of customers has increased. ATG is the betting company that customers primarily turn to for horse betting. The market's largest operator for sport betting is Svenska Spel, fol-

lowed by Kindred and Bet365. The online betting market is distributed among many operators.

GAMBLING ACT WITH DUTY OF CARE

All licenced gambling companies in the Swedish gambling market are subject to the Gambling Act, which entails, for example, a duty of care. The purpose of the duty of care is to protect consumers from exaggerated gambling and setting requirements for gambling companies to monitor their customers' gambling patterns and to take action in the case of suspected gambling problems. The Swedish Gambling Authority exercises supervision of the gambling market and is to ensure that the duty of care is fulfilled.

¹ Licences for general public benefit are not included.



THE DANISH GAMBLING MARKET CONTINUES TO GROW

There is a positive trend for horse betting in the Danish gambling market.

The Danish gambling market has been regulated since 2012 when the licence system for betting was introduced. Companies can apply for five different types of gambling licences: betting, online casino, slot machines, poker and land-based casinos. Since 2018, a licence is also required for betting on horses, which has since then been included in the gambling licence. ATG operates in the Danish market through its subsidiary Ecosys, which holds a licence to organise horse and sport betting, as well as online casino. A total of 48 companies hold licences to organise gambling, of which 18 have licences for betting and 30 have licenses for online casino.

MARKET DEVELOPMENTS

The markets for betting and online casino have grown by more than 35 per cent since the licence system was introduced. The sub-markets comprise 50 per cent of the total licence market for gambling in Denmark, which has net turnover of BDKK 4.8.

The performance during the year was negatively impacted by Covid-19, with sport betting declining mainly during the second quarter due

to the limited offering and restrictions within the physical store environment, which had an adverse effect on sales. Online casino was not negatively affected by Covid-19, since some of the lost sport betting volumes moved to online casino. Horse betting, which is the company's prioritised product, continued to grow during the year and was in all less negatively affected by Covid-19.

Some of the challenges for the Danish market are attributed to amended and stricter rules. For example, the Danish gambling tax is to be raised from 20 per cent to 28 per cent as of 1 January 2021 and stricter rules are to be implemented for marketing and offers. This could entail lower channelization in Denmark, since more companies will surrender their licences and continue to operate from abroad, which will reduce consumer protection. Despite the market's various challenges, it is expected to grow by between 4 and 6 per cent in the coming year.

COMPETITIVE SITUATION

The Danish subsidiary is, after Danske Spil, the second largest operator in horse betting, with

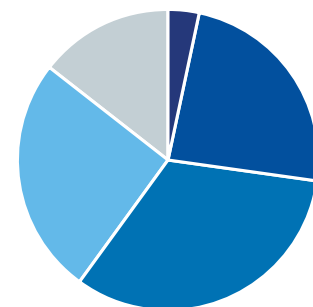
a market share of around 25 per cent. Horse betting volumes declined for many years, but in recent years, the negative trend has reversed to a slight growth. The objective is to become the largest operator in the horse betting market segment in 2021. The horse betting market is characterised by few operators and loyal customers, unlike the market for sport betting and online casino, which has significantly more established operators and a different customer pattern.

Sport betting is a mature market, which makes it difficult to gain market shares. The largest sport betting operators in Denmark are Danske Spil, Bet365 and Unibet. Similar to sport betting, the online casino market has many operators, the largest of which are Danske Spil, Kindred and SpilNu.

RESPONSIBLE GAMBLING

The licenced gambling companies in Denmark are obliged to take action to reduce problem gambling. For example, the companies must have deposit limits, marketing guidelines, membership of the national exclusion system, ROFUS, and a responsible gambling policy.

Danish gambling market by
licence area



Source: Danish Gambling Authority 2019

DRIVERS AND TRENDS IN THE GAMBLING MARKET

The gambling market is under constant change and there are many trends that affect the industry. Some of the strongest drivers and trends are stricter regulation, digitalisation and higher demands from customers.



INCREASED DEMAND FOR MEMORABLE ENTERTAINMENT

The competition in the gambling market is becoming increasingly intense as the proportion of Swedes gambling for money has declined over time. Competition from other forms of entertainment, such as gaming and streaming services is a challenge for the gaming industry. New technology, increased data access, faster connections and digital platforms are driving the trend toward more content rich, personalised and constantly available entertainment. The gaming industry needs to constantly evolve and strengthen the experience in relation to its offerings to remain relevant.



INCREASED DIGITALISATION

Digitalisation as a trend has been at least as strong in the gaming industry as in society in general and has long impacted the development of gaming. The pandemic situation in 2020 and people's increased use of digital devices has further accelerated development. Mobile phones are the dominant platform for digital gaming and the customers place high demands on the gaming companies' availability and smoothness.



CONSUMER PROTECTION AND SUPER- VISION INCREASINGLY IMPORTANT

More is required of the betting companies than merely complying with legislation to succeed; it requires the development of responsible gambling measures and a work approach that extends beyond the statutory demands. The gambling licence places high demands on consumer protection aimed at maintaining responsible gambling and offering safe gambling for consumers. The public has high demands and expectations of the gaming companies' social responsibilities.



FEWER OPERATORS ON THE HORIZON

The licence market in Sweden is still characterised by a large number of active operators. Intense competition and stricter rules make a higher threshold for market entry. There is concern that unlicensed gambling is increasing.

The long-term trend is that the market share of the many small companies is declining to the benefit of some larger operators whose competitiveness is growing. The number of operators in the market is expected to decline in the long term.

HOW ATG GENERATES VALUE FOR SOCIETY

ATG's task is to safeguard the long-term development of trotting and thoroughbred racing by offering responsible gambling. ATG has gambling licences in Sweden and Denmark for horse and sport betting and casino games.

BUSINESS ENVIRONMENT AND TRENDS

- Increased demand for high quality entertainment
- Increased digitalisation
- Consumer protection and supervision increasingly important
- Fewer operators on the horizon

Read more on page 8.

RESOURCES

Relationship capital

- Approx. 1.4 million customers
- Approx. 1,900 agents, approx. 20 international partners
- Approx. 250,000 TV viewers per week
- Contractual rights with trotting and thoroughbred racing
- Large number of active trotting and horse racing participants and a large number of participants in human sports.
- Approx. 355,000 horses in Sweden

Intangible capital

- Some 50 protected brands, such as V75
- Proprietary betting systems

Human capital

- 468 average number of employees

Structural resources

- ATG's Manifesto containing vision, mission, customer promise and values
- IT systems and processes for betting and customers
- Monitoring of match fixing
- Policies and guidelines

Environmental resources

- Approx. 530 tonnes CO₂e emissions
- Approx. 357 tonnes of paper

VISION AND STRATEGY



OUR OFFERING

ATG develops and markets exciting horse betting, sport betting and casino games, as well as producing TV entertainment with a focus on horse racing and betting.

Gambling is offered through store agents and digitally in Sweden and Denmark. Horse racing is sold internationally to partners.

Horse betting

Brief description of horse betting on p. 18



Sport betting

Brief description of sport betting on p. 21



Casino games

Brief description of casino games on p. 23



IMPACT

The owners: Swedish Trotting Association and Swedish Jockey Club

- Long-term financing of trotting and thoroughbred racing
- Read more on page 94.

Customers

- 367 million-krona wins
 - 15 for customer satisfaction (NPS)
 - Approx. 92,000 customers have conducted a self-assessment test, of which 86 per cent are green in their betting
- Read more on page 95–96.

Employees

- Committed employees: Employee Index 83 and 43 in e-NPS
 - 41% men and 59% women in management positions.
- Read more on page 99.

Society

- Paid gambling tax: MSEK 1,056, income tax paid: MSEK 63
 - Approx. 38,000 jobs in the horse industry
 - Collaboration with the owners in animal welfare issues nationally and internationally
 - Revenue for international horse racing through partners' betting
 - Contracts with Swedish Trotting Association and Swedish Jockey Club: MSEK 619
 - Sponsorship, ATG Drömfond and other commitments: MSEK 64
- Read more on page 94.

Environment

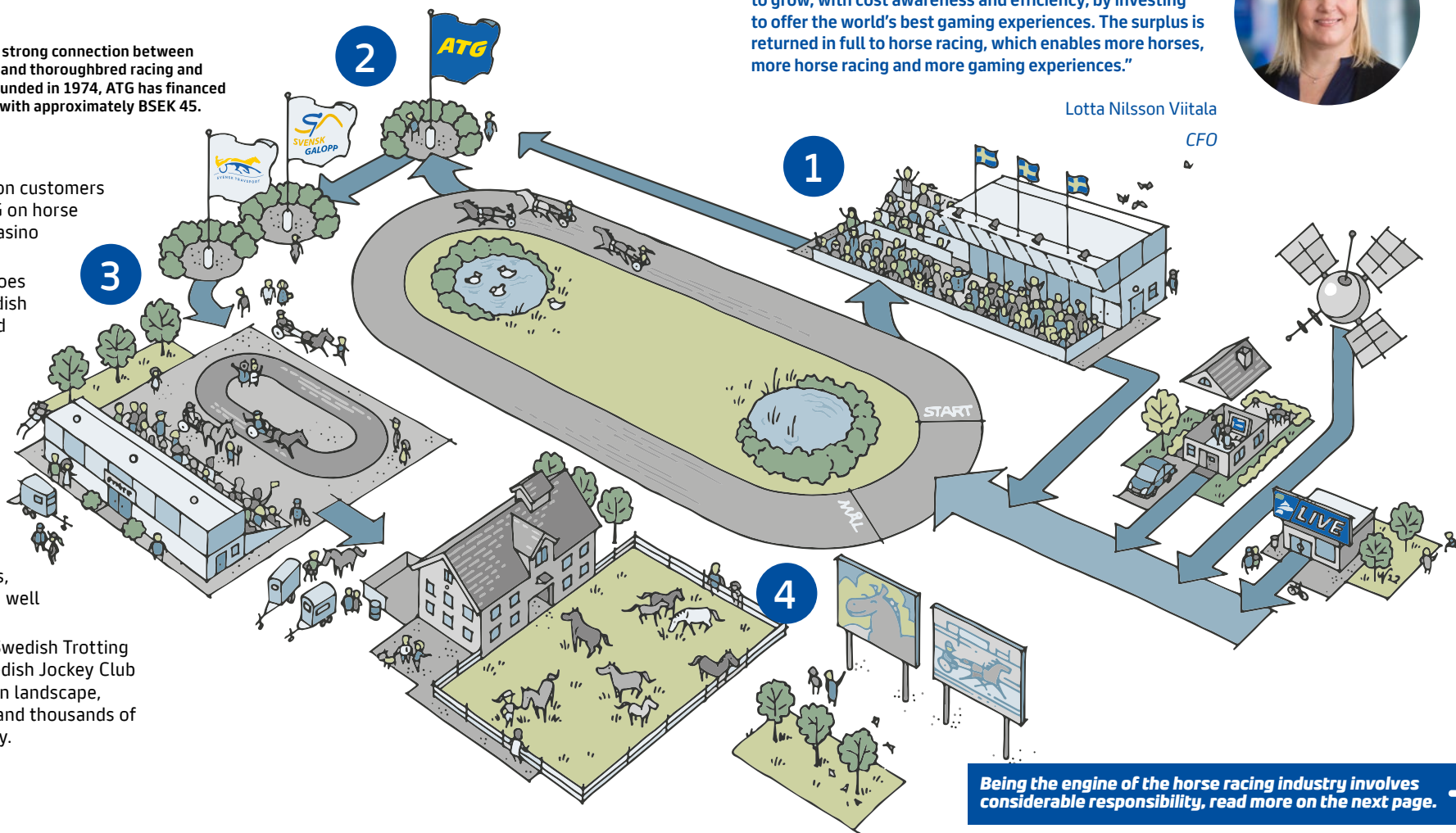
- Reduced CO₂e emissions by 184 tonnes (-26%)
 - Reduced paper use 30 tonnes (-8%)
- Read more on page 99–100.

WITH THE DRIVE TO REMAIN THE ENGINE OF THE HORSE RACING INDUSTRY

ATG's business model is built on a strong connection between customers, the company, trotting and thoroughbred racing and the horse industry. Since it was founded in 1974, ATG has financed trotting and thoroughbred racing with approximately BSEK 45.

How these interconnect:

- 1 Approximately 1.4 million customers gamble regularly at ATG on horse and sport betting and casino games.
- 2 The surplus from ATG goes to the owners, the Swedish Trotting Association and Swedish Jockey Club.
- 3 The Swedish Trotting Association and Swedish Jockey Club distribute the money to the trotting and horse racing tracks throughout the country. The money is also used for prizes for active horse racing participants, research and training, as well as breeders.
- 4 The financing from the Swedish Trotting Association and the Swedish Jockey Club means more horses, open landscape, effective horse welfare and thousands of jobs in the horse industry.



At ATG, there are no private profit interests, the company is owned by trotting and thoroughbred racing. Our goal is to grow, with cost awareness and efficiency, by investing to offer the world's best gaming experiences. The surplus is returned in full to horse racing, which enables more horses, more horse racing and more gaming experiences."



Lotta Nilsson Viitala

CFO

Being the engine of the horse racing industry involves considerable responsibility, read more on the next page. →

WITH THE AMBITION TO BE THE GAMING INDUSTRY'S COMPASS

ATG wants to serve as an example for the gaming industry. This means that the company, in addition to complying with applicable legislation and regulations, has developed and constantly further develops a high standard for reliable and safe gambling and other sustainability topics. Through the three areas, sustainable customer relationships, sustainable sports and sustainable society, ATG wants to create a gambling market that is healthier tomorrow than today.



Offering gambling responsibly has been the company's task since 1974. Long-term customer relationships will always be important to us. We want our customers to enjoy their gambling and to gamble for pleasure."

Maria Guggenberger
Head of CSR



1. SUSTAINABLE CUSTOMER RELATIONSHIPS

ATG wants its customers to enjoy their gambling and to gamble for pleasure. ATG works actively to prevent problem gambling.



2. SUSTAINABLE SPORT

The sport betting that ATG offers should be free from match fixing and doping.



3. SUSTAINABLE SOCIETY

For more than 45 years, ATG has contributed to the horse industry, society and sport through sponsorship and various forms of involvement.

CARE FOR CUSTOMERS, HORSES AND SOCIETY

ATG wants its customers to enjoy their gambling and to gamble for pleasure. Horse welfare is always in focus at ATG. And naturally, the company is to offer a gaming experience that is free from match fixing and doping. In this way, ATG offers responsible entertainment.

1. SUSTAINABLE CUSTOMER RELATIONSHIPS

- All employees and agents, as well as prioritised partners, are trained in responsible gambling and anti-money laundering.
- ATG works systematically with preventive measures and to identify customers at risk of problem gambling. By analysing players' behaviour, risky gambling behaviour can be uncovered and ATG can contact the customer and suggest action.
- Customers that display signs of risky gambling are contacted by specially trained employees from ATG in order to increase the customers' awareness. The customers are encouraged to conduct a self-assessment test, set boundaries for their gambling or exclude themselves from one gambling area or from all of their gambling.



- At ATG.se, there is a self-assessment test that customers are encouraged to take to increase their awareness of their own gambling. The self-assessment test, combined with the analysis of gambling behaviour, provides an overall view of the risk that a customer has or risks developing problem gambling.
- All casino customers must set a mandatory loss limit, which specifies how much money a customer is prepared to gamble for. ATG has no functions in casino games that give customers the feeling that they can influence the outcome of the game.
- ATG offers players the possibility to exclude themselves per gambling area.
- In addition to complying with the law, ATG follows SPER's marketing guidelines.

2. SUSTAINABLE SPORT

- Counteracting match fixing and doping in both human sports and in horse racing is of the utmost importance to ATG. ATG has chosen not to offer betting on sports where there is an extremely high risk of match fixing, such as betting on football matches in the lower divisions, individual yellow cards and ITF tennis, as well as head-to-head betting on horses.



- The work to safeguard the horses' welfare is monitored using a number of checks. The Swedish rules for animal welfare are well developed and provide strong protection for the animal.
- At least one track veterinarian, appointed by the Swedish Board of Agriculture, is at every meeting. In addition, inspections are also performed at the stables of licenced trotting and thoroughbred racing trainers to ensure good animal welfare is also maintained outside the racecourse.
- ATG collaborates with its owners to promote good horse welfare in Sweden and beyond.

In decisions regarding imported races from other countries, the national animal welfare is part of the decisionmaking process.

- ATG is a member of the International Betting Integrity Association (IBIA) – the world's leading organisation in the fight against match fixing in sport. This membership provides access to the match fixing alerts that the IBIA issues and ATG gets a close cooperation with organisations including FIFA and UEFA.
- ATG has its own monitoring and reporting of deviations to sports organisations that include the Swedish Trotting Association, the Swedish Jockey Club and the Swedish Sports Confederation.
- With the help of suppliers, ATG monitors all IBIA alerts and takes action when suspected incidents occur.
- ATG has cooperation with the Swedish Sports Confederation on joint measures against fixed matches and other competitions.

3. SUSTAINABLE SOCIETY



For more than 45 years, ATG has contributed to the horse industry, society and the sport.



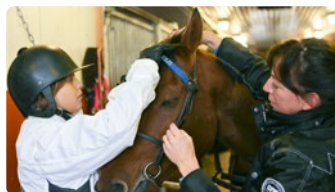
SWEDISH EQUESTRIAN FEDERATION

ATG's commitment to horse riding is a key part of its work in the horse industry. In ATG Talang, the competence of promising talents is nurtured and the ATG Riders League jump series adds new possibilities.



HÄSTAMBULANSEN

ATG was the facilitator for the start of the horse ambulance service in Stockholm (Hästambulansen) more than 30 years ago. ATG remains a proud sponsor.



STALL 43 ASSOCIATION

In the non-profit association, Stall 43, young people and children with a diagnosis on the autism spectrum are given the opportunity to meet horses. ATG is the association's principal sponsor.



SWEDISH NATIONAL BIATHLON TEAM

ATG is proud principal sponsor of the Swedish national biathlon team. One of the most popular TV sports, with a loyal audience of more than a million, giving ATG a self-evident position as the sport betting company.



LIFE AFTER RACING FOUNDATION

Fundraising foundation sponsored by ATG with the objective of creating opportunities and providing the conditions for trotting horses to have a continued dignified life after concluding their competitive career.



ATG HOCKEYETTAN

The interest in ice hockey and trotting are closely linked. As principal sponsor of ATG Hockeyettan, ATG is a natural part of ice hockey life in Sweden.



ROYAL MOUNTED GUARDS

The Swedish Royal Mounted Guards Association, which is sponsored by ATG, finances the purchase and training of the 80 horses that are admired in guard parades, at state events and at horse racing competitions.



PARASPORT AND PARALYMPICS

As the proud sponsor of the stars of parasport, ATG is able to use Paralympiatravet, one of trotting's annual highlights, to put the spotlight on and tell the stories of these champions.



ATG Drömfond was launched in 2017 with Peter "Foppa" Forsberg as ambassador. Projects that combat social exclusion and ill health using sport and exercise can apply for money from the ATG Drömfond.

In 2020, projects could apply that focus on the therapeutic power of horses – that use the horse as

a tool to counter mental and physical ill health.

The winner was Björnbo 4H club outside Enköping, which received SEK 100,000 for its activities. At Björnbo Gård, there is a refuge for children and young people who live with stress and anxiety, who are instead able to gather new strength for their everyday life.

STRATEGIC FOCUS AREAS AND GOAL

ATG acts on the basis of two strategic focus areas to live up to its customer promise of “exciting, responsible and smooth gaming experiences”.

1. THE WORLD'S BEST GAMING EXPERIENCES

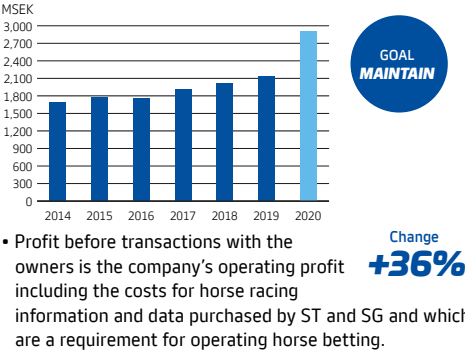
ATG offers a broad gaming range with high betting pools and many million-krona wins - and with world-class TV entertainment. With new games, products and services, ATG wants to offer the world's best gaming experiences – with a focus on the customer's well-being at all times.

2. LONG-TERM AND SUSTAINABLE CUSTOMER RELATIONSHIPS

Care for the customers is central to the company's operations. ATG has 1.4 million customers and naturally, wants to increase that number. Accordingly, it is important to constantly develop the offering and the customer interaction so that the customers want to remain customers for a long time.

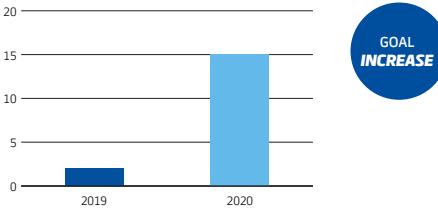
The focus areas are the basis of the company's overall objectives. The strategic goals are monitored and reported regularly to all employees. All employees have individual goals that support the company's overall goals.

Profit before transactions with the owners



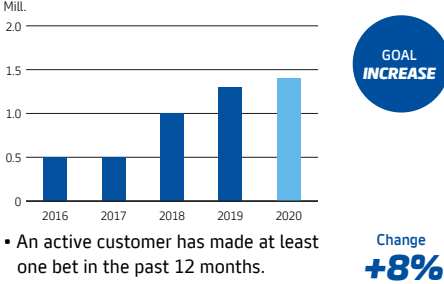
- Profit before transactions with the owners is the company's operating profit including the costs for horse racing information and data purchased by ST and SG and which are a requirement for operating horse betting.
- ATG's assignment is to safeguard the long-term financing of the Swedish horse industry – a key part of the company's mission. Growth and efficient operations create the opportunity for a surplus. Since the start in 1974, ATG has contributed more than BSEK 45 to the horse industry.

Customer satisfaction (NPS)



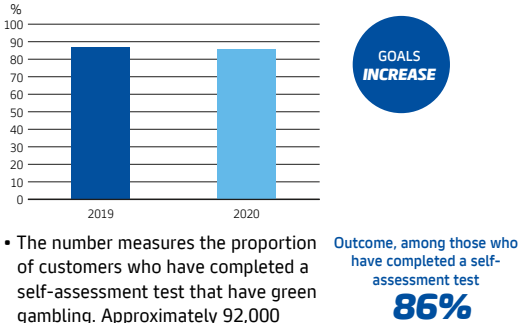
- NPS (Net Promoter Score) measures customer satisfaction, that is, the customer's willingness to recommend ATG. NPS 15 (2)
- The aim is that customer satisfaction should be at a high and increasing level. Through a high NPS, ATG wants to create the conditions for continued growth.

Number of active customers



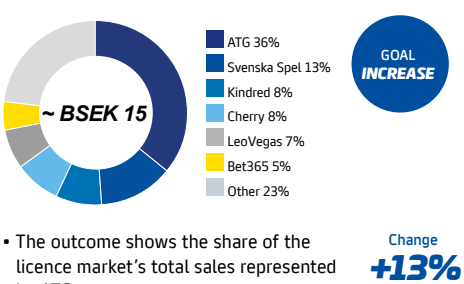
- An active customer has made at least one bet in the past 12 months.
- It is an essential central factor that the company retain its existing active customers. ATG also wants to gain new customers and this was successful during the year.

Share of green customers of those who have completed a self-assessment test



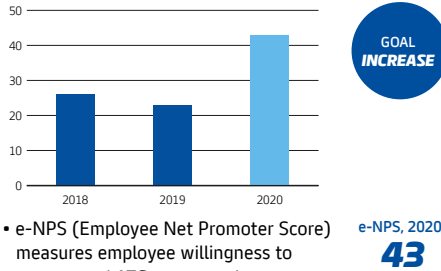
- The number measures the proportion of customers who have completed a self-assessment test that have green gambling. Approximately 92,000 customers have completed the self-assessment test since it was introduced on 1 January 2019.
- That the company's customers enjoy their betting and accordingly want to remain customers over time is a central issue for ATG. The ambition is therefore to increase the number of self-assessment tests and share of green customers.

Market shares



- The outcome shows the share of the licence market's total sales represented by ATG.
- ATG is the largest operator in horse betting, and that is where the largest focus will remain. The competition is intensifying in horse betting, meaning the market share could shrink over time. Building awareness about and capturing market shares in sport betting and casino games is important for the creation of long-term sustainable and profitable growth.

e-NPS



- e-NPS (Employee Net Promoter Score) measures employee willingness to recommend ATG as an employer.
- In order to continue to develop the company with ambitious targets, it is important that employees enjoy their work and feel motivated so operations continue to develop. Accordingly, the goal is to continue increasing the e-NPS.

WORLD-CLASS GAMING EXPERIENCES

ATG wants to deliver exciting, responsible and smooth gaming experiences with the ambition that the gaming experience should be world class.

ATG's work to constantly improve and develop the gaming experience permeates the entire business. In the planning and development of new products and gaming experiences, the sustainability aspect is included from concept to launch. This is partly through agreement with internal expertise in, for example, responsible gambling issues, and partly through dialogue and user testing with ATG's customers.

WORLD-CLASS GAMBLING

ATG has a complete offering of horse betting, sport betting and casino games. Pool betting when horse betting gives the chance for large winnings. High-quality matches and leagues are offered within sport betting. ATG's casino games are calibrated to provide a higher duty of care for the customer.

ATG's customer promise is to deliver exciting, responsible and smooth gaming experiences.

EXCITING TV ENTERTAINMENT

Through the Group's media company, Kanal 75, betting and sports are produced and broadcast from early morning until late evening 365 days a year. It is important in building the sport that

trotting and thoroughbred races are broadcast directly through major distribution channels. There was a large increase in the viewing figures for live broadcasts of trotting races between 2014 and 2020. For example, viewing figures for the Saturday broadcasts of V75 doubled during the period. This positive trend was the result of a high standard of editorial content, optimised programming and technical solutions that include the initiative to a positioning system for the horses. The positioning system is currently used at more than 60 per cent of Swedish trotting and thoroughbred races annually.

ATG's CUSTOMER SERVICE:

ATG endeavours to have Sweden's best customer service. The personnel working at the ATG customer service have advanced training in responsible gambling and anti-money laundering. The team's tasks are divided into various areas of responsibility, in which some people have in-depth knowledge in conducting motivational talks to prevent unhealthy gambling among ATG's customers. The pandemic has led to an increased demand for customer services, as many customers want to learn to bet digitally.



CUSTOMER IN FOCUS

ATG engages in ongoing customer dialogue to be able to constantly develop and improve the gambling experience. The highest priority is assigned to ensuring that the customers gamble for pleasure 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.

ATG measures customer satisfaction using NPS (Net Promoter Score) – which measures customers' willingness to recommend ATG to a friend. NPS is affected by all parts of the business that have contact with the customer.

The NPS amounted to 15 (2) during the year.



STRONG BRANDS

With brands such as V75® and Harry Boy®, betting on some 30 different sports and classic casino games, such as Blackjack and Roulette in Swedish, ATG offers a broad range of gambling in Sweden and Denmark.

HORSE BETTING



SPORT BETTING



CASINO GAMES



25syv

derby25

bet25

rød25
CASINO GO



THE INTEREST IN TROTTING IS ENORMOUS...

...and increasing numbers are being attracted to the sport and the betting. To bring enjoyment even to the new trotting enthusiasts, ATG had an Elitlopp broadcast for beginners on YouTube for the first time.

The programme, which went by the name Jinders Travhörna, was presented by the artiste Josefine Jinder (Little Jinder), herself a recent convert to trotting. She had her first trotting experience a few months earlier when she visited Solvalla for the first time.

The programme was in addition to the scheduled trotting broadcasts. The main purpose of the programme was to make the sport inviting and to generate engagement also among those who are less familiar with trotting. The programme attracted the attention of other media and was viewed more than 590,000 times. In October 2020, the project was named "Content of the Month" by the magazine Resumé and won its category.

1.4 MILLION ACTIVE CUSTOMERS

have gambled at ATG in 2020.

367⁽²⁸¹⁾

million-krona wins in 2020.



HORSE BETTING – THE HEART OF THE BUSINESS

Horse betting is the core and heart of ATG's operations. Most popular is V75®, Sweden's largest million betting game that attracts horse bettors from all over the world.

ATG offers betting on trotting and thoroughbred races nationally and internationally. The betting is offered in Sweden and Denmark through stores and digital channels, as well as at trotting and thoroughbred racetracks. ATG also reaches international customers through local partners. The Covid-19 pandemic affected other countries' horse races, which was temporarily suspended. In Sweden, trotting and thoroughbred racing adjusted its operations and turned its racetracks into workplaces through robust measures that were rapidly implemented. The global impact of the pandemic on the betting offering led to a major interest in Swedish horse racing and betting from new and existing customers, national and international.

A smooth gaming experience, strong brands and interesting forms of betting are the basis of ATG's horse betting offering. It created the conditions for receiving a large number of new customers and retaining them.

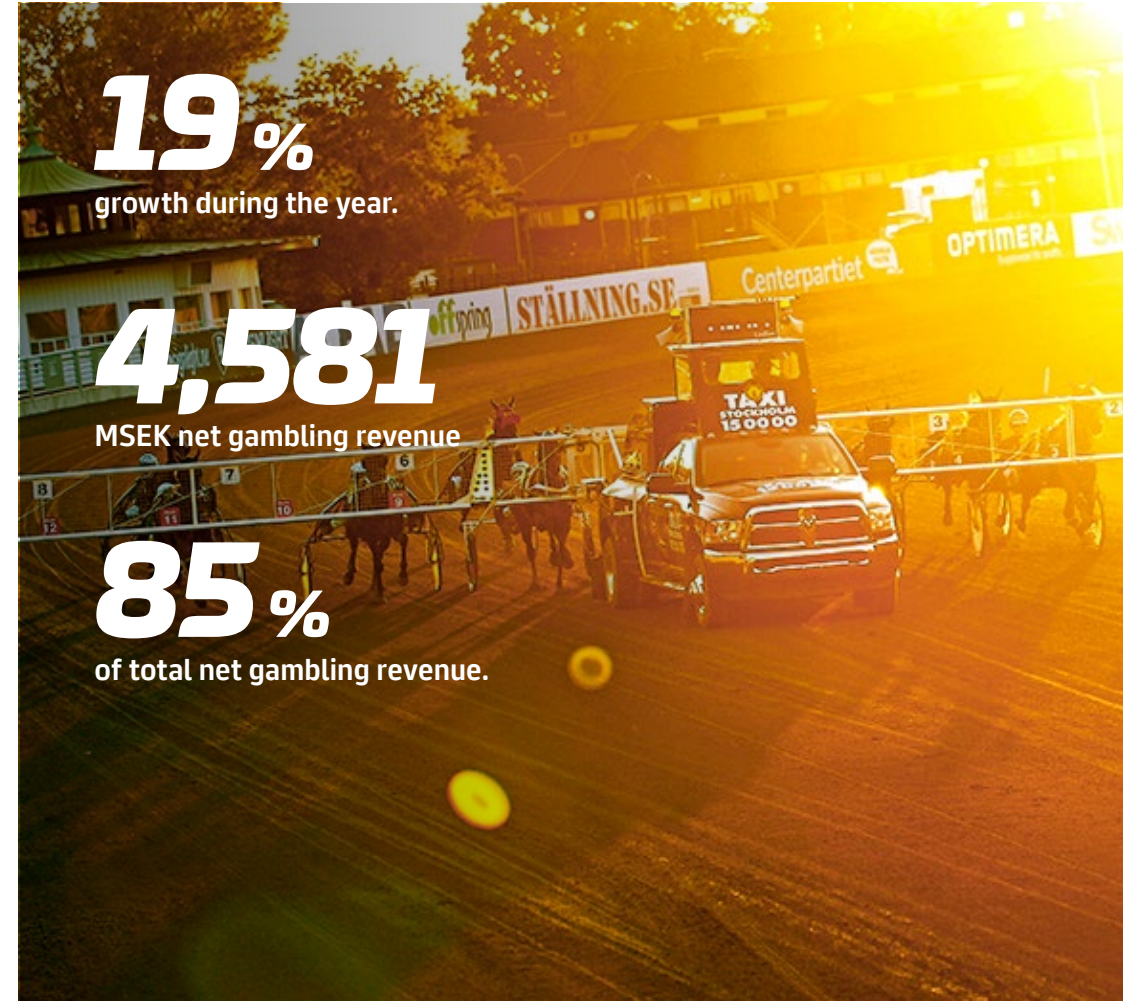
SEVERAL GAMING INNOVATIONS DURING THE YEAR

ATG works continuously to improve the horse betting experience. During the year, the focus

was on the further development of forms of betting, thereby increasing the competitiveness of the offering. Some of the largest launches during the year were the introduction of merged pools for single-race bets and the possibility for customers to gamble reduced systems at atg.se, which is something customers have long requested.

The betting offering was expanded, as ATG now offers Komb and Tvilling on all Swedish and Danish trotting and thoroughbred races. Previously, Komb has always been thoroughbred race betting and Tvilling betting on trotting – but now both forms of betting are offered on trotting and thoroughbred racing. In both betting forms, the aim is to select the first and second places in a race, but in Komb the right order is required, while in Tvilling the order is not important. The Sunday game Grand Slam 75 was upgraded to include a completely new jackpot structure, as well as the possibility to bet on only seven right.

A positive gaming experience requires availability and convenience. ATG continued to work to make horse betting more smooth. During the year, a new website for Harry Boy was launched on atg.se, which was a successful initiative in



getting more new customers to register. Several new features were launched in Denmark, such as Spilklub25, which is the Danish version of the successful Tillsammans concept, and the new Derby25 app.

POPULAR BRANDS

ATG’s strongest betting days are Wednesdays, Saturdays and Sundays (V86, V75 and Grand Slam 75). In recent years, ATG has worked to create more distinct, separate betting days for the betting brands. Horse betting offers a number of different forms of betting and strong brands. The largest form of betting in horse betting by far is V75. Other popular forms of betting are V86, Grand Slam 75, V64 and Dagens Dubbel. In many forms of betting, the customer can use the help of the classic Harry Boy to find the winning line.

FOCUS ON HORSE WELFARE

Promoting responsible horse racing and effective horse welfare have high priority. ATG collaborates with the company’s owners, the Swedish Trotting Association and Swedish Jockey Club, to prevent doping and strengthen animal welfare both nationally and internationally.

Combating doping is one of the foremost duties of trotting and thoroughbred racing. Each year, more doping tests are taken for horses

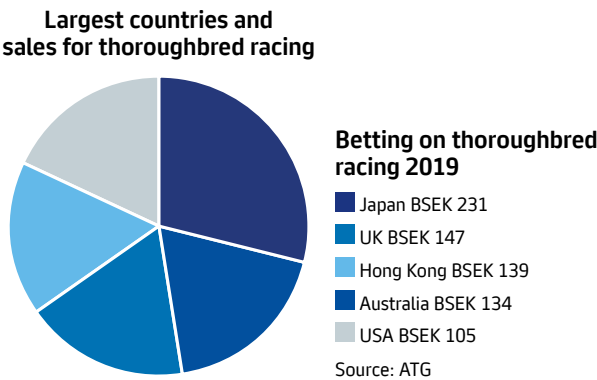
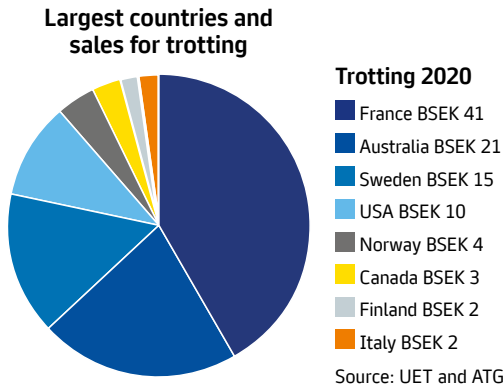
within Swedish trotting than the number taken in all categories of human sport. The effort to safeguard the horses’ welfare is constantly in progress and is supervised through various checks, for example, of training and races.

There are a number of different regulations that those active in the sport are required to follow – before, during and after a race. The regulations describe the race rules, the equipage’s equipment, driving and anti-doping.

Before a race, those active horse racing participants 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. Track veterinarians, appointed by the Swedish Board of Agriculture, attend every race. In addition, so-called camp inspections are performed at training facilities and the stables of licenced trotting and thoroughbred racing trainers to ensure good animal welfare beyond the racecourse.

TROTTHING AND THOROUGHBRED RACING INTEREST THROUGHOUT THE WORLD

In recent years, betting on horses has held a relatively stable level globally despite increased competition from new betting products, including e-sport, virtual sport betting and online casino.



STRONG YEAR FOR INTERNATIONAL BUSINESS

ATG has worked with foreign partners since 1999 and the interest in Swedish trotting and thoroughbred racing has successively grown throughout the world. During the pandemic, nearly all sports were suspended apart from the Swedish horse races. As a result, many international customers became interested in betting on Swedish horse racing through ATG's international partners.

BROADENED BETTING PORTFOLIO AND ADDED VALUE FOR HORSE RACING IN SWEDEN

ATG's international business comprises both the import and export of horse betting. To be able to offer Swedish customers a large and varied offering of horse betting, ATG imports a large number of foreign races. Nordic collaboration is at the core of ATG's international business, with Norway as the most significant import country. ATG also imports races from France, the UK, South Africa and the US. Accordingly, Swedish customers have the possibility to bet on major international races, such as the Prix d'Amérique in France and the Hambletonian Stakes in the US. In 2020, ATG began to import thoroughbred races from Hong Kong. The broader offering of betting contributes to fulfilling the customer promise.

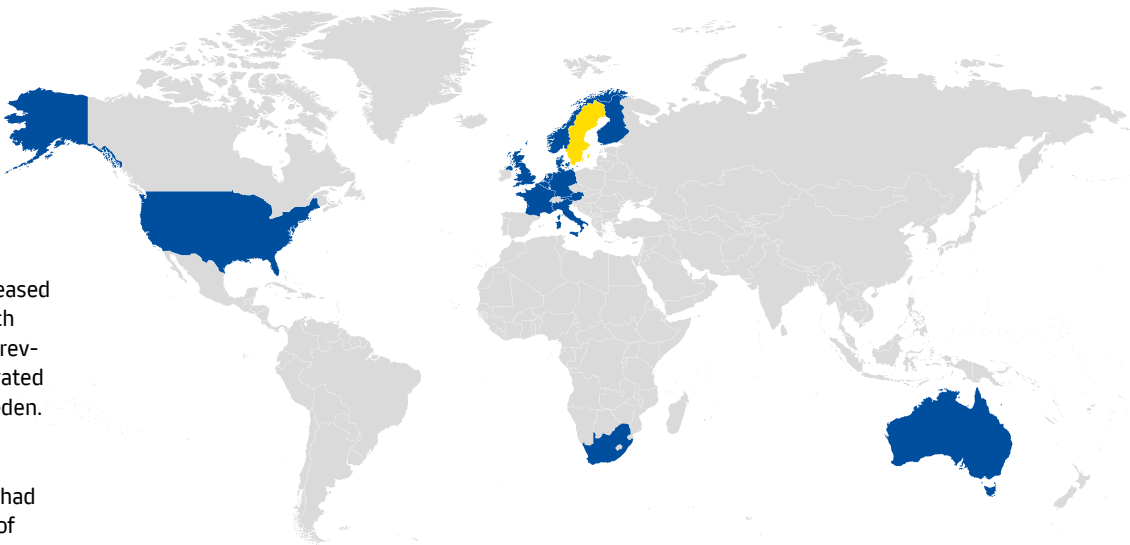
By exporting horse betting, foreign actors can offer their customers betting on Swedish trotting and thoroughbred races. There is a large interest in Swedish races in several countries, particularly in countries where trotting is established and well-known. During the year, some 20 betting companies from fifteen different countries bet regularly on Swedish races.

The international sales contribute to increased turnover of the Swedish betting pools, which increases ATG's competitiveness as well as revenue, and in this way, more funds are generated for trotting and thoroughbred racing in Sweden.

PERFORMANCE IN 2020

During the year, ATG's export of horse races had sales of BSEK 5.4, corresponding to growth of approximately 101 per cent on the preceding year due to the pandemic. The largest volume increases came from France, the US, Finland and Norway.

Apart from the work to expand the business with new partners, ATG had major focus during the year on developing its collaboration with already existing partners. One milestone during the year was when Norway launched V86 through Norsk Rikstoto during V86 Superdays. Collaboration with the French betting company PMU was also extended during the year and ahead of coming years, Solvalla's races on Wednesdays will be included in the French racing calendar, which is a landmark in the development of this partnership.



RESPONSIBILITY ACROSS NATIONAL BOUNDARIES

A key aspect of ATG's foreign collaboration is the safeguarding of responsible gambling and animal welfare. Ahead of contract negotiations, ATG performs an analysis of the potential partner. The analysis entails, for example, reviewing the partner's ownership structure, betting and information security, and policies on how they work with responsible gambling and active anti-money laundering. The partner must be a reputable gambling company, licenced and also have a permit for their business.

In cases where ATG imports foreign races, a review of the national animal welfare is carried out. ATG's principle for international collaboration also entails that the partner must support local horse racing.

INTERNATIONAL PARTNERS IN:

- Norway
- Finland/Åland
- Denmark
- France
- Netherlands
- Belgium
- Germany
- Australia
- USA
- Malta
- Austria
- Italy
- UK
- South Africa

SPORT BETTING INCREASINGLY ATTRACTIVE

With betting in some 30 different sports and several new launches, ATG wants to become established as a given sport betting operator.

Sport betting had a challenging year, with leagues closed down and tournaments postponed. Thanks to a nimble organisation and solutions-oriented employees, it was possible to adjust the offering and address the fluctuating market demand during the year.

ATG offers its customers sport betting in some 30 different sports from around the world, with football, ice hockey, basketball and tennis being the largest. In the various sports, there are a range of leagues, cups and competitions that contribute to a large and broad betting offering. When relevant, there is the possibility to bet on some forms of entertainment, such as the Swedish Melodifestivalen and the Eurovision Song Contest, the Oscars ceremony, Swedish Let's Dance, and political events, such as the outcome of general elections.

SPORT BETTING GROWING DESPITE CHALLENGES

Despite the lockdown of all major sports events in the second quarter of the year, sport betting enjoyed healthy growth throughout the year. During the spring and toward the summer, more and more leagues gradually restarted, often with

a tighter match schedule to be able to catch up on the postponed tournaments and matches. The restored strong offering of sport betting objects resulted successively in higher levels of customers and sales than prior to the pandemic and had a positive impact on the betting trend.

ATG is working proactively to remain prepared for rapid changes in the match schedule, since players and teams are still being affected by the ongoing pandemic.

MORE BETTING INNOVATIONS DURING THE YEAR

E-sport has grown in recent years and has become a sport that increasing numbers of customers have discovered. Darts increasingly became the sport that gained extensive betting space during the pandemic and after football, ice hockey and tennis, was the fourth largest sport in sport betting during the year. In the second quarter, major focus was placed on creating as enjoyable a gambling experience as possible by offering comprehensive statistics and streaming of darts matches. ATG has continuously worked to improve the betting experience and to address



SPORT BETTING, CONTINUED

digital demand. At the end of 2020, sport betting was included in ATG’s betting app for mobile phones.

MATCH FIXING A PRIORITY AREA

One of the greatest challenges in the sport betting industry is match fixing, which is unlawful manipulation of the sports results. Combating match fixing has high priority. Clear rules and procedures are in place to ensure superior betting security and the integrity of all betting objects within the Group. ATG works continuously to review its offering and has elected to eliminate betting on matches that are at a greater risk of match fixing, such as betting on individual yellow cards, division 2 and 3 football matches and tennis at a lower level.

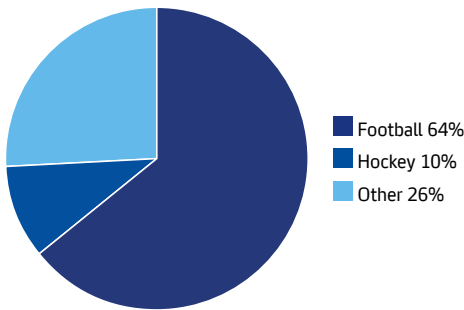
ATG investigates abnormal betting patterns and other sporting irregularities. In the case of irregular betting patterns, there are procedures to halt betting on the relevant betting object, investigate, report and repay bets to the players. In 2020, more than 120 betting objects were removed from ATG’s sport betting offering.

The Group has close and far-reaching collaboration with the International Betting Integrity Association (IBIA), the Swedish Sports Confederation (RF) and sport betting operators to counter and combat match fixing and other unlawful manipulation.

FORMS OF BETTING

Sport betting is offered in the Swedish and Danish markets. The most common and largest game is match betting, which is betting on which team or player that will win a match, as well as goal and points betting, which is betting on how many goals or points will be scored in the match.

Largest sport betting, 2020



HIGH QUALITY CASINO GAMES WITH A HIGH LEVEL OF CUSTOMER PROTECTION

Expanded responsible gambling measures and streamlined regulations characterised online casino during the year. ATG welcomes changes that contribute to a sounder gambling market.

ATG’s online casino offers a broad selection of gambling on live casino games and a large number of slot machines. ATG puts a large focus on offering high-quality games from established partners, all of which are subject to ATG’s high standard of care for the customer. The casino games are streamed live with Swedish-speaking croupiers from an ATG-branded studio. Live casino games include roulette, blackjack and Texas hold’em. In addition to classic casino games, there is the possibility to play online bingo. Regular events are also organised in casino games, at which various betting and trotting experts are invited for discussions over the card table.

The online casino developed positively in the first two quarters of the year, but declined after the summer due to the temporary Gambling Ordinance in Sweden, which entailed a deposit limit of SEK 5,000 per year.

SEVERAL GAMING INNOVATIONS DURING THE YEAR

During the year, the gaming offer was expanded to include virtual sport betting in, for example,

football and ice hockey. This is a step in ATG’s work to develop its digital gaming experience. Bingo was also launched during the year.

To increase awareness and competitiveness in casino games, ATG constantly endeavours to offer its customers exclusive gaming and unique gambling experiences. During the year, some 20 games were launched exclusively for ATG before the games were made available to other customers in the Swedish gambling market.

INCREASED CONSUMER PROTECTION

ATG has introduced several measures to counteract problem gambling. For example, ATG’s casino games lack any autospin or stop button, and the purpose behind this is to avoid giving the customer the feeling of being able to impact the outcome of the game. ATG does not market online casino games on the television, radio or outdoor billboards. The company only communicates with existing customers who have shown an interest in the form of gambling. In March, ATG introduced a mandatory loss limit in casino games to strengthen care for the customer.



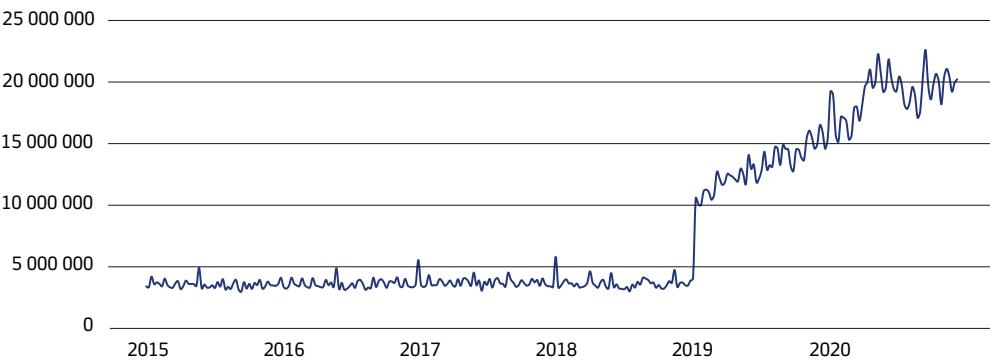
FURTHER CUSTOMER INTERACTION INITIATIVES

ATG meets its customers physically and digitally, as well as on the largest TV channels. Using an ultra-modern IT platform and new apps in combination with a new store concept, the customer is to be offered a world class gaming experience.

ATG works constantly to develop its customer offering in order to achieve the world's best gaming experiences. The work largely involves solving complex challenges, such as understanding why a disruption occurs or analysing customer behaviour when developing new systems and infrastructures. As customers change their behaviour and demands for convenience and availability increase, ATG works constantly to cost-effectively improve and develop the gaming experience.

During the year, the customer influx and customer activities were extensive, creating a need for comprehensive work and substantial investment to ensure capacity and availability. Prior to re-regulation, the number of bets placed per week was an average of four million compared with today's approximately 20 million. In 2020, activity increased more than 30 per cent.

Number of gaming transactions per week



Every Saturday on TV4, you can meet betting experts Micke Nybrink (on the left), Sandra Mårtensson and programme presenter Per Skoglund in V75 Direkt.

The IT platform is updated continuously to modernise and upgrade capacity and functionality. This work and other development of the IT environment will continue in the coming years.

WORLD-CLASS HORSE RACING BROADCASTS

ATG's subsidiary Kanal 75 produces TV entertainment and other editorial material from trotting and thoroughbred races in Sweden. The broadcasts are distributed through atg.se and TV4's various channels and have a broad

audience every day.

Viewing of scheduled TV has generally declined in recent years due to competition from streamed TV. For trotting and thoroughbred racing programmes, the trend has been the opposite. There has been a strong increase in recent years due to the development of programme content. In an ordinary week, about 350,000 people watch the broadcasts from Kanal 75.

During the year, the company's own TV channel, ATG Live, was launched in collaboration with

FURTHER INITIATIVES, CONTINUED

the operator ComHem. ATG Live has been included in ComHem’s basic package for apartment buildings since May 2020. This means that the channel is included in the TV offering to more than a million households in Sweden. ATG Live is also broadcast on ATG.se and via ATG agents.

MORE DIGITAL BETTING

Despite rapid digitalisation, more than half of ATG’s customers bet in stores. ATG stores are a strong marketplace and create opportunities to interact with existing customers and establish contact with new ones. The stores give ATG a lot of exposure and a presence throughout the country. ATG constantly monitors developments and works to adapt its store environments using new store concepts adapted to the changed market. In parallel with this work, digital share stores will be launched.

In future, the ambition is to also digitalise betting at the racetracks.

GOAL: PAPER-FREE BETTING

ATG strives actively to reduce the organisation’s environmental impact. Through investments in digitalisation and digital betting terminals in stores, the goal is to offer paperless betting by 2030. In addition to reducing the number of betting slips and receipts, ATG is working to reduce and improve the efficiency of the use of marketing material in stores and at trotting and thoroughbred race tracks.

RESPONSIBILITY IN ALL INTERACTION WITH CUSTOMERS

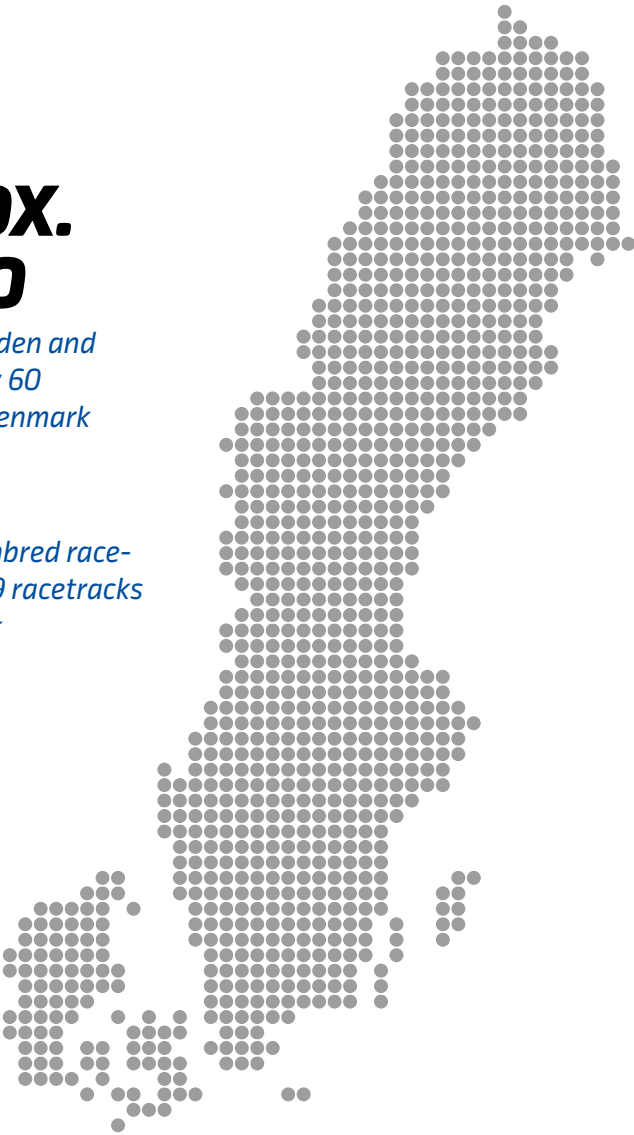
The work on responsible gambling permeates the interaction with customers in stores and at racetracks, as well as in contacts through ATG’s customer service. ATG trains and ensures that personnel in stores and at tracks assume responsibility related to responsible gambling and other regulatory areas.

APPROX.
1,900

ATG agents in Sweden and
approximately 60
25Sylv agents in Denmark

36

trotting and thoroughbred race-
tracks in Sweden and 9 racetracks
in Denmark



EMPLOYEES – 2020, THE YEAR OF MULTIPLE CHALLENGES

With the higher purpose of being the engine of the horse racing industry and the gaming industry's compass, ATG distinguishes itself from other gambling companies. On this basis, the company wants to offer an inclusive and attractive workplace.

The strategic work with employer branding, the corporate culture and internal communications is becoming increasingly important. Where the company is heading, what values the company represents – combined with a higher purpose – are significant for many current and future employees.

The single most important issue during the year was to manage and adapt the operations to the coronavirus pandemic, from an employee and management perspective, as well an organisational perspective. A working group for crisis management was formed to be able to rapidly deploy measures based on a risk perspective for the company's entire business. The starting point from mid-March was that all employees would have the possibility to work from home. Ergonomic equipment was offered for home offices. Guidelines were prepared for the work tasks that could not be conducted remotely. All necessary information aimed at reducing the spread of infection was collected on the intranet to keep employees up-to-date.

EMPLOYEE SURVEY

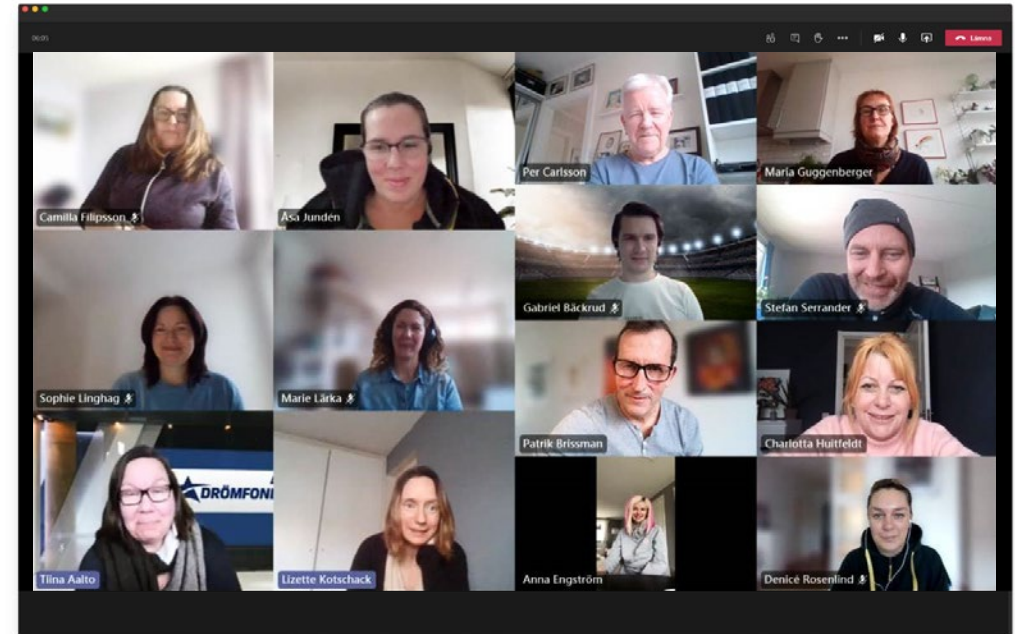
The employee survey shows that all indices have risen during the year and are above the benchmark. The result is an effect of long-term and targeted work to engage and include all employees. The endeavour is to continue improving the employee index and for us, as for all other companies, there are areas of improvement.

DIVERSITY AND EQUALITY

ATG strives actively for equal treatment and to increase diversity and equality. ATG is aiming to achieve a good distribution between women and men in all areas of the business. No employee may be bullied, discriminated against or harassed in any way, for any reason or in any context. All employees, regardless of position, are responsible for complying with the Code of Conduct.

MANY ADAPTATIONS DURING THE YEAR

The adjustment to remote working and a new management approach emerged at short notice and the organisation adapted quickly to working in a more digital manner, since the technology



EMPLOYEES, CONTINUED



Health coach Ida Rautila has arranged digital exercise sessions for employees throughout the pandemic.

for remote working was in place. The corporate culture and internal communications have been important and central functions for informing the company and holding it together.

All managers were regularly invited to management forums and all workers were invited to digital meetings, where the CEO and representatives of various areas of the operations provided

information on the company’s performance from various perspectives. Kick-offs were organised digitally. The agenda at these included the core values of progressive, respectful, ownership. A digital, social meeting place was created, with quizzes, a Christmas party, step contests, and other features, and a number of guest speakers were arranged.

In addition to these examples, which are arranged centrally, the continuous, close dialogue between managers and employees is completely decisive for continued prosperous business.

EXERCISE AND HEALTH

ATG continues to work on the basis of sustainable employees. The company has close collaboration with occupational health services and works proactively to prevent ill health. The investment in sustainable employees is reaping rewards and the number of rehabilitation cases is low. Through collaboration with an external occupational health company, all employees are offered health checks. The overall goal of the initiative is to increase everyone’s oxygen uptake capacity and to get more people to exercise, since there is a strong connection between physical activity and well-being, stress and increased performance. In addition, the company has a full-time employed corporate trainer who offers personal training, group sessions, health counselling and support with lifestyle changes. The corporate trainer has a natural and important role in the company. Training sessions, including yoga and weight training, have been offered digitally, which has been popular. Everyone has been reminded regularly about the importance of exercise, sleep, recovery and nutrition.

TRAINING

ATG wants to be a learning organisation. Continuous development for employees is a natural feature for ATG and it is an important aspect of the core values. During the year, a new structure for internal training was launched to work actively with continuous learning. As a betting company, it is compulsory to train all employees in responsible gambling and AML. Internal and external management training has been conducted.

CORPORATE CULTURE AND VALUES

The corporate culture at ATG is inclusive and welcoming; it is based on our values, which helps us to achieve our goals. The company works conscientiously to live and act on the basis of its values:

Progressive

Involves us being resolute, change-friendly and bold.

Respectful

Respectful is about how we respect everyone’s differences, skills and time.

Ownership

Entails that we are professional in our roles and assume our responsibility.

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 2020–31 December 2020 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 owners, the Swedish trotting and thoroughbred racing associations, and the State, and the company's operations are regulated in an agreement between these parties. ATG holds a Swedish gambling licence and offer horse betting, sport 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 satisfy-

ing 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 for which ATG accepts bets in Sweden during the year were covered by Kanal 75. Since 2019, operations have been extended to include other sporting events.

At the end of March 2019, the Danish gaming group Ecosys was acquired. The Ecosys Group is active with four brands in sport betting, horse betting and casino games in stores and online. The acquisition aims to extend ATG's geographic presence and contribute towards the development of horse betting in Denmark. For more information about the acquisition, refer to Note 26.

SIGNIFICANT EVENTS DURING 2020.

- The Covid-19 virus developed into a pandemic during the start of the year. The impact on the global economy is substantial but remains difficult to predict. From mid-March through June,

the pandemic substantially impacted the offering of sport betting, since most matches and competitions were cancelled or postponed. The curtailed sport betting offering led to increased interest in horse betting, which impacted ATG's revenue during the full year.

- In Sweden, trotting and thoroughbred racing activities could continue thanks to a series of strong measures to reduce the risk of spreading infection. All public areas around the racetracks were closed, and a number of restrictions apply to the stable areas to create safe and secure work environments. These measures mean that on race days, trotting and thoroughbred race-tracks are exclusively open for those who have a job to perform on the actual race day.
- In most countries, there was no horse racing between March and June. This led to considerable international interest in betting on Swedish horse racing, which positively affected ATG's other revenue.
- ATG's most important sustainability topic is responsible gambling and, therefore a number

of tools are provided to ensure customers enjoy their gambling responsibly. A mandatory loss limit was introduced for everyone betting with ATG's casino games on 23 March.

- 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 Paralympiattravet at Åbytravet.
- The government decided to introduce a temporary Gambling Ordinance on 2 July. This entails that customers who wish to play online casino games can set a deposit limit of SEK 5,000 per week on their betting account. The ordinance has resulted in a reduction in ATG's net gambling revenue from casino games and has been extended to apply until 30 June 2021.
- ATG had a record number of million-krona wins during the year. 367 million-krona wins were paid to Swedish customers.

SIGNIFICANT EVENTS AFTER THE CLOSING DATE

There were no significant events to report.

REVENUE

The Group's net gambling revenue during the year totalled MSEK 5,359 (4,435), which is the highest net gambling revenue in the history of the company. The acquired Danish Group Ecosys was consolidated from 1 April 2019 and the Group's net gambling revenue from the Danish gambling market amounted to MSEK 154 for the year. The Group's net gambling revenue increased MSEK 725 from horse betting, MSEK 137 from sport betting and MSEK 62 from casino games. From mid-March through June, the Covid-19 pandemic substantially impacted the offering of sport betting, since most matches and competitions were cancelled or postponed. The curtailed sport betting offering led to increased interest in horse betting, which impacted ATG's revenue during the full year.

The year had one less Saturday with V75®, which had a negative impact on revenue, and ten jackpots more than the comparison period, which had a positive effect on revenue. Gross turnover for Swedish horse betting, which governs the size of the betting pools, was MSEK 14,748 (12,550), an increase of approximately 18 per cent. International gross turnover amounted

to MSEK 5,416 (2,695), up approximately 101 per cent. Total gross turnover for horse betting (Swedish and international) was MSEK 20,164 (15,245), up slightly more than 19 per cent.

During the year, ATG had agent revenue of MSEK 308 (310) and other operating income, i.e. income from activities other than betting, of MSEK 664 (561). The other revenue is mainly from commissions for international sales, TV production and agent sales of partner products in stores.

COSTS

Gambling tax for the year amounted to MSEK 1,056 (895). Operating expenses for the year amounted to MSEK 3,035 (2,910). During the period, expenses directly linked to revenue increased while other expenses decreased. A significant expense item comprises the services that ATG has entered into an agreement with horse racing for, namely payment for horse sport information, rights and sponsorship. This expense totalled MSEK 619 (578) for the period.

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. Personnel expenses have increased due to ATG undergoing a period of building new product categories and

investing in future growth as well as replacing consultants with employees, which is reflected in higher personnel expenses and the increase in employees.

Depreciation of fixed assets amounted to MSEK 280 (195). Depreciation expenses were higher due to the increased investments in the last few years.

GAMBLING TAX

As of the re-regulation of the Swedish gambling market on 1 January 2019, the lottery tax was replaced by a gambling tax of 18 per cent of betting profits (stakes-winnings). Gambling tax in Denmark is 20 per cent of the betting profits (28 per cent as of 1 January 2021). Gambling tax for the year amounted to MSEK 1,056 (895).

OPERATING PROFIT AND PROFIT FOR THE YEAR

Operating profit for the year amounted to MSEK 2,240 (1,501). Profit for the year amounted to MSEK 1,749 (1,162).

PARENT COMPANY'S PROFIT BEFORE TRANSACTIONS WITH THE OWNERS

The Parent Company's profit before transactions with owners (see definition on page 108) totalled MSEK 2,901 (2,126) for the period. 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 the company's results from re-regulation in 2019 with previous years and with competitors in the gambling market.

FINANCING AND LIQUIDITY

At year-end, total assets amounted to MSEK 3,462 (3,257). Cash flow from operating activities amounted to MSEK 2,609 (1,596). Cash flow from investing activities amounted to MSEK -261 (-495). Cash flow for the year amounted to MSEK 808 (68). Closing cash and cash equivalents amounted to MSEK 1,399 (592). At year-end, total shareholders' equity amounted to MSEK 850 (773) and the equity/assets ratio was 25 per cent (24).

INVESTMENTS AND TRENDS

All investments made 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 development of betting products. This development is a prerequisite for continued, long-term growth and for the launch of new betting products. The allocation of the company's investments in the

three betting products reflects future revenue expectations. In addition to the above investments during the year, ATG invests continuously in the IT operating environment, betting safety and in enhancing the customer experience.

SEASONAL EFFECTS

Sales have historically shown certain seasonal variation. There are 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 V75s®

	2020	2019	2018
Q1	13	13	12
Q2	13	13	14
Q3	13	13	13
Q4	13	14	14
TOTAL	52	53	53

EMPLOYEES

The average number of employees in the Group during the year was 468 (433), of which 33 in Denmark. ATG has been undergoing a period of developing new product categories and investing

in future growth as well as replacing consultants with employees, which is also reflected in the increase in employees.

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 assessment 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. A list of contents for the statutory sustainability report is available on Page 89. The risk analysis pertaining to sustainability topics is included in the combined risk section on pages 32–37.

SIGNIFICANT RISKS AND UNCERTAINTIES

ATG's operations entail risks and uncertainties that, to varying degrees, can impact the company negatively. Risk management is an integral part of the process for planning, implementing and monitoring operations within ATG.

The Covid-19 virus developed into a pandemic during the start of the year. The impact on

the global economy is substantial and remains difficult to predict. In Sweden, trotting and thoroughbred racing activities could continue due to a series of major steps to reduce the risk of spreading infection.

The regulatory measures that affect the market are a significant uncertainty. Responsible gambling is ATG's most important sustainability topic in fulfilling our customer promise of fair play and, therefore a number of tools are provided to ensure customers enjoy their gambling. A mandatory loss limit was introduced for everyone gambling with ATG's casino games on 23 March 2020.

Other than the above, the material risks and uncertainties are assessed as corresponding to those described in the last annual report. For a comprehensive description of ATG's risks and uncertainties and the management of these, refer to pages 32–37.

OUTLOOK

The re-regulation of the gambling market in 2019 had a negative effect on sales and in 2020, the gambling market grew from a new, lower level. There is uncertainty concerning any additional regulatory measures.

Covid-19, which developed into a pandemic at the beginning of 2020, could have long-term effects on the gambling market, since the effects on the global economy are deemed to be significant. These effects remain difficult to fully comprehend. In the long term, the strongest correlating factor with the gambling market's turnover growth is a change in household disposable income, and considerable uncertainty prevails due to the pandemic with regard to how this will continue to develop.

Going forward, ATG will continue to work toward clearly formulated goals and customer promises. This entails continued work on the constant development of, and investments in, betting products for continued growth with cost-effectiveness. The aim of this is to continue delivering positive results and thereby live up to the assignment and mission of being the engine of the horse racing industry and the gaming industry's compass.

PROPOSED ALLOCATION OF THE COMPANY’S PROFIT

ATG’s Board has resolved to provide a Group contribution of MSEK 1,996 to the Swedish Trotting Association and proposes that earnings for 2020 be appropriated as follows.

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

SEK	
Retained earnings	-38,845,643
Profit for the year	231,784,746
TOTAL	192,939,104
Dividend to shareholders	-174,312,491
RETAINED EARNINGS	18,626,613

The Board proposes the distribution of a dividend to the Swedish Jockey Club corresponding to a total dividend of SEK 174,312,491. The unappropriated earnings will be carried forward. The Parent Company has a development costs reserve amounting to MSEK 714 (675). This reserve is included in restricted equity. The Parent Company’s shareholders’ equity totalled MSEK 955 (827).



ATG’s contribution to the owners, the Swedish Trotting Association and the Swedish Jockey Club was approximately BSEK 2.8 in 2020.

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.

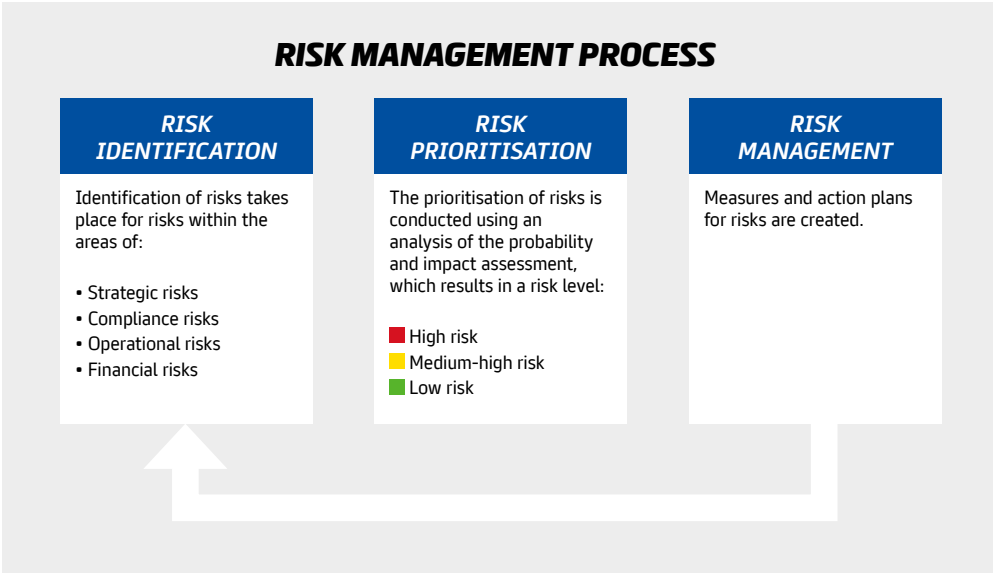
Identifying risks and uncertainties that can impact ATG’s ability to fulfil its mandate and realise its established goals are of vital importance to the company’s short- and long-term success. Risk management is an integral part of the process for planning and monitoring operations within ATG. Group management performs systematic risk assessments and presents these for the Board for its prioritisation.

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 and ATG’s Management system for

information security, which is based on ISO/IEC 27001 and ISO/IEC 27002.

As part of ATG’s systematic sustainability work, analysis is made of how ATG risks affecting the company’s stakeholders in the areas of human rights, personnel and social conditions, anti-corruption work, environment and horse welfare.

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.



STRATEGIC RISKS

Strategic risks mainly originate in factors outside ATG’s operations.

Risk and risk level	Risk description	Risk management
Competitive risks <div><div></div><div></div><div></div></div>	The gambling legislation entails that ATG can have a broad product offering within gambling and commercial online games. 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.	Competitive risks are managed through continuous analyses of the market situation. The analysis includes bases for decisions on the development of the offering and geographic distribution. Competitiveness is strengthened through the continuous investment in development of existing and new gambling offerings and ATG’s sales channels.
Economic risks <div><div></div><div></div><div></div></div>	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. The Covid-19 pandemic is having negative effects on the economy, of which it remains difficult to gain an overview. The pandemic risks impacting the disposable income of households in the coming years, which could have a negative effect on the gambling market. However, during the first year of the pandemic, the effect for the gambling market was growth as a result of the strong decrease in other entertainment offerings.	The Group works continuously to ensure good cost effectiveness and effective liquidity planning to be able to resist economic fluctuations. One way of addressing economic risks is also to constantly develop the customer offering to remain relevant as an entertainment provider.
Regulatory risks <div><div></div><div></div><div></div></div>	Political decisions that change regulation of the gambling market.	Monitor and participate in the debate in society to be able to rapidly adapt the business following political decisions.

COMPLIANCE RISKS

Compliance risks are risks that are mainly within ATG’s control. Compliance risks comprise the risk of legal or statutory sanctions, significant economic loss or loss of reputation as a result of the organisation’s failure to comply with regulations contained in laws, directives, rules, self-regulatory industry guidelines and codes of conduct that apply to its operations.





Risk and risk level	Risk description	Risk management
Legal and regulatory compliance <div><div></div><div></div><div></div></div>	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 heavy fines and losing the confidence of its customers. If ATG breaches gambling legislation, the company risks losing its gambling licence.	<p>ATG has processes and procedures in place to ensure compliance with applicable laws and regulations. ATG also has procedures and processes in place to monitor gambling behaviour and escalation procedures to identify deviating gambling patterns. 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.</p> <p>In addition to the compliance function, the Group has several internal control functions within the organisation. A key function is held by the CEO’s consultative body, the Responsibility Council, which constantly manages issues that affect the entire organisation from a responsibility and compliance perspective. This includes, for example, customer and agent knowledge from a money laundering perspective and from a responsible gambling perspective.</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 <div><div></div><div></div><div></div></div>	<p>ATG’s operations are dependent on a functional IT environment and appropriate procedures that develop alongside of the operations. Critical IT systems must be up and running to enable sales. In connection with disruptions in its IT systems, ATG is at risk of reduced revenue and weakened customer confidence.</p> <p>During 2020, the access risks that occur in conjunction with higher customer activity and unknown system dependency were analysed and continuously corrected. There has been focus on the risk of cyber-attacks, particularly in conjunction with changed work methods related to working from home.</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, data hacking and loss of information.</p> <p>During 2020, several internal processes were improved to reduce the risk of incorrect configurations. A virtual cross-functional team was created with the principal task of getting to the bottom of the causes of problems and helping the organisation to achieve an appropriate level of availability in systems, products and services.</p> <p>The reduction of the risk of cyber-attacks is managed using a new version of the information security management system adopted by Group Management and the introduction of extended controls. These controls improve, for example, protection against ransomware, overloading attacks and traceability in the IT system.</p>
Third-party suppliers: <div><div></div><div></div><div></div></div>	<p>ATG is dependent on suppliers that provide such IT services as payments, betting products, login systems, agent environments and the nationwide exclusion system (Spelpaus). The suppliers must maintain a very high level of availability if ATG’s customers are to avoid disruptions or being exposed to risks.</p>	<p>During 2020, ATG added several service providers that deliver critical IT services to avoid dependency, which has contributed to increased robustness and a reduced risk of disruption. To ensure that sport betting and casino games are conducted in accordance with laws, rules and terms and conditions, there is close collaboration with the Security and Quality department. ATG also has a refined control model whereby all systems have a product owner, including the services provided by ATG’s suppliers.</p> <p>The implementation of new, larger third-party providers includes checks and tests according to procedure. In the event of disruptions, thorough investigations are conducted to improve the work approach and processes in order to minimise the risk of recurring disruptions.</p>
Business ethics <div><div></div><div></div><div></div></div>	<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 <div><div></div><div></div><div></div></div>	<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 works actively on issues linked to trademark protection and has a strategy for brand management. External expertise is engaged to monitor and protect the Group’s brands. Selected functions within the organisation have been trained in trademark law.</p>

OPERATIONAL RISKS, cont.





Risk and risk level	Risk description	Risk management
Fixed odds in sport betting 	ATG offers sport 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.	ATG purchases odds compiling from external parties and monitors and evaluates the outcome on a continuous basis.
Customer health 	For a customer who develops gambling problems, the customer's and their relatives' health, finances and social lives are often affected. The risk of developing gambling problems is affected by how the game is structured and how it is marketed, but also by such factors as the customer's age, education and financial background.	ATG works systematically so that our customers enjoy their gambling and gamble for pleasure. Long-term customer relationships are decisive for the business. The work is conducted based on the mission and core values, as well as regulatory requirements and voluntary standards. ATG works on the basis of independent research to provide customers with information and responsible gambling tools. ATG trains all employees and agents as well as relevant suppliers so they can prevent problem gambling in an adequate manner. ATG's responsible gambling tools are gathered at atg.se/atgcheck .
Personnel, skills and recruitment 	<p>Skilled and committed employees are important contributors to ATG's ability to realise its strategies and achieved established goals. If ATG were to fail to offer an attractive and healthy work environment, this would have a direct negative impact on staff and the company's ability to attract, engage and retain qualified employees.</p> <p>During the year, there was the risk of sickness in conjunction with the pandemic. If large sections of the staff had become sick, it would have impacted the company's business, work environment and employees. Since the majority of the employees were urged to work from home, this entailed risks of mental and physical ill health. Working from home had an impact on collaboration and management. New demands were made of large parts of the company in relation to continuing recruitment activities and introducing new employees.</p>	<p>ATG works actively to be an inclusive employer and to achieve a good balance between work and leisure. Initiatives in healthcare, corporate culture and leadership are important for engagement and satisfaction. There are good opportunities to work remotely using the digital workplace, which made it possible for the company to monitor the official recommendations during the pandemic and to contribute to reducing the spread of infection and, accordingly, reduced absence due to illness. ATG has continuously updated the information on the intranet and through general meetings held regularly to ensure that all employees are informed of the decisions made in the appointed crisis groups.</p> <p>Even during times of working from home, there is a focus on health and exercise, including through digital training sessions and presentations with a holistic perspective. The home office work environment has been improved by using ergonomic furniture and other equipment made available to employees. ATG's employee initiatives enhance ATG's ability to attract, engage and retain qualified employees. ATG's guidelines for workplace health and safety and diversity guide employees in the aforementioned issues and these efforts are continuously monitored through dialogue and employee satisfaction surveys.</p>
Supply chain responsibility 	There is a risk that a negative impact in the environment, labour conditions, human rights and corruption could occur among ATG's suppliers. ATG risks contributing to this impact thorough purchases of goods and services. If ATG's suppliers were to violate international regulations or fail in some other way in their sustainability work, there is the risk of an effect on people and the environment. It could also impact ATG's reputation and result in legal penalties.	<p>The responsibility in the supply chain is based on ATG's Supplier Code of Conduct through agreement. 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. ATG works systematically to identify risks among suppliers by conducting industry risk analyses.</p> <p>For ATG's largest suppliers, reconciliations and follow-ups for the value chain take place on an ongoing basis in order to minimize risks.</p>

OPERATIONAL RISKS, cont.

Risk and risk level	Risk description	Risk management
Greenhouse gas emissions (GHG) <div><div></div><div></div><div></div></div>	Climate change is now one of the greatest global challenges and affects all of us. Climate impact from ATG's operations arises from energy consumption, business travel and re-source use. There is also a risk that climate change could impact ATG's operations.	ATG works with continuous improvements to reduce the company's energy consumption and greenhouse gas emissions. 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 <div><div></div><div></div><div></div></div>	Good horse husbandry is paramount for ATG to be able to arrange betting on horses, and is also highly prioritised by our customers 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.	<p>Compared internationally, the regulation of animal husbandry in Sweden contains very strict requirements. ATG engages in close dialogue and monitoring with the Swedish Trotting Association and Swedish Jockey Club about horse welfare. ST's and SG's rules and regulations for racing place high demands on good horse husbandry, before, during and after a race.</p> <p>ATG has a process in place to assess and make decisions on importing horse races. Together with the Swedish Trotting Association, ATG has prepared a checklist that must be answered by each country's trotting and thoroughbred organisation in order to assess horse welfare and betting ethics in the countries from which ATG imports betting.</p>

FINANCIAL RISKS

Financial risks mainly originate in factors that are found outside of ATG's operations and pertain to risks in the form of changed financial conditions. For a more detailed description and quantification of financial risks, see Note 13. The financial risk management for the Group is governed by the instruction for financing activities adopted by the Board of Directors.

Risk and risk level	Risk description	Risk management
Liquidity risk 	Liquidity risk pertains to the risk that the Group will not have disposable funds to meet its commitments. Liquidity risk arises through receipts and payments occurring at different times.	<p>The Group works systematically on liquidity planning and monitoring. The Group has sufficient liquid assets and low interest-bearing liabilities, which gives the Group favourable additional borrowing capacity as required.</p> <p>During the initial months of the Covid-19 pandemic, large numbers of the world's sports events, which are the basis for gambling, were cancelled. There was also a risk that horse racing in Sweden could have been cancelled, but this risk was managed through major changes in the operations that resulted in the country's trotting and thoroughbred racetracks became exclusively workplaces and were thus able to continue their race activities. During this initial period, a risk arose for the company's future earnings and liquidity, preparations for comprehensive loan financing were made, but were not completed since the risk was averted.</p>
Interest-rate risk 	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.	The risk is managed through effective capital planning and a relevant financing strategy. ATG has interest-bearing liabilities and aims to primarily use surplus liquidity for the repayment of loans.
Currency risk 	Currency risk is the risk that changes in foreign currency will have a negative effect on the ATG Group's earnings. Currency risks may also be due to transaction exposure or translation exposure.	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.
Credit risk 	Credit risk pertains to the risk that the Group is exposed to if a customer or an ATG agent fails to pay on the appointed date or cancels payments. Credit risks also occur in conjunction with contracts being signed with suppliers.	The risk is primarily managed through thorough auditing of ATG agents and suppliers, as well as subsequent checks in accordance with instruction for ATG agent credits. ATG has no credit sales to customers. 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.

MULTI-YEAR REVIEW

Group					
MULTI-YEAR REVIEW AND KPIS	2020	2019 ¹⁾	2018 ²⁾	2017 ²⁾	2016 ²⁾
KPIs under IFRS;					
Profit for the year, MSEK	1,749	1,162	-127	99	9
Earnings per share for the year, SEK	4,373	2,905	-318	247	22
KPIs not calculated in accordance with IFRS;					
Net gambling revenue, MSEK	5,359	4,435	4,162	4,209	4,086
Total revenue, MSEK ³⁾	6,331	5,306	5,210	4,832	4,707
EBITDA, MSEK	2,520	1,696	3,589	3,470	3,302
Operating profit, MSEK	2,240	1,501	3,467	3,372	3,205
Operating margin, %	35%	28%	67%	70%	68%
Debt/equity ratio, multiple	3.1	3.2	2.8	1.6	1.9
Profit before tax, MSEK	2,242	1,504	1,328	1,565	1,449
Equity/assets ratio, %	25%	24%	26%	38%	35%
Shareholders' equity, MSEK	850	773	544	671	572
Shareholders' equity per share, SEK	2,125	1,932	1,360	1,678	1,430
Cash flow from operating activities, MSEK	2,609	1,596	140	102	172
Cash flow from operating activities per share, SEK	6,523	3,990	349	253	431

MULTI-YEAR REVIEW cont.

Group					
MULTI-YEAR REVIEW AND KPIS	2020	2019 ¹⁾	2018 ²⁾	2017 ²⁾	2016 ²⁾
KPIs, operations					
Share of green turnover, % ⁴⁾	74%	70%	–	–	–
Share of green customers, % ⁴⁾	86%	87%	–	–	–
Number of active customers, million	1.4	1.3	1.0	0.5	0.5
Average number of employees	468	433	353	321	299
KPIs, Parent Company					
Net gambling revenue	5,205	4,346	4,162	4,209	4,086
Operating profit	2,282	1,548	3,466	3,370	3,203
Lottery tax	–	–	-1,455	-1,441	-1,337
Costs for horse racing information, rights and sponsorship	619	578	–	–	–
Parent Company's profit before transactions with owners ⁵⁾	2,901	2,126	2,011	1,906	1,762

1) Ecosys Group was consolidated into the ATG Group from 1 April 2019. Certain performance measures were impacted in 2019 by the introduction of IFRS 16.

2) The re-regulated gambling market from 1 January 2019 has impacted ATG's financial statements in several respects, which is why a direct comparison between the years before and after regulation cannot be made. One of the changes is that funds to trotting and thoroughbred racing have been eliminated. ATG instead purchases rights and services from the Swedish Trotting Association and the Swedish Jockey Club and pays dividends and Group contributions in accordance with customary company law and tax regulations.

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.

4) Share of green customers and share of green turnover for approximately 92,000 customers who have completed a self-assessment test.

5) The Parent Company's profit before transactions with owners is calculated as operating profit less lottery tax plus costs for horse racing information, rights and sponsorship. Lottery tax was not applied after 2018.

Message from the Chairman and Deputy Chairman of the Board

THE COMPANY'S OFFERING STANDS STRONG AGAINST THE COMPETITION

An exceptional year with healthy revenue for horse racing is summarised. This provides confidence in the continued positive development of the company – although at a more normal pace



Bo Netz
Chairman



Marjaana Alaviuhkola
Vice Chairman

ATG has delivered world-class entertainment to a large number of customers since 1974. The company's DNA comprises a healthy horse industry and a broad betting range. Our goal from the start has been that our customers should bet for pleasure and remain with us for a long time. The company's mission is to be the engine of the horse racing industry and the gaming industry's compass, entailing that the company maintains a very high level of responsible gambling and allows it to permeate the product offering and business development. It also entails that ATG engages in close dialogue with the Swedish Trotting Association (ST) and Swedish Jockey Club about horse welfare. The rules and regulations for racing place high demands on good horse husbandry, before, during and after a race. ATG also places high demands on its international partners with the aim of safeguarding horse welfare.

The company was formed on the initiative of the then Minister of Finance Gunnar Sträng to secure the long-term financing of Swedish trotting and thoroughbred racing. The Swedish Trotting Association and Swedish Jockey Club formed aktiebolaget ATG. ATG was assigned,

and still has as a fully owned company, a large responsibility for the financing of trotting and thoroughbred racing through the revenue from horse betting, and since re-regulation of the gambling market on 1 January 2019, also through revenue from betting on other sport and online betting.

The company's surplus is returned to horse racing. The horse industry creates a total of 16,900 full-time equivalents. If the spread-over effects are included, total employment amounts to 38,000 (Source: The Swedish Horse Council Foundation). This also contributes to us in Sweden having a vibrant countryside, with many horses in the meadows, which in turn contributes to biological diversity.

ATG has unique corporate governance, by which the government appoints half of the Board of Directors, including the Chairman, through an agreement between the state and the owners. The agreement has been modified a few times over the years, but the basic principles of 1974 remain. The Board work is future-oriented and conducted in fruitful collaboration between the state and owner-appointed members.

MESSAGE FROM THE CHAIRMAN AND DEPUTY CHAIRMAN OF THE BOARD, CONTINUED

During the year, the Board’s work focused on continuing to develop the company’s internal control and governance, risk management and strategic development, particularly due to the short and long-term changes in the legislator’s control of the gambling market. The Board of Directors has also taken steps to successively strengthen the financial position of the company and the owners.

During 2020, the coronavirus pandemic permeated the world and thus also the company and its owners to a large extent. During March, a major adjustment was conducted in trotting and thoroughbred racing, with all race arrangements transformed into strictly workplaces with extensive restrictions. This enables trotting and thoroughbred racetracks to continue their operations in Sweden, unlike the situation in other countries around the world. This led to national and global interest in Swedish trotting and thoroughbred racing, bringing the company many new customers throughout the year and, accordingly, higher revenues with increased earnings, which was much-needed in horse racing and the entire horse industry.

The end of the year showed that the company’s offering stands strong against the competition, customer interest remains strong and the growth resulting from the effect of the

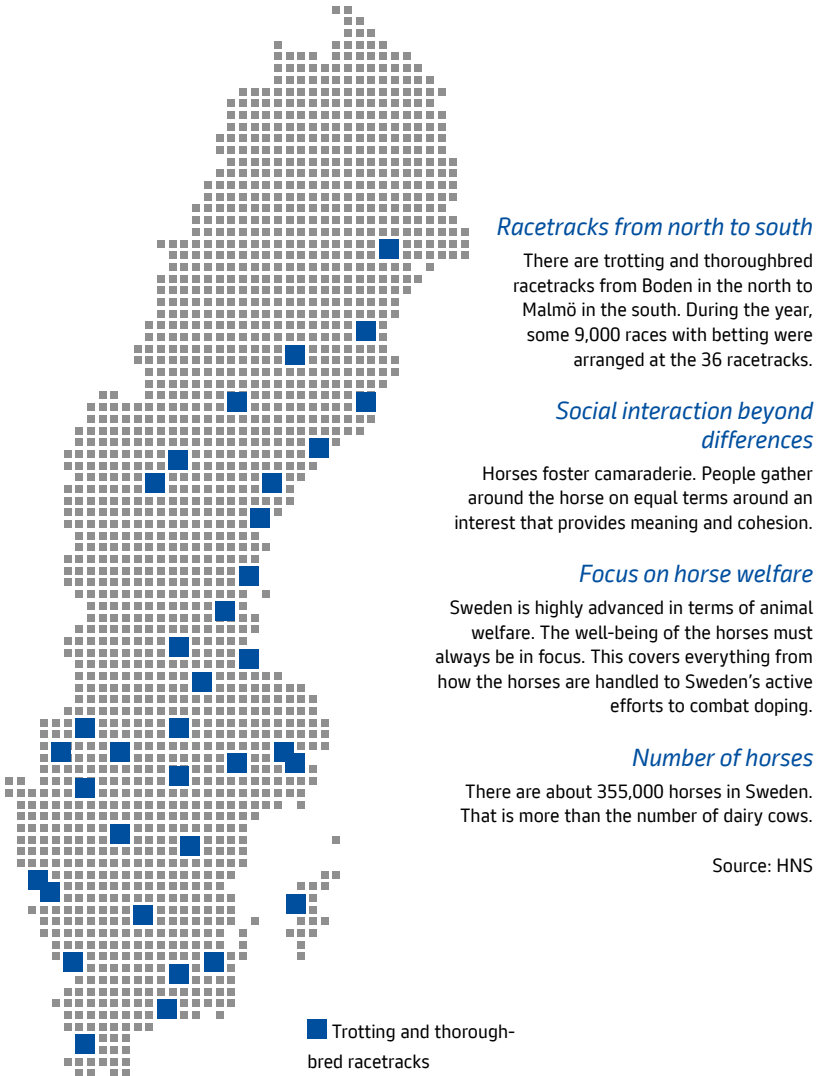
pandemic during the first half of the year was largely sustained throughout the year. This provides confidence in continued favourable revenues, although the year’s performance must be regarded as a one-off event that is hopefully a step to a new platform for continued growth at a normalised pace.

During the year, ATG demonstrated a strong ability to rapidly adapt to new conditions, not least in terms of new regulations imposed at short notice. We are proud of the company and look forward to working together to continue safeguarding the long-term financing of trotting and thoroughbred racing.

Stockholm, 16 March 2021

Bo Netz
Chairman

Marjaana Alaviuhkola
Vice Chairman



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. The company is owned by the Swedish Trotting Association and the Swedish Jockey Club and is a gambling company with a Swedish licence that offers commercial online games and horse betting and sports betting. The company was formed in 1974 and solely offered horse betting until 31 December 2018. This report describes the company’s governance in 2020.

GOVERNANCE

Regulations

ATG’s corporate governance is regulated by Swedish legislation, including the Gambling Act (2018:1138) and the Act on Measures to Prevent Money Laundering and the Financing of Terrorism (2017:630). 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.

The Gambling Act (2018:1138) came into effect on 1 January 2019. The law involves a national licence system whereby all companies that are active in the Swedish gambling market must

have the appropriate permit, a licence, which is granted by the Swedish Gambling Authority, the supervisory authority. Betting 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 are granted a licence. ATG was granted a licence on 27 November 2018 for commercial online games and betting, which were the two possible licences. Operations permitted by the two licences were launched in the market on 1 January 2019.

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 betting 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 horse 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.



Owners

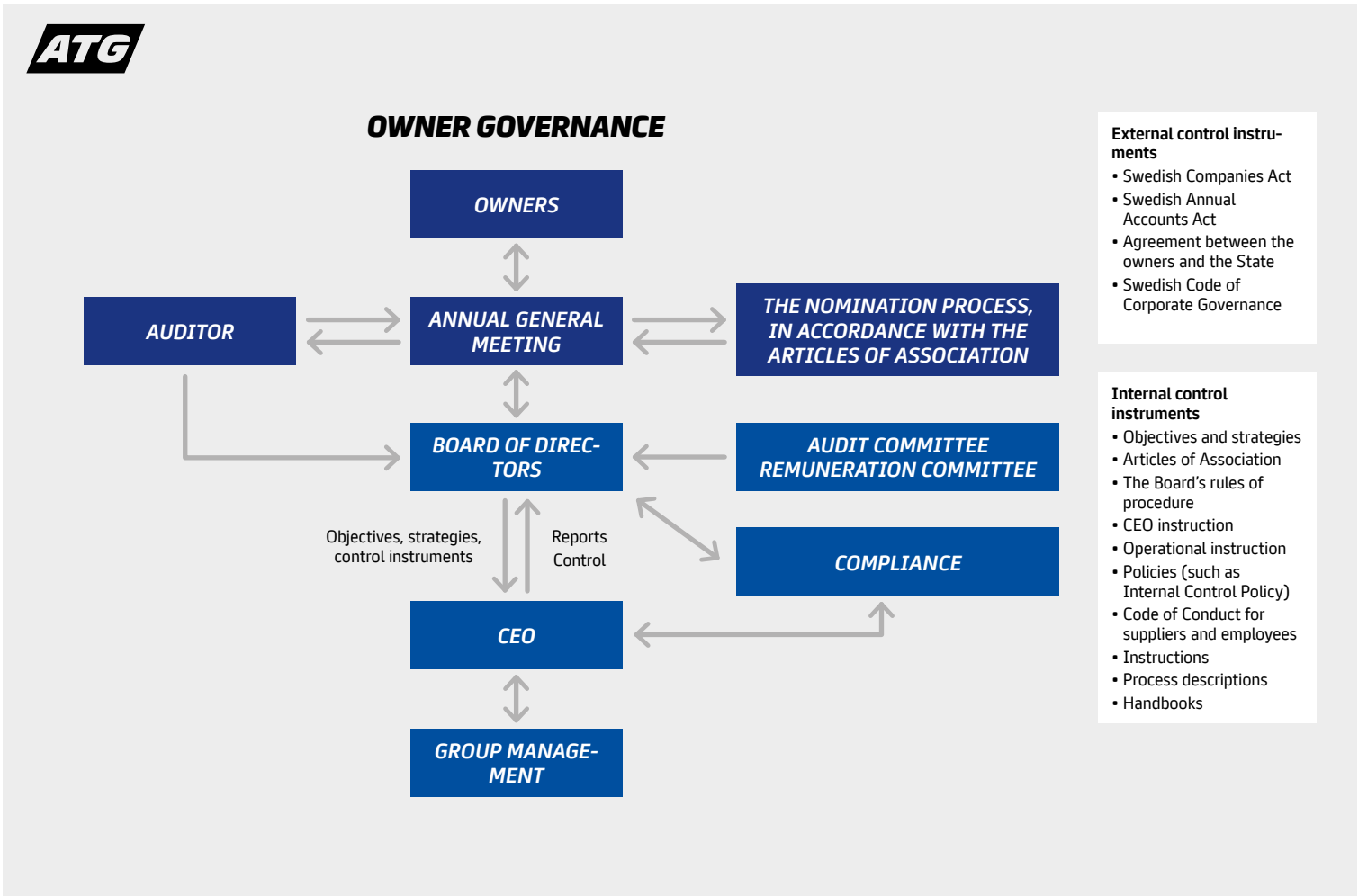
ATG is owned by the Swedish Trotting Association, which holds 360,001 shares, and the Swedish Jockey Club, which holds 39,999 shares. The two owners are both central organisations for their respective sports, and they organise associations and stakeholders within trotting and thoroughbred racing.

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.

2020 AGM

The most recent AGM was held on 5 June 2020 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, Petra Forsström, Agneta Gille, Urban Karlström, Anders Källström, Bo Netz, Mats Norberg, Susanna Rystedt and Birgitta Losman, and Anders Lilius and Marcus Persson 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 311,000 to the Chairman, SEK 135,000 to the Deputy Chairman and SEK 114,000 to each member not employed by the company. In addition, a meeting fee of SEK 2,400 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 2019 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 2019.

Corporate governance model

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

2021 AGM

The AGM for the 2020 financial year will be held at the company's premises in Hästsportens Hus, Solvalla, Stockholm, Sweden on 7 June 2021. The Annual Report will be available from 23 March 2021 on the company's website: atg.se

Nomination process

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

The Board prepares the AGM and submits proposals for:

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

Four members are nominated to represent the Swedish Trotting Association (ST), one member is nominated to represent the Swedish Jockey Club (SG) and six members are nominated to represent the government. The government also determines who will be the Chairman of the company. In addition, the company's trade union organisations nominate one member and two deputies. One objective in the nomination process is to create an even distribution between women and men on the Board since this contributes to more successful and efficient Board work. In 2020, ordinary members of the Board

of ATG comprised 50 per cent women and 50 per cent 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 its 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 CEO and Group President, and adopts the Group President'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. 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 page 48.

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 perfor-

mance. The evaluation, which takes the form of a written questionnaire, is compiled and presented at the following Board meeting.

At the 2020 AGM, Bo Netz was elected Chairman. He has been a Board member since 2011 and Chairman since 2018.

The Board's work in 2020

During the 2020 financial year, the Board held 11 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.

In October 2019, 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 until the Annual General Meeting on 5 June 2020.

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 2020, Susanna Rystedt was re-elected as the Chairman and Mats Norberg as a member of the Committee. The Audit Committee held nine meetings during the year. During the year, the company's external 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 2020, 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.

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.

Chief Executive Officer and Group President

The Chief Executive Officer, who is also Group President, 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.

Compliance

The Compliance function is responsible for identifying, evaluating and reporting compli-

ance 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 and presents a written report on its work ahead of each Board meeting. Its work is conducted proactively and on the basis of information, support, control and monitoring in particular in the areas of consumer protection, market conduct, money laundering, GDPR and licensing and supervision. The aim is to ensure that the company's operations comply with regulations and that public confidence in the operations is upheld and strengthened.

AUDITORS

The 2020 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, she has been the company's responsible auditor since 2012. 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 and she is 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.

BOARD OF DIRECTORS – COMPOSITION AND ATTENDANCE

Member	Elected	Position:	Attendance	Independent to the company and executive management	Independent in relation to the owner
Bo Netz	2011	Chairman of the Board	11/11	Yes	Yes
Marjaana Alaviuhkola	2014	Deputy Chairman	10/11	Yes	No
Lina Bertilsson*	2018	Member	5/5	Yes	No
Anders Källström	2019	Member	11/11	Yes	No
Petra Forsström	2016	Member	9/11	Yes	Yes
Agneta Gille	2018	Member	11/11	Yes	Yes
Anders Lilius**	2020	Member	6/6	Yes	No
Urban Karlström	2018	Member	11/11	Yes	Yes
Birgitta Losman	2018	Member	11/11	Yes	Yes
Mats Norberg	2017	Member	11/11	Yes	No
Marcus Persson**	2020	Member	6/6	Yes	No
Susanna Rystedt	2009	Member	11/11	Yes	Yes
Employee representative					
Marianne Martinsson	2010	Member	11/11	Yes	Yes
Fabian Rivière	2013	Deputy Board member	10/11	Yes	Yes
Christer Utterberg	2017	Deputy Board member	9/11	Yes	Yes

* Stepped down at the AGM on 5 June 2020

** Elected at the AGM on 5 June 2020

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 COSO framework as method and model promotes achievement of the goals of 1) operational efficiency, 2) reliability in financial reporting 3) compliance with applicable laws and regulations. COSO is based on five components: 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, including the Code of Conduct for suppliers and employees. These documents, together with ATG's process-oriented working approach, ensure efficient operations characterised by sound internal controls, as well as reliable financial reporting. In addition to governing documents, the control environment also includes the Board's

and management's signals and messages in the area.

In 2020, 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. Endeavours to enhance efficiency and develop processes and checks remains a work in progress to ensure sound internal 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, ongoing measures are presented by the main process owner concerned. Risk assessment is an integrated part of the company's business development. The framework for operating activities 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 shortcomings 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. One important element in ATG's control environment is general IT controls.

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 verifying and improving the quality of 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 com-

munication. The CEO is responsible for ensuring that the Board's instructions 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 the need for an internal audit led to the decision as things stand today, to not establish an internal function for this. The Board also resolved to instruct the Audit Committee to regularly consider the need for an independent examination of various areas. 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 Gambling Act (2018:1138) 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, 16 March 2021
Board of Directors

BOARD OF DIRECTORS

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



BO NETZ

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



MARJAANA ALAVIUKHOLA

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, Chairman of the Swedish Trotting Association
Background: Horse owner and breeder



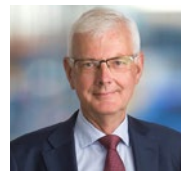
PETRA FORSSTRÖM

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, certified Board training.
Other assignments: Part-time politician, Chairman of Uppsala City Theatre, member of Uppsala City Council, deputy on the Riksbank General Council
Background: Ombudsman, Deputy Party Secretary, Member of Parliament



URBAN KARLSTRÖM

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



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, Setra Group AB, HNS and Chairman of Co-operatives Sweden
Background: President and CEO of LRF, President and CEO of Allehanda Media, Municipal Commissioner Örnsköldsvik



ANDERS LILIUS

Position: Board member (thoroughbred racing representative)
Elected: 2020
Born: 1953
Education: Hotel management degree and courses at the Stockholm School of Economics
Other assignments: Premarin AB, Logonet Promotion AB.
Background: Hospitality industry



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 Fältrikklubb
Background: Regional advisor (industry and commerce, infrastructure), Board member of the Swedish Association of Local Authorities and Regions, international aid work, self-employed



MARCUS PERSSON

Position: Board member (the Swedish Trotting Association representative)
Elected: 2020
Born: 1972
Education: Upper-secondary school studies in accounting
Other assignments: Board member of the Swedish Trotting Association
Background: IT professional. Atea Sverige AB, Nexus Group AB, Altitude 365 AB and self-employed. Horse owner and breeder.



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 Ludvig & Co, specialised in the horse industry. Various assignments involving trotting and horse ownership, and breeder



SUSANNA RYSTED

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



MARIANNE MARTINSSON

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



FABIAN RIVIÈRE

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



CHRISTER UTTERBERG

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

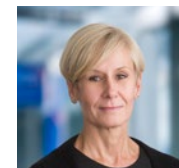
Employed: 2014

Born: 1978

Education: Business administration graduate from the Stockholm School of Economics

Other assignments: Board Member of NF11 Holding 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, co-opted member of Management Group

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	2020	2019 ¹⁾
Net gambling revenue	2	5,359	4,435
Agent revenue		308	310
Other revenue	3, 8	664	561
Total revenue		6,331	5,306
Gambling tax		-1,056	-895
Capitalised work for own account		69	86
Personnel expenses	4	-460	-425
Other external expenses	5, 8, 16	-2,353	-2,345
Other operating expenses		-11	-31
Depreciation, amortisation and impairment of PPE and intangible assets	9, 11	-280	-195
Operating profit		2,240	1,501
Financial income	6, 8	27	19
Financial expenses	6, 16	-25	-16
Profit from financial items		2	3
Profit before tax		2,242	1,504
Income tax ²⁾	7	-493	-342
Profit for the year³⁾		1,749	1,162

AMOUNTS IN MSEK	Note	2020	2019 ¹⁾
<i>Items that may be transferred to profit for the year</i>			
Translation differences, foreign subsidiaries		0	1
Other comprehensive income		0	1
Comprehensive income for the year³⁾		1,749	1,163
Earnings per share for the year, SEK			
Before and after dilution ⁴⁾		4,373	2,905
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) In accordance with IFRS, Group contributions paid of MSEK -1,996 and the associated tax effect of MSEK +427 were recognised in the consolidated statement of changes in equity. Net tax expense for 2020 including this item therefore amounts to MSEK -66.

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

4) No dilution occurred during the reporting period.

Consolidated statement of financial position

AMOUNTS IN MSEK	Note	2020	2019
ASSETS			
Fixed assets			
Goodwill	9, 26	32	33
Product brands	9, 26	32	37
Other intangible assets	9, 26	803	811
Property, plant and equipment	11, 16	480	495
Other long-term receivables	10	156	267
Deferred tax assets	7	–	–
Total fixed assets		1,503	1,643
Current assets			
Accounts receivable	12, 13	43	30
Receivables from Group companies	8, 13	19	537
Other receivables	13, 14	413	364
Prepaid expenses and accrued income	15	85	91
Cash and cash equivalents	13, 17	1,399	592
Total current assets		1,959	1,614
TOTAL ASSETS		3,462	3,257

AMOUNTS IN MSEK	Note	2020	2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to Parent Company shareholders	18		
Share capital		40	40
Other contributed capital		-40	-40
Retained earnings, including profit for the year		850	773
Total shareholders' equity		850	773
Long-term liabilities			
Liabilities to credit institutions	13, 19	299	1,073
Lease liabilities	13, 19	91	102
Deferred tax liabilities	7	0	0
Other provisions	22	200	200
Total long-term liabilities		590	1,375
Current liabilities			
Liabilities to credit institutions	13	775	–
Lease liabilities	13, 16	22	19
Accounts payable	13	181	139
Liabilities to Group companies	13, 8	29	26
Liabilities, account customers	13	527	419
Current tax liabilities	7	144	142
Other current liabilities	13, 20	248	265
Accrued expenses and deferred income	21	96	99
Total current liabilities		2,022	1,109
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,462	3,257

Consolidated statement of changes in equity

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
Profit for the year			1,162		1,162
<i>Other comprehensive income</i>					
Translation differences, foreign subsidiaries				1	1
<i>Transactions with owners</i>					
Group contributions paid			-934		-934
Shareholders' equity, 31 December 2019	40	-40	772	1	773

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 2020	40	-40	772	1	773
Profit for the year			1,749		1,749
<i>Other comprehensive income</i>					
Translation differences, foreign subsidiaries				0	0
<i>Transactions with owners</i>					
Group contributions paid			-1,996		-1,996
Tax effect of Group contributions			427		427
Dividend			-104		-104
Shareholders' equity, 31 December 2020	40	-40	849	1	850

Consolidated statement of cash flow

AMOUNTS IN MSEK	Note	2020	2019
Operating activities			
Operating profit		2,240	1,501
<i>Adjustments for non-cash items</i>			
Depreciation, amortisation and impairment of PPE and intangible assets	9, 11	280	195
Other items		8	2
Interest received	6	24	16
Interest paid	6	-16	-15
Income tax paid	7	-63	0
Cash flow from operating activities before changes in working capital		2,473	1,699
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		5	1
Increase (+)/Decrease (-) in operating liabilities		131	-104
Cash flow from operating activities		2,609	1,596
Investing activities			
Investments in intangible assets	9	-163	-244
Investments in PPE	11	-99	-185
Acquisition of subsidiaries	26	-	-71
Decrease/increase in long-term receivables	10	1	5
Cash flow from investing activities		-261	-495

AMOUNTS IN MSEK	Note	2020	2019
Financing activities	19		
Loans raised	13, 16, 19	11	585
Repayment of lease liabilities	13, 16, 19	-19	-16
Loans to shareholders and Group contributions		-1,532	-1,602
Cash flow from financing activities		-1,540	-1,033
Cash flow for the year		808	68
Opening cash and cash equivalents		592	521
Exchange-rate difference in cash and cash equivalents		-1	3
Cash flow for the year		808	68
Closing cash and cash equivalents ¹⁾	17	1,399	592

1) Of closing cash and cash equivalents, MSEK 439 (363) derived from funds held in trust that belong to account customers.

Parent Company income statement

<i>AMOUNTS IN MSEK</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
Net gambling revenue	2	5,205	4,346
Agent revenue		308	310
Other revenue	3, 8	564	455
Total revenue		6,077	5,111
Gambling tax		-1,020	-872
Capitalised work for own account		69	86
Personnel expenses	4	-380	-358
Other external expenses	5, 8, 16	-2,232	-2,244
Other operating expenses		-11	-31
Depreciation, amortisation and impairment of PPE and intangible assets	9, 11	-221	-144
Operating profit		2,282	1,548
Financial income	6, 8	25	19
Financial expenses	6	-15	-10
Profit from financial items		10	9

<i>AMOUNTS IN MSEK</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
Profit before appropriations and tax		2,292	1,557
Group contributions paid		-1,996	-934
Group contributions received		1	3
Profit before tax		297	626
Income tax	7	-65	-342
Profit for the year		232	284

The Parent Company had no items in 2020 or 2019 that were recognised in other comprehensive income. Profit for the year for the Parent Company is thus the same as comprehensive income for the year. Accordingly, the Parent Company is not presenting a separate "Statement of comprehensive income."

Parent Company balance sheet

AMOUNTS IN MSEK	Note	2020	2019
ASSETS			
Fixed assets			
Intangible assets	9	779	775
Property, plant and equipment	11	320	314
Participations in Group companies	24	79	79
Other long-term receivables	8, 10, 13	243	328
Total fixed assets		1,421	1,496
Current assets			
Accounts receivable	12, 13	36	29
Receivables from Group companies	8, 13	62	574
Other receivables	13, 14	401	353
Prepaid expenses and accrued income	15	82	93
Cash and bank balances	13, 17	1,391	583
Total current assets		1,972	1,632
TOTAL ASSETS		3,393	3,128

AMOUNTS IN MSEK	Note	2020	2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	18		
<i>Restricted equity</i>			
Share capital		40	40
Statutory reserve		8	8
Development costs reserve		714	675
		762	723
<i>Non-restricted equity</i>			
Retained earnings		-39	-180
Profit for the year		232	284
		193	104
Total shareholders' equity		955	827
Long-term liabilities			
Liabilities to credit institutions	13, 19	299	1,073
Other provisions	22	200	200
Total long-term liabilities		499	1,273
Current liabilities			
Liabilities to credit institutions	13, 19	775	–
Accounts payable	13	150	116
Liabilities to Group companies	13	45	31
Liabilities, account customers	13	521	415
Current tax liabilities	7	144	142
Other current liabilities	13, 20	227	252
Accrued expenses and deferred income	21	77	72
Total current liabilities		1,939	1,028
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,393	3,128

Parent Company statement of changes in equity

AMOUNTS IN MSEK	RESTRICTED EQUITY			NON-RESTRICTED EQUITY	
	<i>Share capital (400,000 shares)</i>	<i>Statutory reserve</i>	<i>Development costs reserve</i>	<i>Retained earnings, including profit for the year</i>	<i>Total shareholders' equity</i>
Shareholders' equity, 1 January 2019	40	8	521	-27	543
Profit 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

AMOUNTS IN MSEK	RESTRICTED EQUITY			NON-RESTRICTED EQUITY	
	<i>Share capital (400,000 shares)</i>	<i>Statutory reserve</i>	<i>Development costs reserve</i>	<i>Retained earnings, including profit for the year</i>	<i>Total shareholders' equity</i>
Shareholders' equity, 1 January 2020	40	8	675	104	827
Profit for the year				232	232
The year's provision to the development costs reserve			161	-161	–
The year's reversal of the development costs reserve			-122	122	–
Dividend				-104	-104
Shareholders' equity, 31 December 2020	40	8	714	193	955

Parent Company cash-flow statement

AMOUNTS IN MSEK	Note	2020	2019
Operating activities			
Operating profit		2,282	1,548
<i>Adjustments for non-cash items</i>			
Depreciation, amortisation and impairment of PPE and intangible assets	9, 11	221	144
Other items		7	2
Interest received	6	25	16
Interest paid	6	-13	-10
Income tax paid	7	-63	0
Cash flow from operating activities before changes in working capital		2,459	1,700
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in operating receivables		-13	-27
Increase (+)/Decrease (-) in operating liabilities		133	-97
Cash flow from operating activities		2,579	1,576
Investing activities			
Investments in intangible assets	9	-163	-238
Investments in PPE	11	-76	-163
Acquired participations in subsidiaries	26	-	-79
Increase (-)/Decrease (+) in long-term receivables	10	1	-9
Cash flow from investing activities		-238	-489

AMOUNTS IN MSEK	Note	2020	2019
Financing activities			
Loans raised	19	-	575
Loans to shareholders		-1,532	-1,602
Cash flow from financing activities		-1,532	-1,027
Cash flow for the year		809	60
Opening cash and cash equivalents		583	521
Exchange-rate difference in cash and cash equivalents		-1	3
Cash flow for the year		809	60
Closing cash and cash equivalents ¹⁾	17	1,391	583

1) Of closing cash and cash equivalents, MSEK 432 (357) derived from funds held in trust that belong to account customers.

ACCOUNTING POLICIES

GENERAL INFORMATION

The Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on 16 March 2021 and will be presented for adoption to the Annual General Meeting in June 2021. 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 sport betting and casino games, which were launched on 1 January 2019.

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 Inter-

pretations 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

No new or amended standards, and interpretations of existing standards, have to be applied for the first time for financial years beginning on 1 January 2020 or later and are relevant to the Group.

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 2020 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 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.

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 consol-

idated 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 profit for the year. Exchange-rate differences in operating receivables and operating liabilities are included in operating profit, 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 foreign currency translation of operations abroad 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 profit 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.

REVENUE RECOGNITION

As of 1 January 2019, ATG Group's net gambling revenue has consisted of horse betting, casino games and sport betting. Revenue from the Group's betting operations is recognised net less the winnings returned to the players and bonus expenses. Revenue is recognised when the

Impairment testing of intangible assets and PPE	Notes 9 and 11	Intangible assets and PPE
Assumptions when measuring other receivables	Note 14	Other receivables
Assumptions for provisions	Note 22	Provisions

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.

Sport betting and casino games revenue

The Group's sport 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 bet takes place and the obligation to the player is thereby fulfilled.

Gambling revenue for sport betting is recognised when the position in relation to the player is

closed, whereupon the commitment to the player is fulfilled. Sport 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 recognised 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 commission on international betting sales, production revenue from TV and online services in trotting and thoroughbred racing, partner income and lease revenue from agent equipment. Other revenue also pertains to exchange 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

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.

For items recognised in the statement of changes in equity, the tax effect is also recognised here.

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 tax 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.

EARNINGS PER SHARE

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

INTANGIBLE ASSETS

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

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

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

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>		
Betting 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	5–8 years	5–8 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. 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 financial 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.

Sport 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 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 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 is 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 2020 was 148 per cent (148). Expected fees for the plans in 2021 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 flow from operating activities, investing activities and financing activities.

RELATED-PARTY TRANSACTIONS

Related parties are defined as the constituent companies in the Group and companies over which closely related physical persons have decisive, jointly decisive or significant influence. Board members, senior executives and closely related

family members are considered related physical persons. Disclosures are provided should a transaction with a related party have occurred; i.e. a transfer of resources, services or obligations regardless of whether or not payment has been made. 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 paid, and tax on Group contributions, to owners are reported in the Group in equity. The Parent Company recognises Group contributions received and paid 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 ¹⁾		Group ¹⁾		Parent Company	
	2020	2019	2020	2019	2020	2019	2020	2019
Horse betting	4,539	3,835	42	21	4,581	3,856	4,539	3,835
Sport betting	378	254	30	17	408	271	378	254
Casino games	288	257	82	51	370	308	288	257
TOTAL NET GAMBLING REVENUE	5,205	4,346	154	89	5,359	4,435	5,205	4,346

Net gambling revenue by sales channel and geographic market

GROUP	Sweden		Denmark ¹⁾		Group ¹⁾		Parent Company	
	2020	2019	2020	2019	2020	2019	2020	2019
e-channel	3,984	3,035	131	70	4,115	3,105	3,984	3,035
Retail	1,221	1,311	23	19	1,244	1,330	1,221	1,311
TOTAL	5,205	4,346	154	89	5,359	4,435	5,205	4,346

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

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

NOTE 3 Other revenue

	Group		Parent Company	
	2020	2019	2020	2019
Production income, Kanal 75	119	111	–	–
Lease revenue from agent equipment	67	73	67	73
Commission on international betting	302	179	302	179
Commission on partner income	106	102	106	102
Exchange gains	2	1	2	1
Other revenue	68	95	87	101
TOTAL	664	561	564	455

Through collaboration with foreign partners, international customers are able to bet on ATG's products in Sweden. ATG received commission of MSEK 302 (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 commission on partner income.

Lease revenue from agent equipment of MSEK 67 (73) pertains to the rental of store terminals; see Note 16 Leases.

The subsidiary Kanal 75's income 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

	2020			2019		
	Men	Women	Total	Men	Women	Total
Parent Company						
Sweden	242	138	380	224	123	347
Subsidiaries						
Sweden	44	11	55	44	13	57
Denmark	27	6	33	24	5	29
TOTAL GROUP	313	155	468	292	141	433

Executive management, number of senior executives

	2020			2019		
	Men	Women	Total	Men	Women	Total
Parent Company						
Board members	6	6	12	4	7	11
CEO and other senior executives	6	2	8	6	2	8
TOTAL	12	7	19	10	9	19

Salaries, other remuneration and social security expenses

	2020			2019		
	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	13.8	3.3	5.1	15.6	3.9	4.9
Other employees	232.0	26.6	80.2	214.3	26.6	74.1
TOTAL PARENT COMPANY	247.8	29.9	85.9	231.9	30.5	79.6
Subsidiaries						
Board members (excl. employee representatives)	–	–	–	–	–	–
CEO and other senior executives	4.4	0.9	1.6	3.9	0.5	1.2
Other employees	58.5	3.8	12.4	46.6	3.5	12.1
TOTAL GROUP	310.7	34.6	99.9	282.4	34.5	92.9

For 2020, the remuneration of the CEO and senior executives consisted of fixed salary of MSEK 17.8 (19.1), other benefits of MSEK 0.4 (0.4) and pension of MSEK 4.2 (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 employment of a CEO of a subsidiary and other senior executives 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 Auditor's fees

	Group		Parent Company	
	2020	2019	2020	2019
Ernst & Young AB				
Audit assignment	3	3	2	3
Audit activities in addition to audit assignment	–	–	–	–
Other services	0	–	0	–
TOTAL	3	3	2	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

	Group		Parent Company	
	2020	2019	2020	2019
Financial income				
Interest income, Group	19	12	20	12
Exchange-rate differences	3	3	–	3
Interest income	5	4	5	4
Total	27	19	25	19
Financial expenses				
Interest expenses	-14	-11	-14	-10
Interest expenses, leasing	-4	-4	–	–
Exchange-rate differences	-7	-1	-1	-0
Total	-25	-16	-15	-10
NET FINANCIAL ITEMS	2	3	10	9

NOTE 7 Income tax

	Group		Parent Company	
	2020	2019	2020	2019
Tax on profit for the year	-493	-342	-65	-342
Current tax expense	-493	-142	-65	-142
Deferred tax income/expense	–	-200	–	-200
TOTAL RECOGNISED TAX ON PROFIT FOR THE YEAR	-493	-342	-65	-342
Tax recognised in statement of changes in equity	427	–	–	–
CURRENT TAX EXPENSE	-66	-342	-65	-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	
	2020	2019	2020	2019
Opening carrying amount	200	0	200	–
Deferred tax liability pertaining to surplus value from acquisitions	-9	-11	–	–
Deferred tax asset pertaining to loss carryforwards	9	11	–	–
Deferred tax liability pertaining to temporary differences from Group contributions paid	–	200 ¹⁾	–	200 ¹⁾
CLOSING CARRYING AMOUNT	200	200	200	200

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	
	2020	2019	2020	2019
Profit before tax	2,242	1,504	297	626
Income tax calculated using Sweden's tax rate	-480	-322	-64	-134
<i>Tax effect of:</i>				
Difference in tax rates for foreign operations	-0	-0	–	–
Non-taxable income	0	-0	0	0
Non-deductible expenses	-3	-8	-1	-8
Loss carryforwards for which no deferred tax assets were recognised	-10	-10	–	–
Other items	–	-2	–	-200 ¹⁾
TAX ON PROFIT FOR THE YEAR	-493	-342	-65	-342

1) Pertains to provision in 2019 for potential tax on Group contributions paid in 2019. The provision is reported as a precautionary measure should the Swedish Tax Agency not approve the tax deduction for ATG's Group contributions paid in 2019. 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 (21.4) and in Denmark 22 per cent (22).

Fiscal loss carryforwards

The Ecosys Group had, based on the submitted tax declarations for the income year 2019 and calculated tax for the income year 2020, loss carryforwards of MSEK 189 (133) on 31 December 2020. The loss carryforwards have no limited period of validity. Of the Group's total loss carryforwards

of MSEK 189, MSEK 41 is the basis of calculation for a deferred tax asset of MSEK 9. MSEK 148 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 8 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. Board member Petra Forsström is also a Board member of Sustain Your Value Sweden AB, which had business relations with ATG during the year. The transactions were conducted on market terms and remuneration in 2020 amounted to MSEK 0.5 (1.2). Accounts payable outstanding on 31 December 2020 amounted to MSEK 0.1 (0.1). 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.

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Sale of goods/services to related parties				
Kanal 75 AB	–	–	9	2
Ecosys Group	–	–	11	3
Swedish Jockey Club	14	11	4	2
Subsidiary of Swedish Trotting Association IF	119	150	22	55
TOTAL	133	161	46	62
Purchases of goods/services from related parties				
Kanal 75 AB	–	–	225	203
Swedish Jockey Club	22	22	22	22
Subsidiary of Swedish Trotting Association IF	598	556	598	556
TOTAL	620	578	845	781
Financial income from related parties				
Ecosys Group	–	–	1	1
Swedish Jockey Club	2	1	2	1
Swedish Trotting Association IF	18	10	18	10
Subsidiary of Swedish Trotting Association IF	1	1	1	1
TOTAL	21	12	22	13

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Receivables from related parties as per 31 December				
Kanal 75 AB	–	–	51	37
Ecosys Group	–	–	87	69
Swedish Jockey Club	213	160	212	159
Swedish Trotting Association IF	94	639	94	639
Subsidiary of Swedish Trotting Association IF	13	95	4	86
TOTAL	320	894	448	990
Liabilities to related parties as per 31 December				
Kanal 75 AB	–	–	16	4
Swedish Jockey Club	–	–	–	–
Subsidiary of Swedish Trotting Association IF	29	26	29	26
TOTAL	29	26	45	30
State-owned companies				
<i>Purchases of goods/services from related parties of the State</i>				
Svenska Spel	–	2	–	2
TeliaSonera	31	26	30	25
PostNord	0	0	0	0
TOTAL	31	28	30	27
<i>Sale of goods/services to State-owned companies</i>				
Svenska Spel	0	1	0	1
TOTAL	0	1	0	1

NOTE 9 Intangible assets

GROUP	Goodwill	Product brands	System platform	Projects in progress	Other ¹⁾	Total
2020 financial year						
Acquisition value brought forward	33	40	534	179	935	1,721
Acquisition of companies						
Purchases during the year			5	153	5	163
Capitalised projects			133	-168	34	0
Sales and scrapping during the year				-1	-17	-18
Reclassification						
Exchange-rate differences	-1	-1			-0	-3
Accumulated cost	32	39	672	163	956	1,862
Accumulated amortisation brought forward	-	-3	-121	-	-715	-839
OB amortisation in acquired companies						
Sales and scrapping during the year					11	11
Amortisation during the year		-4	-94		-70	-168
Exchange-rate differences		0			0	1
Accumulated amortisation	-	-7	-215	-	-773	-995
CARRYING AMOUNT	32	32	457	163	183	867

GROUP	Goodwill	Product brands	System platform	Projects in progress	Other ¹⁾	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	935	1,721
Accumulated 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

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

NOTE 9, CONTINUED

PARENT COMPANY	System platform	Projects in progress	Betting products	Store terminal software	Other	Total
2020 financial year						
Acquisition value brought forward	525	178	76	123	676	1,579
Purchases during the year	5	153	1	1	3	163
Capitalised projects	134	-167	23		10	0
Sales and scrapping during the year		-1	-17			-18
Reclassification						
Accumulated cost	664	163	83	124	690	1,723
Accumulated amortisation brought forward	-121		-39	-79	-565	-804
Sales and scrapping during the year			11			11
Amortisation during the year	-92		-13	-10	-37	-151
Accumulated amortisation	-213		-40	-89	-602	-944
CARRYING AMOUNT	451		43	34	88	779

The rate of investment was down on the comparative period, during which investment was very high, as a result of the re-regulation of the gambling market. The investments during the year mainly related to the development of technical platforms and developing software for betting systems for existing and future betting products among other items, and the further development of the digital channels. The allocation of the company's investments in the three betting products reflects future revenue expectations.

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 that were scrapped, and MSEK 6 (0) 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 32 (33) at

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	178	76	123	676	1,579
Accumulated amortisation brought forward	-61		-30	-69	-542	-702
Sales and scrapping during the year			-9	-10	-23	-102
Amortisation during the year	-60		-39	-79	-565	-804
Accumulated amortisation	-121	-	-39	-79	-565	-804
CARRYING AMOUNT	405	178	37	44	111	775

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.

NOTE 9, CONTINUED

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 10 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 20. The impact on enterprise value from a 1 per cent deviation in EBITDA margin would be MSEK 20. 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 10 Other long-term receivables

	Group		Parent Company	
	2020	2019	2020	2019
Stockholm Trotting Association	69	70	69	70
Loans, Ecosys Group	–	–	87	61
Swedish Trotting Association Group	87	197	87	197
TOTAL	156	267	243	328

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 the Swedish Trotting Association 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 11 Property, plant and equipment

GROUP	<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>
2020 financial year							
<i>Accumulated cost</i>							
Opening balance	207	179	159	119	157	26	847
Reclassification							
Acquisition of companies							
Purchases during the year	11	11	4	9	21	43	99
Capitalised projects	3		19	2	2	-26	0
Transition effects of IFRS 16							
Sales and scrapping during the year	-3	-2		-1	-30		-37
Closing balance	217	188	182	129	150	43	909
<i>Accumulated depreciation</i>							
Opening balance	-86	-54	-36	-87	-89	-	-352
Reclassification							
Sales and scrapping during the year	3	1		1	30		35
Depreciation during the year	-34	-19	-22	-10	-27		-112
Closing balance	-117	-71	-58	-96	-87	-	-429
CARRYING AMOUNT AT YEAR END	100	117	124	33	63	43	480

GROUP	<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							
<i>Accumulated cost</i>							
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		98					98
Sales and scrapping during the year	-9	-1			-17	-1	-28
Closing balance	207	179	159	119	157	26	847
<i>Accumulated depreciation</i>							
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

NOTE 11, CONTINUED

PARENT COMPANY	<i>Servers</i>	<i>Store terminals</i>	<i>Leasehold improvements</i>	<i>Other</i>	<i>Projects in progress</i>	<i>Total</i>
2020 financial year						
<i>Accumulated cost</i>						
Opening balance	156	156	112	63	26	513
Reclassification						
Purchases during the year	11	2	9	11	43	76
Capitalised projects	3	19	2	2	-26	0
Sales and scrapping during the year			-1	-7		-8
Closing balance	169	177	123	68	43	580
<i>Accumulated depreciation</i>						
Opening balance	-50	-36	-84	-29	–	-199
Sales and scrapping during the year			1	7		8
Depreciation during the year	-29	-21	-8	-12		-70
Closing balance	-79	-56	-92	-34	–	-260
CARRYING AMOUNT AT YEAR END	90	121	31	35	43	320

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						
<i>Accumulated cost</i>						
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
<i>Accumulated depreciation</i>						
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

NOTE 12 Accounts receivable

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Accounts receivable	50	36	43	35
Provision for expected credit losses	-7	-6	-7	-6
TOTAL	43	30	36	29

<i>GROUP</i>	<i>2020</i>		<i>2019</i>	
	<i>Gross</i>	<i>Provision for expected credit losses</i>	<i>Gross</i>	<i>Provision for expected credit losses</i>
Age analysis of accounts receivable				
Not due accounts receivable	19		15	
Accounts receivable 1–30 days past due	18		12	
Accounts receivable 31–60 days past due	1		1	
Accounts receivable 61–180 days past due	3		1	
Past-due accounts receivable >180 days	9	-7	7	-6
TOTAL	50	-7	36	-6

At 31 December 2020, the Group's expected credit losses for accounts receivable amounted to MSEK 7 (6).

Changes in the provisions are presented below:

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Provision for expected credit losses				
Opening balance	-6	-6	-6	-6
Provision for the year	-1	-1	-1	-1
Reversal of previously posted impairment losses	0	1	0	1
CLOSING BALANCE	-7	-6	-7	-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 customers' payment history and historic credit loss data.

NOTE 13 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

NOTE 13, CONTINUED

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 betting 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 borrowings 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	<i>Within 1 year</i>	<i>Within 2–5 years</i>	<i>Later than 5 years</i>	<i>Total</i>
Due date structure, financial liabilities, 31 Dec 2020				
Liabilities to credit institutions	775	300		1,075
Lease liabilities	22	43	76	141
Liabilities to Group companies	29			29
Accounts payable	181			181
Liabilities, account customers	527			527
Other current liabilities	248			248
TOTAL	1,782	343	76	2,201

GROUP	<i>Within 1 year</i>	<i>Within 2–5 years</i>	<i>Later than 5 years</i>	<i>Total</i>
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

NOTE 13, CONTINUED

<i>GROUP, 31 DEC 2020</i>	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Fixed assets			
<i>Financial assets</i>			
Other long-term receivables	156		156
Accounts receivable	43		43
Receivables from Group companies	19		19
Other receivables	413		413
Cash and cash equivalents	1,399		1,399
TOTAL FINANCIAL ASSETS	2,030		2,030
<i>Financial liabilities</i>			
Liabilities to credit institutions		1,074	1,074
Lease liabilities		113	113
Liabilities to Group companies		29	29
Accounts payable		22	22
Liabilities, account customers		527	527
Other current liabilities		248	248
TOTAL FINANCIAL LIABILITIES		2,013	2,013

<i>GROUP, 31 DEC 2019</i>	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Fixed assets			
<i>Financial assets</i>			
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
<i>Financial liabilities</i>			
Liabilities to credit institutions		1,073	1,073
Lease liabilities		121	121
Liabilities to Group companies		26	26
Accounts payable		139	139
Liabilities, account customers		419	419
Other current liabilities		265	265
TOTAL FINANCIAL LIABILITIES		2,043	2,043

NOTE 13, CONTINUED

<i>PARENT COMPANY, 31 DEC 2020</i>	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Financial assets			
Other long-term receivables	243		243
Accounts receivable	36		36
Receivables from Group companies	62		62
Other receivables	401		401
Cash and bank balances	1,391		1,391
TOTAL FINANCIAL ASSETS	2,133		2,133
Financial liabilities			
Liabilities to credit institutions		1,074	1,074
Liabilities to Group companies		45	45
Accounts payable		150	150
Liabilities, account customers		521	521
Other current liabilities		227	227
TOTAL FINANCIAL LIABILITIES		2,017	2,017

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.

<i>PARENT COMPANY, 31 DEC 2019</i>	<i>Financial assets measured at amortised cost</i>	<i>Financial liabilities measured at amortised cost</i>	<i>Total carrying amount</i>
Financial assets			
Other long-term receivables	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

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 14 Other receivables

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Receivable, Swedish Jockey Club	211	159	211	159
Receivable, ATG agents	160	132	160	131
Receivable, Group bank account	–	29	–	29
Receivables from payment service providers	21	24	18	24
Other receivables	21	20	12	10
TOTAL	413	364	401	353

ATG uses bank guarantees and personal guarantees from the company's agents as collateral. As per 31 December, these bank guarantees amounted to 17 (21) with a total value of MSEK 1 (2). At year end, 375 (282) 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 ATG 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. ATG 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 profit for the year was charged with a total of confirmed credit losses of MSEK 0 (1) pertaining to the receivables above.

NOTE 15 Prepaid expenses and accrued income

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Commissions, terminal partners	11	17	11	17
Prepaid licence costs, support and maintenance agreements	48	42	47	42
Prepaid communication network costs	6	6	6	6
Prepaid sponsorship costs	–	1	–	1
Prepaid marketing costs	8	11	8	11
Other prepaid costs and accrued income	12	14	10	16
TOTAL	85	91	82	93

NOTE 16 Leases

<i>GROUP, MSEK</i>	<i>Buildings</i>		<i>Vehicles</i>		<i>Other</i>		<i>Total</i>	
	2020	2019	2020	2019	2020	2019	2020	2019
Right-of-use assets¹⁾								
Opening balance	92	98	14	6	20	28	125	132
CLOSING BALANCE	90	92	13	14	14	20	117	125

1) See Note 11

<i>DEPRECIATION</i>	<i>Buildings</i>		<i>Vehicles</i>		<i>Other</i>		<i>Total</i>	
	2020	2019	2020	2019	2020	2019	2020	2019
Depreciation during the year	-6	-6	-4	-3	-9	-8	-19	-17

Lease liabilities

The maturity analysis for the undiscounted flows can be found in Note 13 together with other maturity analyses.

The liquidity risk attributable to lease liabilities is described in Note 13 together with other descriptions of the Group's liquidity risk.

NOTE 16, CONTINUED

Lease amounts recognised in the consolidated statement of comprehensive income

MSEK	2020	2019
Depreciation for right-of-use assets	-19	-17
Interest expenses for lease liabilities	-4	-4
Lease expenses relating to short-term leases	-7	-8
Lease expenses relating to leases of low-value assets	0	0
Costs pertaining to variable lease payments not included in the measurement of lease liabilities	0	0
Revenue from subleasing of right-of-use assets	3	4

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

Cash flow for leases

Total cash flow for leases in 2020 was MSEK -30 (-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 27 (31) of the total rent of MSEK 67 (73). ATG also sublets parts of its office premises to the Swedish Trotting Association and the Swedish Jockey Club. Future minimum lease income for non-cancellable operating leases falls due for payment as follows:

	Group		Parent Company	
	2020	2019	2020	2019
Within 1 year	13	14	13	14
Later than 1 but within 5 years	–	–	–	–
Later than 5 years	–	–	–	–
TOTAL	13	14	13	14
Expensed lease income	71	76	71	76

NOTE 17 Cash and cash equivalents

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Bank balances	960	229	959	226
Customer accounts ¹⁾	439	363	432	357
TOTAL	1,399	592	1,391	583

1) Balances held on behalf of customers.

NOTE 18 Shareholders' equity

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Shareholders' equity, MSEK	850	773	955	827
Equity/assets ratio, %	25	24	28	26

Group**Share capital**

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

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

Retained earnings, including profit for the year

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

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

Shareholders' equity is divided into restricted equity and non-restricted funds. Restricted share capital comprises share capital of MSEK 40 (40) and statutory reserves of MSEK 8 (8), as well as the development costs reserve of MSEK 714 (675).

NOTE 19 Long-term liabilities

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Liabilities to credit institutions	299	1,073	299	1,073
Liabilities related to right-of-use assets	91	102	–	–
TOTAL	390	1,175	299	1,073

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 June 2022. The loan carries a covenant related to the Group's net debt and EBITDA.

NOTE 20 Other current liabilities

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Gambling tax	100	82	96	80
Winnings liability	16	29	16	29
Liability, trotting and thoroughbred racing associations	0	5		5
Terminal partners	74	62	74	62
Jackpot	8	8	5	8
International partners	11	10	11	10
Other current liabilities	39	69	26	58
TOTAL	248	265	227	252

NOTE 21 Accrued expenses and deferred income

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Accrued salaries and employer's contributions	43	39	35	33
Commission foreign betting	16	7	16	7
Other accrued expenses	36	50	25	29
Deferred income	1	3	1	3
TOTAL	96	99	77	72

NOTE 22 Provisions

	<i>Group</i>		<i>Parent Company</i>	
	2020	2019	2020	2019
Amounts on 1 January	200	–	200	–
Provisions for the year	–	200	–	200
Provisions utilised	–	–	–	–
Unutilised amount that has been reversed	–	–	–	–
Other adjustments	–	–	–	–
Amounts on 31 December	200	200	200	200

The year's provision relates to deferred tax on Group contributions, see Note 7.

NOTE 23 Liabilities attributable to financing activities

<i>GROUP</i>	2020	2019
Opening balance	1,194	532
Cash flow		
Loans raised	11	585
Repayment of lease liabilities	-19	-16
Non-cash items		
Transition effects of IFRS 16		93
Interest	1	0
CLOSING BALANCE¹⁾	1,187	1,194

1) Of the closing balance, MSEK 299 (1,073) relates to long-term liabilities to credit institutions, MSEK 91 (102) long-term lease liabilities, MSEK 775 (0) current liabilities to credit institutions and MSEK 22 (19) current lease liabilities.

NOTE 24 Participations in Group companies

<i>PARENT COMPANY</i>	2020	2019
Accumulated cost		
Opening balance	79.5	0.1
Acquisitions and capital contributions	–	79.4
Impairment losses	–	–
CARRYING AMOUNT	79.5	79.5

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

NOTE 24, CONTINUED

PARENT COMPANY				
GROUP COMPANY/CORP. REG. NO./REG. OFFICE	Number of partici-pations	Partici-pation, %	Book value 2020	Book value 2019
Kanal 75 AB / 556578-3965 / Stockholm	1,000	100%	0.1	0.1
Ecosys A/S / 30556372/ Denmark	1,074,219	100%	79.4	79.4
25syv A/S ¹⁾ / 30897765/ Denmark	500,000	100%	–	–
Ecosys Ltd ¹⁾ /C53354/ Malta	1,165	100%	–	–

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

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 sport betting, horse betting and casino games in stores and online.

NOTE 25 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 26 Business combinations

Business combinations 2019

ATG acquired all of the shares of the Danish gaming group Ecosys A/S at the end of March 2019. 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 on the acquisition date 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 syner-

gies, 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

ACQUISITION VALUES 2019	MSEK
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 27 Proposed appropriation of profits

ATG's Board has resolved that available funds in Group contributions of MSEK 1,996 be appropriated to the Swedish Trotting Association and proposes that earnings for 2020 be appropriated as follows:

<i>NON-RESTRICTED EQUITY IN THE PARENT COMPANY, SEK</i>	<i>2020</i>
Retained earnings	-38,845,643
Profit for the year	231,784,746
<i>TOTAL</i>	<i>192,939,104</i>
Dividend to shareholders	-174,312,491
<i>RETAINED EARNINGS</i>	<i>18,626,613</i>

The Board proposes a dividend payment to the Swedish Jockey Club corresponding to a total dividend of SEK 174,312,491. The unappropriated earnings will be carried forward.

The Parent Company has a development costs reserve amounting to MSEK 714 (675). This reserve is included in restricted equity. The Parent Company's shareholders' equity totalled MSEK 955 (827).

NOTE 28 Significant events after the end of the financial year

No significant events occurred after the end of the financial year

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, 16 March 2021

BO NETZ
Chairman of the Board

MARJAANA ALAVIUHKOLA
Deputy Chairman

PETRA FORSSTRÖM
Board member

AGNETA GILLE
Board member

URBAN KARLSTRÖM
Board member

ANDERS KÄLLSTRÖM
Board member

ANDERS LILIUS
Board member

BIRGITTA LOSMAN
Board member

MARCUS PERSSON
Board member

MATS NORBERG
Board member

SUSANNA RYSTEDT
Board member

MARIANNE MARTINSSON
Board member
employee representative

HANS LORD SKARPLÖTH
Managing Director and
Chief Executive Officer

Our audit report was submitted on 17 March 2021

Ernst & Young AB

ÅSA LUNDVALL
Authorised Public Accountant

AUDITOR'S REPORT

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

This is a translation from the swedish original

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Aktiebolaget Trav och Galopp for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 28-85 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 42-49. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-27 and 89-108. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially

inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the

going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is

sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors [and the Managing Director].
- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Aktiebolaget Trav och Galopp for the year 2020 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 provisions 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 in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and

the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance report

The Board of Directors is responsible for that the corporate governance report on pages 42-49 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance report is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted

auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance report 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.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report as defined by the company in section "Sustainability Report according to the Swedish Annual Accounts Act" on pages 89, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

Stockholm den 17 mars 2021

Ernst & Young AB

Åsa Lundvall
Auktoriserad revisor

SUSTAINABILITY NOTES

NOTE 1 – INFORMATION ON THE SUSTAINABILITY REPORT

ATG has prepared its annual Sustainability Report in accordance with the GRI Standards since 2017. 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. The report encompasses AB Trav och Galopp and its subsidiaries Kanal 75 AB and Ecosys A/S. All disclosures in this Sustainability Report pertain to the financial year 1 Jan 2020 to 31 Dec 2020, unless otherwise stated.

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



UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

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.

Sustainability Report according to the Swedish Annual Accounts Act

ATG prepares a statutory sustainability report in accordance with Chapter 6 of the Annual Accounts Act. The statutory Sustainability Report is presented on the following pages in ATG's Annual and Sustainability Report for 2020:

Contents	Page
Business model	9–10
Risks and risk management	32–37
Accounting policies and accounting estimates	89–101
Governance, follow-up, earnings and performance measures by area:	
Environment	89–93, 99–100
Human rights	89–93, 95–99
Anti-corruption	89–93, 94
Personnel	89–93, 96–99
Responsible gambling (social conditions)	89–93, 95–96
Horse welfare	89–93, 101

Changes since previous year's Sustainability Report

No material changes have been made to the Sustainability Report in terms of its scope or material sustainability topics. The Danish group of betting companies Ecosys A/S was acquired and consolidated on 1 April 2019. During the year, ATG has continued work to include Ecosys in the Report. When Ecosys is not included, this is stated adjacent to each outcome or comment.

NOTE 2 – STAKEHOLDER DIALOGUES

ATG has ongoing dialogues with the company's key stakeholders, which are conducted as an integral part of day-to-day operations and in the form of specific activities with a sustainability focus. A selection of activities with key stakeholders is presented below.

- Dialogue with customers takes place on a continuous basis through ATG's customer service and regular NPS (Net Promoter Score) surveys.
- Dialogue between employees and managers takes place on a daily basis, in structured performance appraisals and through annual employee surveys.
- Dialogue with agents takes place every day through customer service and through the company's information portal for agents. In

addition to training in the company's customer offering, agents are trained in responsible gambling and anti-money laundering. Regular surveys are conducted of stores and retail chains.

- Dialogue with the Swedish Gambling Industry Association (SPER) takes place by the CEO being a member of the Board and other employees participate in SPER's working groups.
- Dialogue with owners takes place through ATG's Board work, through liaison meetings with the Swedish Trotting Association and Swedish Jockey Club and through various meetings with trotting societies.
- Dialogue with gambling addiction groups and researchers in gambling addiction.

ATG has regular dialogue with stakeholders in relation to the company's preparation of the materiality assessment that forms the basis of the sustainability strategy and the Sustainability Report. The most recent stakeholder dialogue was held in 2019, and included in-depth interviews and online surveys with representatives from customers, owners, employees, industry and stakeholder organisations, agents, active horse racing participants and representatives from trotting and thoroughbred racetracks. A description of stakeholder expectations on ATG is given below.

NOTE 2, CONTINUED

Stakeholder	Expectations of ATG
Customers	Offer fair gaming (responsible gambling), combat doping and match fixing, safeguard horse welfare and responsible management of personal data.
Owners	Economic contribution to horse racing and the horse industry, satisfied customers, combat doping and match fixing, prevent gambling problems.
Employees	Prevent gambling problems, safeguard horse welfare, economic contribution to horse racing and the horse industry, satisfied customers, good labour conditions and work environment.
Industry and stakeholder associations	Prevent gambling problems, economic contribution to horse racing and the horse industry.
Agents	Economic contribution to horse racing and the horse industry, satisfied customers, prevent gambling problems.
Active horse racing participants	Combat doping and match fixing, safeguard horse welfare, economic contribution to horse racing and the horse industry, prevent gambling problems.
Trotting and thoroughbred racetracks	Economic contribution to horse racing and the horse industry.

NOTE 3 – MATERIAL SUSTAINABILITY TOPICS

ATG conducts materiality assessments aimed at identifying and prioritising the areas where ATG can make significant contributions to sustainable development, both positive and negative. The materiality assessment is the basis for ATG’s strategic sustainability agenda and Sustainability Report. The assessment considers economic, environmental and social impact and priorities among ATG’s stakeholders.

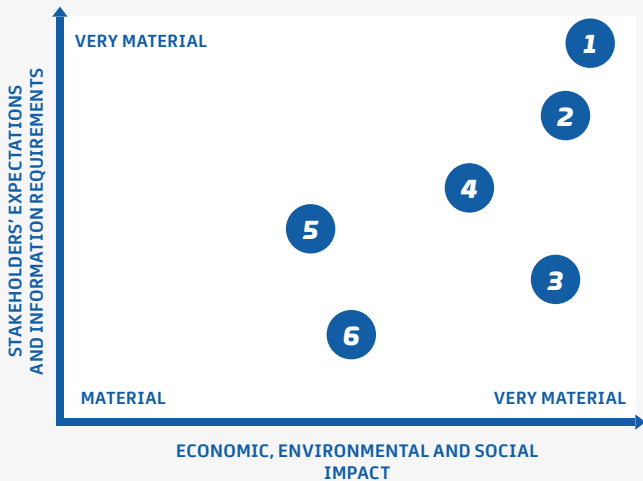
The most recent review of the materiality assessment was carried out in 2019. Sustainability topics were assessed on the basis of the impact ATG has on each topic and the importance for ATG’s stakeholders. Following this prioritisation, the most material sustainability topics were grouped into six prioritised sustainability topics.

Description	
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 severe consequences for customers and their family members. ATG’s ambition is that customers enjoy their gambling and gamble for pleasure. This is both an obligation to ATG’s customers and a prerequisite for the long-term profitability of ATG.
	Sustainable sport and society Working for responsible horse racing with good horse welfare, combatting match fixing and money laundering are top priorities for ATG. These are critical issues in upholding the confidence of customers and the general public.
Material	Attractive and inclusive workplace ATG’s employees are an important asset. Quality, continuous development, a long-term approach and the satisfaction and well-being of our employees is ensured through 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 Good ethical behaviour is a prerequisite to be viewed as a fair company and it is obvious and fundamental that the business complies with laws and regulations. This requires clear and systematic governance particularly in areas such as counteracting corruption and money laundering and protecting personal data in operations.
	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. These risks arise when ATG purchases goods and services, therefore ATG is responsible for collaborating with its suppliers to counter these risks.
	Resource-smart and climate-effective Climate change is now one of the greatest global challenges. ATG strives actively to reduce the organisation’s environmental impact, for example through conscious purchasing choices. ATG’s greenhouse gas emissions are relatively low. ATG’s greatest consumption of resources is electricity to server halls and offices, travel and paper for marketing material, betting slips and betting receipts.

NOTE 3, CONTINUED

Material sustainability topics

1	SUSTAINABLE SPORT AND SOCIETY
2	CUSTOMER WELL-BEING
3	ATTRACTIVE AND INCLUSIVE WORK-PLACE
4	GOOD BUSINESS ETHICS
5	SUSTAINABLE SUPPLY CHAIN
6	RESOURCE-SMART AND CLIMATE-EFFECTIVE



NOTE 4 – SUSTAINABILITY GOVERNANCE

ATG’s sustainability work is an integrated part of day-to-day operations. The board is ultimately responsible for the governance of ATG’s sustainability agenda. The prioritised sustainability topics are included in strategic and operational work, which means sustainability topics are integrated into the company’s business operations.

Sustainability work at ATG is based on the precautionary principle. It is included in ATG’s Supplier Code of Conduct as the assessment is that ATG’s environmental impact is primarily outside its own operations. ATG also applies the precautionary principle in social aspects of sustainability topics, for example in product development and marketing of gambling products.

ATG’s CSR section is responsible for monitoring and reporting sustainability targets. The follow-up covers all of ATG’s prioritised sustainability topics and is performed annually.

Membership

ATG is a member of various organisations as shown below.

- ATG has been a signatory member of the UN Global Compact since 2017, which is dedicated to sustainable business. Ten Principles are specified in the areas of human rights, labour, environment and anti-corruption, which ATG has adopted and integrated in policies and guidelines for operations.

- ATG collaborates in the Independent Gaming Collaboration (OSS), which is an association of betting companies, 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.
- ATG is a member of the International Betting Integrity Association (IBIA), which combats match fixing and corruption.
- ATG is a member of the Swedish Gambling Association (SPER). SPER has joint guidelines for marketing and the organisation strives for collaboration and knowledge exchange between gambling companies, responsible gambling stakeholders, authorities and researchers.
- ATG is a member of the World Tote Association (WoTA), an association of companies on several continents that offer horse betting. Membership enables discussions and partnerships to promote the horse industry and cross-border consumer protection.

NOTE 4, CONTINUED

Focus areas based on sustainability strategy	Areas covered by GRI incl. company-specific topics (*)	Impact of issue	Governing documents	Follow-up and performance measures
Customer well-being	Satisfied customers*	The customer promise is to offer exciting, responsible and smooth gaming experiences. Customer well-being and satisfaction are ATG's most important topics. These influence ATG's customers, business and society.	<p>ATG's operating rules specify guidelines for responsible gambling and business ethics. ATG's manifesto guides the business.</p> <p>The Sustainability Policy describes how the Group's operations should be conducted in a manner that considers social, environmental and economic aspects of sustainability, including horse welfare.</p>	<p>The company measures its customers' well-being and willingness to recommend the company as a gambling company and whether customers experience ATG as a fair gambling company.</p> <p>The goal is that customer satisfaction should be at a high and increasing level. Through a high Net Promoter Score (NPS), ATG wants to create the conditions for continued growth.</p> <p>Daily customer service matters.</p> <p>Regular stakeholder dialogue and analyses of customer satisfaction.</p>
Customer health and safety		Contribute to a sounder gambling market. Also contribute towards the goal that ATG's customers should enjoy their gambling and remain customers with ATG for a long time.	<p>Guidance in the duty of care in the Gambling Act provides support in efforts concerning responsible gambling and duty of care.</p> <p>ATG's operating rules specify guidelines for responsible gambling and business ethics.</p> <p>Action plan for responsible gambling governs work to guarantee the health and safety of customers.</p>	<p>Reporting to the Swedish Gambling Authority. The goal is zero violations of applicable laws and regulations.</p> <p>Responsible gambling courses for employees, consultants, agents and partners as well as gaming suppliers. The responsible gambling courses are regularly followed up.</p> <p>Testing betting products in Gamgard (risk classification tool) to avoid offering betting products with a risk level above 60 on a scale of 1–100.</p> <p>The goal is to increase the number of self-assessment tests conducted to increase awareness among customers of their betting habits. The goal is to increase the key performance measures for the share of green customers and green turnover. The key performance indicators are measured and published in the company's interim reports.</p>
Customer privacy		Contributes to confidence in and the reputation of ATG as a fair gambling company. Also influences customer satisfaction.	<p>Privacy Policy regulates the handling of personal data.</p>	<p>ATG measures the number of personal data breaches. The goal is zero personal data breaches.</p>
Marketing and labelling		<p>Responsible gambling courses focusing on marketing, product development and risks associated with money betting are mandatory for everyone who works with product development and marketing at ATG. This also applies to external agencies and partners.</p> <p>ATG's customers choose themselves the type of marketing they wish to receive in direct mailing. All marketing is marked with information about the 18-year-old age limit and contact details to Helpline, according to applicable rules.</p>	<p>The Gambling Act demands moderation in marketing.</p> <p>Marketing guidelines for the Swedish gaming industry [Svenska spelbranschens Riktlinjer för marknadsföring] drawn up by the Swedish Gambling Association (SPER).</p> <p>Guidance on marketing provides supporting documentation on the requirements and practices regarding the marketing of betting products. This means ATG does not market Casino games in broader media such as TV and radio.</p>	<p>Responsible gambling courses for employees, consultants, agents and partners as well as gaming suppliers. The responsible gambling courses are regularly followed up.</p> <p>The goal is zero guilty rulings in advertising and customer communication. In accordance with the mission to be the gaming industry's compass, ATG has a principle of reporting its own rule violations to the relevant authorities.</p>
Sustainable sport and society	Economic performance	<p>All of the surplus is returned to the Swedish Trotting Association and Swedish Jockey Club, which in turn distribute the money to the trotting and horse racing tracks throughout the country. The money is also used for prizes for active participants in the sport, research, training and breeding premiums.</p> <p>The financing from the Swedish Trotting Association and the Swedish Jockey Club means more horses, open landscape, effective horse welfare and thousands of jobs in the horse industry.</p>	<p>There is an agreement between the owners (the Swedish Trotting Association and the Swedish Jockey Club) and the Swedish State that regulates the responsibilities between ATG, the Swedish Trotting Association and the Swedish Jockey Club as well as the Swedish State.</p>	<p>All of the surplus goes to the owners, the Swedish Trotting Association and Swedish Jockey Club.</p> <p>Operating profit and profit before transactions with the owners.</p>
	Betting on equal terms*	Work to stop match fixing is essential for confidence in sporting events and also for trust in ATG among customers and society. Also helps to reduce crime in society.	<p>Policy to prevent and counteract match fixing aims to counteract and prevent that ATG contributes to or is used for match fixing. Betting on sports involving minors is particularly regulated. The purpose is to protect the integrity of sport for young people.</p>	<p>Based on reports from IBIA and from ATG's own observations, suspected irregularities in match fixing are regularly reported to relevant parties and authorities.</p> <p>The goal is zero cases of match fixing where ATG has offered bets.</p>
	Horse welfare*	A high level of horse welfare is crucial for the willingness of customers to bet on horse racing. ATG collaborates with the company's owners, the Swedish Trotting Association and Swedish Jockey Club, to prevent doping and strengthen animal welfare both nationally and internationally.	<p>The Swedish Trotting Association's and Swedish Jockey Club's rules and regulations for racing place high demands on good horse husbandry, before, during and after a race.</p> <p>Sustainability Policy and Supplier Code of Conduct.</p>	<p>ATG engages in close dialogue and monitoring with the Swedish Trotting Association and Swedish Jockey Club about horse welfare.</p> <p>ATG has a process in place to assess horse welfare ahead of a decision on importing horse races from other countries. Together with the Swedish Trotting Association, ATG has prepared a checklist that must be answered by each country's trotting or thoroughbred organisation in order to assess horse welfare and betting ethics in the countries from which ATG imports betting.</p> <p>Doping tests at competitions as well as camp and stable area inspections are carried out regularly.</p> <p>The goal is zero cases of doping in trotting and thoroughbred racing.</p>

NOTE 4, CONTINUED

Focus areas based on sustainability strategy	Areas covered by GRI incl. company-specific topics (*)	Impact of issue	Governing documents	Follow-up and performance measures
	Contribution to society*	Contributes towards diversity in society and opportunities to participate in sports on equal terms. Contribute towards strengthening human rights in society.	ATG's manifesto , containing the vision, mission, customer promise and values of the business.	Sponsorship, commitment, scholarships and funds handed out from the ATG Drömfond and membership in organisations.
Attractive and inclusive workplace	Employees	Work environment, diversity and inclusion are important for employee commitment and their view of ATG as an attractive employer. Active efforts with corporate culture and values are carried out on a continuous basis.	ATG's manifesto , containing the vision, mission, customer promise and values of the business. ATG's Code of Conduct for employees and ATG's Sustainability Policy . Betting Policy for employees regulates the terms for employees who bet on ATG's products.	Annual employee survey that measures the employee Net Promoter Score (eNPS) and Employee Engagement Index. In order to continue to operate a company with ambitious targets, it is important that employees feel motivated so operations continue to develop efficiently. The goal is to continue improving the eNPS. Annual performance reviews with all employees. The company works proactively with information and communication to prevent risk behaviour and problem gambling among employees. Whenever necessary, ATG is to offer support and rehabilitation. Goals are set on an individual basis and followed up.
	Diversity and equal opportunity	Diversity and equal opportunities for all are crucial to ATG's development.	Diversity guidelines regulate how operations are to be conducted to create an attractive and diverse workplace. A workplace where employees can accept one another for their differences in a workplace free from bullying and harassment.	Number of reported incidents of discrimination. ATG has zero tolerance for discrimination. Distribution between women and men on the Board, in management and management positions. The goal is for a distribution of between 40–60 per cent.
Good business ethics	Anti-corruption	Contributes to a better society and contribute to trust in ATG as a responsible company among customers and the public.	Measures against money laundering – operating guidelines describes how ATG works to prevent operations from being used for money laundering or the financing of terrorism. Regulations to prevent and counter money laundering and financing of terrorism , describes how work is organised, carried out and reported.	Number of confirmed cases of money laundering and/or corruption. The goal is zero. Training in anti-money laundering for all employees and agents of betting products.
	Socioeconomic Compliance	Contributes to ATG's reputation.	Regulated through ATG's operating rules , ATG's Code of Conduct for employees and suppliers and the Sustainability Policy .	The company submits a self-report for any non-compliance.
	Reputation of the gambling industry*	Contributes to ATG's reputation. Also contributes to the gaming industry's reputation among the general public.	Governed through the mission, which is to be the engine of the horse racing industry and the gaming industry's compass , ATG's Sustainability Policy and operating rules as well as the governing documents above against money laundering and match fixing.	The gaming industry's reputation is measured every year using the Sustainable Brand Index (SBI). The goal is for ATG to be in first place by 2022 among betting companies in Sweden.
Sustainable supply chain	Supplier assessments, environmental and social	Influence the supply chain, through demand for good working conditions, environmental consideration, etc. In this way, contribute to a better society.	The Purchasing Policy describes the main principles for purchasing within the Group. The policy emphasises the importance of considering social and environmental aspects and business ethics when purchasing. Also regulated in ATG's Sustainability Policy and ATG's Supplier Code of Conduct .	Supplier assessments based on environmental and social criteria. The goal is that ATG's most important suppliers comply with ATG's Supplier Code of Conduct by 2022.
Resource-smart and climate-effective	Materials	By applying the precautionary principle, ATG contributes to a better environment and reduces climate impact.	Regulated through the Sustainability Policy and Code of Conduct for employees and suppliers .	Measures the consumption of paper in betting slips, receipts and marketing material. Including share of eco-labelled paper. All paper used in betting slips, receipts and marketing material is eco-labelled paper. By 2030, ATG is to offer paperless betting.
	Climate and emissions	Impact on the environment and society. By reducing emissions, ATG contributes to a better environment and reduces climate impact.	Business trips and company cars regulate business trips by employees. Also regulated through the Sustainability Policy and Code of Conduct for employees and suppliers .	Measures the amount of emissions in Scope 1, 2 and 3 in accordance with the GHG protocol. See more information in the sustainability notes. ATG's goal is to reduce emissions by 20 percent between 2018 and 2022. ATG has climate compensated all emissions for 2020.

NOTE 5 – ECONOMIC PERFORMANCE AND ETHICS IN BUSINESS

ATG’s mission is to be the engine of the horse racing industry. This means ATG finances the trotting and thoroughbred racing, which by extension also contributes to the horse industry in general. Gambling revenue generated by ATG is also allocated to other stakeholders through, for example, wages, taxes and the purchase of goods and services.

Amounts in MSEK

Economic value generated	2019	2020
Total revenue	5,130	6,102
Economic value distributed		
Gambling tax	-872	-1,020
Rights/services Swedish Trotting Association and Swedish Jockey Club	-528	-573
Funds to community investments	-72	-64
Personnel expenses	-358	-380
Other expenses & interest expenses	-1,743	-1,995
Group contributions (paid and received)	-931	-1,995
Income tax	-342	-65
Economic value retained	284	233

Measurement methods

Direct economic value aims to report the economic value generated by the business and how

it is distributed between ATG’s stakeholders. Total revenue includes net gambling revenue, agent revenue, other revenue and interest income. Funds to community investments include sponsorship, commitments and projects financed through ATG Drömfond.

Legal and regulatory compliance

ATG’s activities are subject to a range of laws, regulations and licensing requirements. 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 gambling licence and imposes regulations on how the operations should be conducted in terms of social responsibility. ATG’s governing documents clearly state that all employees are obliged to be aware of and comply with the laws applicable to their work assignments. ATG has a number of functions in its operations with special responsibility to comply with legislation in, for example, money laundering, match fixing, duty of care, data protection etc. Compliance is monitored by ATG’s compliance department. The following incidents were addressed in 2020:

- An incident was reported by ATG to the Swedish Gambling Authority on 14 February. The incident occurred in conjunction with the transfer of servers and meant a small number of bonuses were paid to customers on more than one occasion, as permitted by law. On 12 March 2020, the Swedish Gambling Authority announced its verdict on the matter. The Swedish Gambling Authority gave an overall assessment

and considered the violation was less serious and considered a remark was sufficient rather than imposing a fine. Following the incident, ATG has reviewed its procedures to ensure this type of event does not occur again.

- On 9 December, the Swedish Gambling Authority informed ATG of an order to rectify the implementation of the regulation on temporary responsible gambling measures. The Swedish Gambling Authority indicated that ATG had not applied the provisions correctly in the systems. ATG adjusted the system solution and the Swedish Gambling Authority announced on 21 January 2021 that it saw no reason to take further measures on the matter.

- During the year, the Danish Gambling Authority issued three warnings to Ecosys regarding inadequate information in marketing bonuses, clarity in the betting rules and the self-exclusion function. Ecosys has adapted to all of these matters. No fine was imposed.

A whistleblower function is available for employees and suppliers to make reports of suspected breaches of ATG’s internal rules or external regulations. An informant has the right to remain anonymous. A whistleblower who has submitted information must not suffer any retaliation from ATG.

Counteracting match fixing

One of the greatest challenges in the sport betting industry is match fixing, the illegal manipulation of betting in order to secure undue winnings. ATG has zero tolerance for match fixing and all forms of illegal manipulation.

Operations have rules and procedures to ensure superior betting security and the integrity of all betting objects. ATG receives reports from IBIA of suspected match fixing, which are investigated. In 2020, 441 irregularities were reported of suspected match fixing. ATG offered betting at 58 of these events and suspects match fixing at five of these events in its own investigations. No court has ruled on match fixing at any event where ATG has offered betting.

Counteracting money laundering and corruption

ATG is subject to the Money Laundering Act and follows the Swedish Gambling Authority’s regulations for measures against money laundering and the financing of terrorism. Good “know your customer” (KYC) procedures are 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 and are obliged to report any suspected irregularities to ATG. ATG in turn always reports suspected cases to the relevant authorities. For example, irregular transaction behaviour is reported to the Swedish Financial Intelligence Unit. During the year, 519 cases of suspicious transactional behaviour by a customer or agent were reported to the Swedish Financial Intelligence Unit.

In 2020, 24 suspicious transactions were reported from Swedish operations and 500 from Danish. In Sweden, suspicious transactions are investigated in more detail before reporting, which means many are dismissed. In Denmark, suspicion is reported earlier in the process, which leads to more reports.

NOTE 5, CONTINUED

ATG complies with the Swedish Anti-Corruption Institute’s Code on Gifts, Rewards and other Benefits in Business and has zero tolerance for corruption. Bribes or other benefits that violate the law or accepted business practices are not accepted. Suspected breaches must be reported to the compliance department or through the whistleblower function. No cases of corruption were brought to the company’s attention during the year.

Handling of personal data

ATG’s handles personal data in accordance with the General Data Protection Regulation and ATG’s Privacy Policy. During 2020, ATG reported four events to the Swedish Authority for Privacy Protection when there was a risk of loss of personal data. It was not possible to establish in any of the cases that personal data had been lost and the cases were closed without further action.

NOTE 6 – SOCIAL SUSTAINABILITY

Customer well-being

ATG has 1.4 million active customers. ATG works systematically so that our customers enjoy their gambling and gamble for pleasure. To achieve this, ATG uses independent research to provide consumers with clear information to allow them to make well informed decisions about their gambling. Moreover, all employees and agents as well as prioritised gaming suppliers and partners in advertising and PR are trained in responsible gambling so they understand how they can prevent problem gambling in their work.

About 4 per cent of the Swedish population is estimated to have gambling problems. Factors such as the characteristics of the game and marketing influence the risks associated with gambling. The risk of a customer developing

gambling problems is also influenced by factors such as age, education and socioeconomic background. These factors can also make it more difficult for people to overcome their gambling problems. It is therefore important to monitor customers’ gambling to identify risky gambling behaviour.

ATG has been pushing for the issue of risk classification of games for many years. In terms of the risk of gambling problems arising, research shows that buying a Harry Boy is very different to gambling on an online slot machine.

At ATG, all casino customers must set a mandatory loss limit, which specifies how much money a customer is prepared to gamble for. The company has no functions in casino games that give customers the feeling that they can influence the outcome of the game, such as a stop button or autospin function.

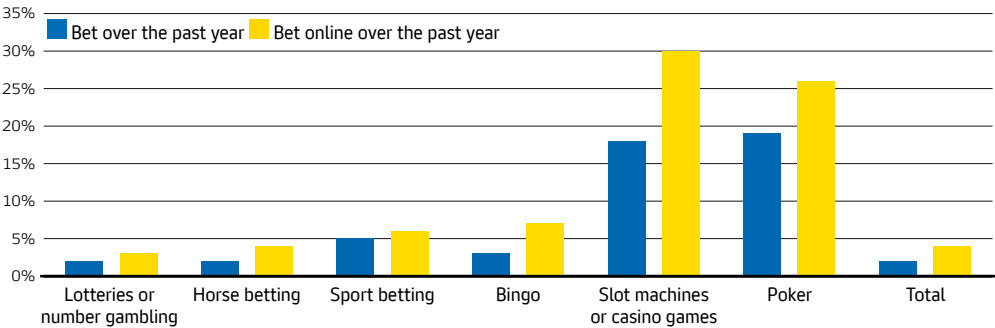
ATG allows customers to exclude themselves per game area, which means the customer can exclude themselves from casino games but continue sport and horse betting.

Share of green customers and green turnover

Since 2019, ATG has had a sustainability strategy in place based on the new preconditions for the gambling market. ATG’s most important sustainability issue is responsible gambling and to have long-term sustainable customer relationships. Systems for measuring sustainable – that is, green – turnover were implemented at that time and have continued to be developed. By 31 December 2020, approximately 92,000 customers had carried out a self-assessment test on ATG.se, which is a key component of identifying the risk of developing problem gambling. The number of customers who have completed a self-assessment test is low in relation to the entire customer base and the company is working intensively to increase this figure. The betting behaviours of those customers who have completed the test are classified as green, yellow or red.

Higher share of problem gambling among those who gamble online

Share of problem gambling in different forms in total and among those who gamble online



Source: The Public Health Agency of Sweden.

NOTE 6, CONTINUED

Green customers and green turnover¹⁾

	Q1–20	Q2–20	Q3–20	Q4–20	Jan–Dec 2020	Jan–Dec 2019 ¹⁾
Share of green customers, %	86	87	86	86	86	87
Share of green turnover, %	71	73	74	75	74	70
No. of customers who have completed a self-assessment test (accumulated from 1 Jan 2019)	62,000	74,000	82,000	92,000		

¹⁾Share of green customers and share of green turnover for customers who have completed a self-assessment test

ATG monitors the betting behaviour of customers through Player Tracking System (PTS). PTS identifies risky betting behaviour and ATG can contact the customer and suggest ways to change. PTS analyses of gambling data and the self-assessment test form the basis of the key performance measures green customers and green turnover monitored by ATG every quarter.

The gambling industry has a number of demands to provide information when offering gambling products. All marketing of gambling must clearly state the 18-year-old age limit for gambling and contact details to Helpline. According to the Gambling Act, all gambling companies must make the responsible gambling logotypes clearly visible wherever online gambling is offered. These include logotypes for the self-assessment test, limits and the self-exclusion register Spelpaus.

One important part in responsible gambling efforts is the element of moderation when marketing betting products. ATG has chosen not to market online casino games on the television, radio or outdoor billboards. The company only communicates with existing customers.

In accordance with the mission to be the gaming industry's compass, on principle ATG reports its own violations of the rules to the relevant authorities. During the year, ATG reported to the Swedish Consumer Agency that marketing was sent by mistake to customers who had excluded themselves from gambling. Due to this, the Swedish Consumer Agency issued an injunction, under penalty of a fine of SEK 3,000,000, which means the company will be fined if the incident repeats.

Employees

Through shared core values and clear focus on leadership, development and health, ATG strives to be an attractive and inclusive workplace. The following disclosures describe the composition of ATG's personnel in terms of employment contract, employment type, gender, age, new employee hires and employee turnover.

Diversity and equal opportunity

ATG aims to be an attractive and inclusive workplace. This means a workplace exhibiting diversity and free from bullying and harassment and where employees accept one another for their differences. The following diagram describes the gender and age distribution for different groups within the ATG Group.

NOTE 6, CONTINUED

Number of employees by employment contract (permanent/temporary) (GRI 102-8)

Group	2018		2019		2020	
	Permanent	Temporary	Permanent	Temporary	Permanent	Temporary
Group	374	19	436	18	467	28
of whom women	133	10	143	5	155	9
of whom men	260	9	293	13	312	19
ATG	319	19	349	14	382	22
of whom women	118	10	127	4	139	9
of whom men	220	9	222	10	243	13
Kanal 75	55	0	56	0	56	1
of whom women	15	0	11	0	12	0
of whom men	40	0	45	0	44	1
Ecosys	N/A	N/A	31	4	29	5
of whom women	N/A	N/A	5	1	4	0
of whom men	N/A	N/A	26	3	25	5

The employee survey shows that all indices have risen during the year:

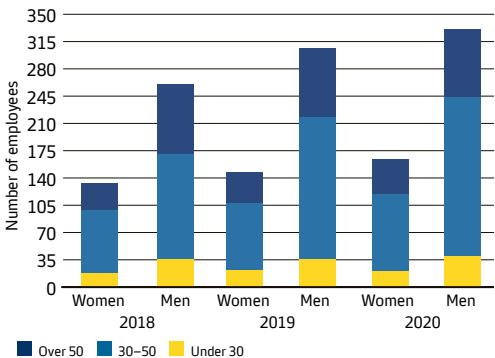
Employee survey	ATG & Kanal 75	ATG & Kanal 75	Benchmark
	2020	2019	
Employee Engagement Index	85	82	79
Culture index	83	–	–
Leadership index	83	78	77
Psychosocial Work Environment Index	83	79	73
Team Efficiency Index	80	77	75
e-NPS	43	23	12

Number of employees by employment type (full-time/part-time) (GRI 102-8)

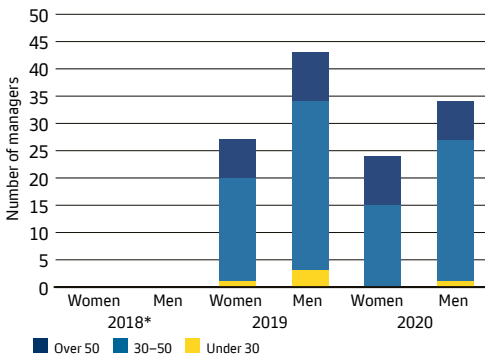
Group	2018		2019		2020	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Group	375	18	432	22	463	32
of whom women	123	10	142	6	154	10
of whom men	252	8	290	16	309	22
ATG	321	17	345	18	383	21
of whom women	109	9	125	6	141	7
of whom men	212	8	220	12	242	14
Kanal 75	54	1	53	3	54	3
of whom women	14	1	11	0	11	1
of whom men	40	0	42	3	43	2
Ecosys	N/A	N/A	34	1	26	8
of whom women	N/A	N/A	6	0	2	2
of whom men	N/A	N/A	28	1	24	6

NOTE 6, CONTINUED

Employees by age and gender
(GRI 405-1)

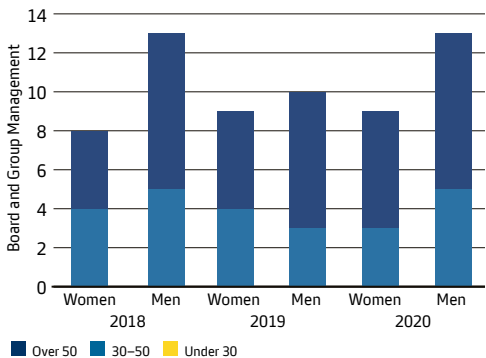


Management by age and gender
(GRI 405-1)



*Reporting among managers began in 2019.

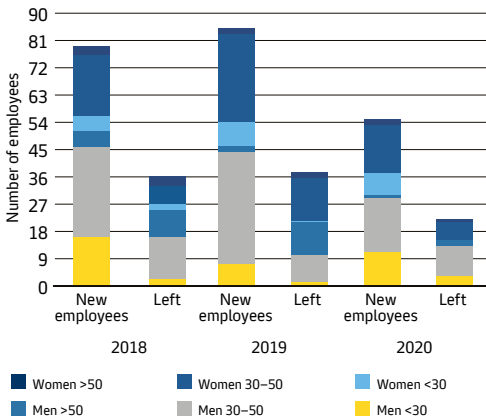
Board and Group Management by age and gender
(GRI 405-1)



Explanation of outcome

A majority of employees of the ATG Group are men. A large share of employees at ATG work in IT-related professions and ATG works actively to attract more women. The proportion of women managers rose during the year to 41 per cent (39). The proportion of women in Group Management and the Board amounted to 41 per cent.

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



	2018		2019		2020	
	Employed	Left	Employed	Left	Employed	Left
Women over 50	3	3	2	2	2	1
Women 30-50	20	6	29	14	16	6
Women under 30	5	2	8	1	7	0
Men over 50	5	9	2	11	1	2
Men 30-50	30	14	37	9	18	10
Men under 30	16	2	7	1	11	3
Total	79	36	85	38	55	22

Explanation of outcome

The number of employees in the Group continued to rise in 2020. Employee turnover was lower in 2020 compared with 2019. This could be regarded as a result of ATG's efforts to be an attractive employer. It is also likely that the pandemic had a dampening effect on mobility in the labour market.

NOTE 6, CONTINUED

Measurement methods

Number of employees as per 31 December. A permanent employment contract is a contract with an employee for an indeterminate period and the figure includes employees on probation. Disclosures on the number of employees include the entire Group. 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 for employees who commence or end their employment with the company during the year only include permanent employment contracts. A role/position may be counted twice if a temporary employee is engaged to cover an absence.

Ecosys was acquired in 2019 and is therefore not part of 2018.

Employees' gambling

Employees in gambling companies run a greater risk of developing problem gambling. This is therefore a priority in ATG's preventive measures. Work is conducted in accordance with ATG's Gambling Policy for employees, which recommends gaming restrictions and carrying out a self-assessment test. All employees must also take part in training on responsible gambling. ATG offers help and support to employees who are at risk of developing problem gambling.

Sustainable supply chain

Work to ensure a sustainable supply chain is based on ATG's Supplier Code of Conduct. 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. During the year, ATG endeavoured to increase awareness of the risk of non-compliance with the Code of Conduct by carrying out industry risk analyses for a number of prioritised purchasing categories. The risk analyses are the basis for supplier assessments.

Every year, ATG purchases total about SEK 2 billion from more than 1,000 suppliers. Major purchases consist of rights and licences from the Swedish Trotting Association and the Swedish Jockey Club, the majority of the other 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 for non-compliance with international conventions and frameworks such as human rights, labour conditions and corruption.

During 2020, four suppliers were assessed using a sustainability questionnaire that is a self-assessment tool for how the supplier works in the areas covered by the Code of Conduct. Nine suppliers answered the questionnaire in 2019.

NOTE 7 – ENVIRONMENT

Materials use

ATG endeavours to reduce the amount of paper used in marketing and sales of betting products at agents. The goal is to offer paperless betting by 2030. Paper consumption is monitored quarterly through ATG's printing suppliers. In addition to reducing paper consumption, ATG strives to ensure that all paper used is from responsible forestry. During 2020, 99.8 per cent of the paper was from responsible forestry.

Explanation of outcome

Total paper consumption in 2020 amounted to 357 tonnes, which is a decrease of 8 per cent year-on-year. The main reduction is from betting slips. Paper consumption for marketing increased during the year, partly due to the difficulties of planning campaigns during the Covid-19 pandemic and also as campaign material has been adapted to the different conditions in ATG agents.

Measurement methods

Paper consumption includes the paper used for marketing materials, and the use of betting slips and receipts by ATG's agents. The data is obtained from the printing suppliers that ATG hires. 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.

Climate

ATG's goal is to be fossil free by 2030 and climate-neutral by 2045. ATG regularly follows up the climate impact of its operations from electricity and heating, travel and printed marketing materials, betting slips and receipts from agents. Total emissions in 2020 amounted to 530 tonnes CO₂e. Travel and betting slips and receipts are responsible for most of ATG's climate impact.

The renovation of Hästsportens Hus is taking environmental considerations into account through the choice of sustainable materials. LED lighting and dishwashers have been installed, which will reduce the consumption of resources. The renovation and remote working during the year led to a reduction in the number of single-use products ordered by 62 per cent (6).

ATG has climate compensated all emissions for 2020 by contributing towards a solar power project, which in turn has contributed fossil-free energy and socioeconomic benefits to the local community in India where the project is located. The project is contributing to the UN Sustainable Development Goals 4, 5, 6 and 13.

Explanation of outcome

ATG's greenhouse gas emissions fell by 184 tonnes CO₂e, -26 per cent compared with 2019. Emissions are decreasing in all categories, though the clearest reduction is in Scope 3 where the main contributory factor was the sharp decline in air travel due to the Covid-19 pandemic. A reduction in paper consumption also contributed to lower emissions.

NOTE 7, CONTINUED

Measurement methods

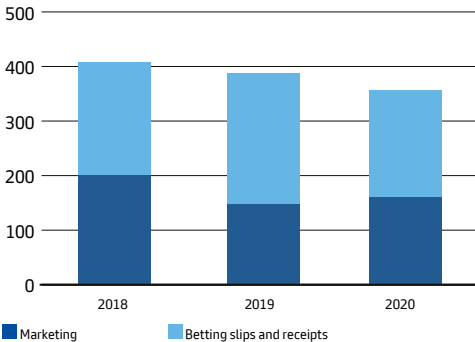
ATG uses the GHG Protocol Corporate Accounting and Reporting Standard to report its greenhouse gas emissions. To delineate and allocate to a scope, the report is based on the operational control approach. The Ecosys subsidiary is not included in the report of greenhouse gas emissions as data is not available.

Direct (Scope 1) GHG emissions: Scope 1 includes emissions from business travel using cars owned or leased by the company. Emissions from cars are estimated based on the driving distance reported, fuel purchased and emission factors from Network for Transport Measures (NTM). Emissions include CO₂, N₂O and CH₄ and is reported in CO₂-e. Emissions are also included from the diesel generator used by the head office for auxiliary electricity.

Indirect (Scope 2) GHG emissions from purchased electricity and heating: Scope 2 includes emissions from purchased electricity and heating to the offices, calculated using data from suppliers. The electricity is renewable, and an emissions factor of 5 g CO₂e per kilowatt hour was used to calculate emissions. For district heating, emissions factors from each office's supplier was used.

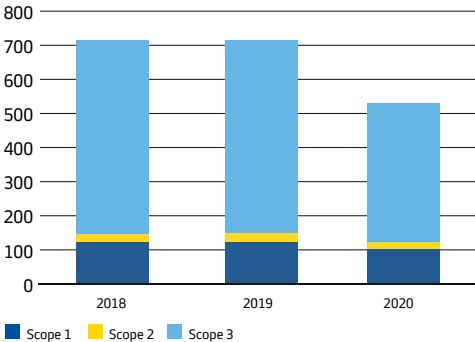
Other indirect (Scope 3) GHG emissions: Scope 3 includes emissions from business trips, material use by agents, external data storage and business trips with private cars. The calculations,

Paper used for marketing, betting slips and receipts (tonnes of paper)

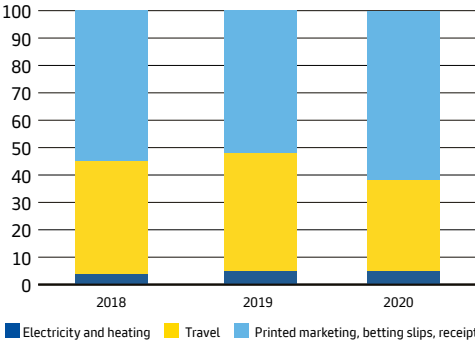


include only CO₂, based on information from the company's travel agent and comprise air, rail and rented cars. As bookings can be done in other ways, the actual level of emissions is probably slightly higher. Travel by private cars is calculated using travel expenses and emission factors from NTM and include CO₂, N₂O and CH₄. Emissions from production of paper consumed is estimated using emission factors 919.4 kg CO₂e per tonne of paper. The source of the emission factor is DEFRA. Electricity consumption in external server halls is provided by the supplier. The electricity is renewable, and an emissions factor of 5 g per kilowatt hour was used to calculate emissions.

Scope 1, 2 and 3 GHG emissions (tonnes CO₂e)



Distribution of emissions by activity (%)



NOTE 8 – HORSE WELFARE

Promoting responsible horse racing is a high priority at ATG since betting on horses would not be possible unless the welfare of horses is taken seriously. Horse welfare is driven by ATG’s owners. ATG collaborates with its owners in efforts to promote good horse welfare. There are solid regulations that apply to animal husbandry. In addition, extensive regulations are in place for race activities involving animals that ensure that care is taken of horses and the sport is practised on equal terms. For example, the regulations describe the prohibition of doping, requirements concerning the equipage’s equipment and how driving may be conducted.

Before each race, active horse racing participants 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. Track veterinarians, appointed by the Swedish Board of Agriculture, attend every race. Even camp inspections, which are unannounced

doping checks at licenced trainers’ training facilities are regularly performed.

If any deviations from regulations are found, the Swedish Trotting Association and Swedish Jockey Club issue a warning, fine and/or suspension from competitions.

Inspections in trotting and thoroughbred racing

Number of doping tests	2018	2019	2020
Total	4,252	4,284	4,433
Of which Swedish Trotting Association	4,018	4,057	4,215
Of which Swedish Jockey Club	234	227	218

Number of doping cases discovered in inspections	2018	2019	2020
Total	1	0	5
Of which Swedish Trotting Association	1	0	3
Of which Swedish Jockey Club	0	0	2

Number of stable area inspections	2018	2019	2020
Total	7,103	7,383	6,425

Number of camp inspections	2018	2019	2020
Total	1,135	924	887

Explanation of outcome

The number of camp inspections and stable area inspections decreased slightly year-on-year, partly due to coronavirus.

During 2020, five cases of doping were identified, which is more than in recent years. This demonstrates the importance of continued comprehensive doping inspection activities.

Measurement methods

The Swedish Trotting Association and the Swedish Jockey Club are responsible for reporting and measuring horse welfare. Information about the number of inspections and their outcomes are obtained from the Swedish Trotting Association.

NOTE 9 – UN SUSTAINABLE DEVELOPMENT GOALS

HOW ATG CONTRIBUTES TO THE UN SUSTAINABLE DEVELOPMENT GOALS

The 17 UN Sustainable Development Goals are presented below, together with a number of their targets. ATG has surveyed and analysed how the Group makes a positive or negative impact on the goals. The analysis shows that operations have the greatest impact on eight of the goals, which makes these particularly important. Within the eight prioritised goals, ATG works with 16 of the targets where the company has particular potential to contribute positively.



The company's chosen sustainability goals and targets



Goal 3: Good health and well-being



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.

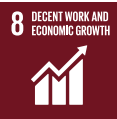


Goal 5: Gender Equality



TARGET 5.5:

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



Goal 8: Decent Work and Economic Growth



TARGET 8.4:

Improve global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation.



TARGET 8.5:

Ensure full employment with decent working conditions and equal pay for equivalent work.



TARGET 8.7:

Abolish forced labor, human trafficking and child labor.



TARGET 8.8:

Protect workers' rights and promote a safe and secure working environment for everyone.

ATG's undertaking

Counteracting problem gambling, through work for responsible gambling, is one of ATG's most important sustainability topics. The company's goal is that customers can enjoy their gambling and gamble for pleasure. ATG wants to contribute to reducing the number of people with gambling problems in Sweden.

ATG wants to be an inclusive workplace and one of Sweden's most attractive employers.
















The company's goal is that the gender distribution among managers should be within the 40–60 per cent interval.

The company secures the conditions in the supply chain and ensure that our risk suppliers comply with ATG's code of conduct.

ATG's goal is to contribute to sustainable horse racing. The company generates value for the horse industry and society by, for example, creating job opportunities in the Group and in the horse industry.

Gender equality, the psychosocial work environment and a work/life balance are important topics on which the company works actively within ATG.

NOTE 9, CONTINUED

The company's chosen sustainability goals and targets	ATG's undertaking	The company's chosen sustainability goals and targets	ATG's undertaking
<div><div>10REDUCED INEQUALITIES</div><div></div></div> <div>Goal 10: Reduced Inequalities</div> <div><div><div></div><div>TARGET 10.2:</div></div><div>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.</div></div>	<p>Through ATG Drömfond, sponsorship and other commitments, ATG contributes to a sustainable horse industry and an inclusive society that promotes health and reduces inequality.</p>	<div><div>13CLIMATE ACTION</div><div></div></div> <div>Goal 13: Climate Action</div> <div><div><div></div><div>TARGET 13.3:</div></div><div>Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</div></div>	<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>
<div><div>11SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div> <div>Goal 11: Sustainable cities and communities</div> <div><div><div></div><div>TARGET 11.4:</div></div><div>Strengthen efforts to protect and safeguard the world's cultural and natural heritage.</div></div> <div><div><div></div><div>TARGET 11.A:</div></div><div>Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.</div></div>	<p>ATG's goal is to contribute to sustainable horse racing and horse industry. Through funds to horse racing the company contributes to open landscapes and biodiversity. The horse industry creates jobs and income, and increases the attractiveness of rural areas.</p>	<div><div>16FREDLIGA OCH INKLUDERANDE SAMHÄLLEN</div><div></div></div> <div>Goal 16: Peace, Justice and Strong Institutions</div> <div><div><div></div><div>TARGET 16.1:</div></div><div>Significantly reduce all forms of violence and related death rates everywhere.</div></div> <div><div><div></div><div>TARGET 16.4:</div></div><div>By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime.</div></div> <div><div><div></div><div>TARGET 16.5:</div></div><div>Substantially reduce corruption and bribery in all their forms.</div></div>	<p>ATG's goal is to contribute to a gambling market that is healthier tomorrow than today. The company works actively to counter match fixing, doping and money laundering, within the company, on the racetracks and at agents. Through an effective control system and good awareness of the risks in the value chain, the company prevents corruption in operations.</p>
<div><div>12RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div> <div>Goal 12: Responsible Consumption and Production</div> <div><div><div></div><div>TARGET 12.2:</div></div><div>By 2030, achieve the sustainable management and efficient use of natural resources.</div></div> <div><div><div></div><div>TARGET 12.4:</div></div><div>Ensure responsible handling of chemicals and waste.</div></div> <div><div><div></div><div>TARGET 12.5:</div></div><div>By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</div></div>	<p>Contributing to sustainable consumption and production requires collaboration across ATG's entire value chain. The Group sets requirements and collaborates with suppliers, agents and horse racing. ATG contributes by making informed choices and investments in digitalisation. For example, the company's goal is to offer paperless gambling by 2030.</p>		

GRI CONTENT INDEX

ATG reports in accordance with the GRI Standards: Core Option. The indicators are based on 2016.

GRI standard	Indicator	Page	Comment /omission
General disclosures			
GRI 102: General disclosures	Organisational profile		
	102-1	Name of the organisation	28, 29
	102-2	Activities, brands, products, and services	15–25
	102-3	Location of headquarters	44
	102-4	Location of operations	1, 28
	102-5	Ownership and legal form	28, 42
	102-6	Markets served	1, 6–7
	102-7	Scale of the organisation	3, 29, 51, 97
	102-8	Information on employees and other workers	96–99
	102-9	Supply chain	99, 103
	102-10	Significant changes to the organisation and its supply chain	20, 28
	102-11	Precautionary principle or approach	91
	102-12	External initiatives	91
	102-13	Membership of associations	91
	Strategy		
	102-14	Statement from senior decision-maker	4
	Ethics and integrity		
	102-16	Values, principles, standards and norms of behaviour	27
	Governance		
	102-18	Governance structure	42–49

GRI standard	Indicator	Page	Comment /omission
Stakeholder engagement			
102-40	List of stakeholder groups	89–90	
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	89–90	
102-43	Approach to stakeholder engagement	89–91	
102-44	Key topics and concerns raised	90–93	
Reporting practice			
102-45	Entities included in the consolidated financial statements	28, 89	
102-46	Defining report content and topic Boundaries	89	
102-47	List of material topics	89–91	
102-48	Restatements of information	GRI content index	No such restatements.
102-49	Changes in reporting	89	
102-50	Reporting period	89	
102-51	Date of most recent report	GRI content index	30 March 2020
102-52	Reporting cycle	89	
102-53	Contact point for questions regarding the report	GRI content index	Maria Guggenberger, Head of CSR maria.guggenberger@atg.se

GRI standard	Indicator	Page	Comment /omission
	102-54 Claims of reporting in accordance with the GRI Standards	89	
	102-55 GRI content index	104–107	
	102-56 External assurance	88	

MATERIAL SUSTAINABILITY TOPICS

Economic performance and ethics in business

Anti-corruption				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90–93	
	103-2	The management approach and its components	91–93	
	103-3	Evaluation of the management approach	92–93	
	205-2	Communication and training about anti-corruption policies and procedures	GRI content index	Employees and agents are trained to prevent money laundering. Figures for employees trained could not be compiled for the report. A new system was implemented during the year to facilitate follow-up in future years.
	205-3	Confirmed incidents of corruption and actions taken	94	

Socioeconomic Compliance

GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	91–93	
	103-3	Evaluation of the management approach	92–95	
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	94–96	

GRI standard	Indicator		Page	Comment /omission
Reputation of the gambling industry (company-specific area)				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	11–12, 91–93, 95	
	103-3	Evaluation of the management approach	93	
Own indicator		Company-specific metric: Reputation of the gambling industry among customers and non-customers (SBI)	GRI content index	ATG was third in the industry ranking of betting companies in 2020.

Customer well-being

Satisfied customers (company-specific area)			
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90, 95
	103-2	The management approach and its components	91–92
	103-3	Evaluation of the management approach	4, 14, 92
Own indicator		Company-specific metric: NKI (NPS)	4, 14, 92

Customer health and safety

GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90, 95	
	103-2	The management approach and its components	11–12, 91–92, 95–96	
	103-3	Evaluation of the management approach	91–92, 95–96	
GRI 416: Customer health and safety	416-1	Assessment of the health and safety impacts of product and service categories	GRI content index	All products tested in Gamgard.
Own indicator		Company-specific metric: Share of green customers	96	
Own indicator		Company-specific metric: Green turnover	96	

GRI standard	Indicator		Page	Comment /omission
Own indicator	Company-specific metric: Priority target groups perceive ATG to be a fair company in manifest survey		GRI content index	31%
Customer privacy				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	91–92, 95	
	103-3	Evaluation of the management approach	91–92	
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	94–95	
Marketing and labelling				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90–92	
	103-2	The management approach and its components	23, 91–92, 95	
	103-3	Evaluation of the management approach	91–92, 95–96	
GRI 417: Marketing and labelling	417-1	Requirements for product and service information and labelling	96	
	417-3	Incidents of non-compliance concerning marketing communications	96	
Sustainable sport and society				
Economic performance				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	91–92	
	103-3	Evaluation of the management approach	92	
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	10, 94	

GRI standard	Indicator		Page	Comment /omission
Sport on equal terms (company-specific area)				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	12, 19, 22, 91–92	
	103-3	Evaluation of the management approach	12, 19, 22, 91–94	
Own indicator	Company-specific metric: Number of reported deviations of suspected match fixing where ATG offered betting (IBIA)		94	
	Company-specific metric: Number of doping tests within the activities of the Swedish Trotting Association and Swedish Jockey Club		101	
Horse welfare (company-specific area)				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	12, 19–20, 91–92, 101	
	103-3	Evaluation of the management approach	11–12, 19–20, 91–92, 101	
Own indicator	Company-specific metric: Number of stable area inspections within the activities of the Swedish Trotting Association		101	
	Company-specific metric: Number of camp inspections within the activities of the Swedish Trotting Association		101	
Contribution to society (company-specific area)				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	10–13, 91–92	
	103-3	Evaluation of the management approach	92–94	
Own indicator	Company-specific metric: MSEK/Number of projects that contribute to an inclusive society		9, 13	

GRI standard	Indicator		Page	Comment /omission
Attractive and inclusive workplace				
Employment				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	26–27, 91, 93, 99	
	103-3	Evaluation of the management approach	26–27, 93	
GRI 401: Employees	401-1	New employee hires and employee turn-over	97–99	
Own indicator		Company-specific metric: eNPS	97	
Own indicator		Company-specific metric: Employee Engagement Index	97	
Diversity and equal opportunity				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	91, 93	
	103-3	Evaluation of the management approach	93	
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	98	
Resource-smart and climate-effective				
Materials				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	91, 93	
	103-3	Evaluation of the management approach	93	
GRI 301: Materials	301-1	Materials used by weight or volume	99, 100	
Own indicator		Company-specific metric: share of eco-labelled paper	93	

GRI standard	Indicator		Page	Comment /omission
<i>Emissions</i>				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	91, 93	
	103-3	Evaluation of the management approach	93	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	99–100	
	305-2	Energy indirect (Scope 2) GHG emissions	99–101	
	305-3	Other indirect (Scope 3) GHG emissions	99–101	
Sustainable supply chain				
<i>Supplier environmental and social assessments</i>				
GRI 103: Management approach	103-1	Explanation of the material topic and its Boundary	90	
	103-2	The management approach and its components	91, 93	
	103-3	Evaluation of the management approach	93	
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	99	
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	99	

DEFINITIONS AND GLOSSARY

FINANCIAL KPIS

ATG prepares its financial statements according to IFRS. Because IFRS defines only a few performance measures, ATG has decided to use additional performance measures.

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.

EBITDA Operating profit before depreciation and impairment losses.

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

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

Net gambling revenue Players' stakes less pay-out to customers.

Sales growth Sales increase or decrease expressed as a percentage.

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

Operating margin Operating profit as a percentage of total revenue. In financial statements prior to 1 January 2019, operating margin was calculated as operating profit 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.

Swedish gambling turnover Total funds bet by Swedish customers on trotting and thoroughbred races during the period.

STRATEGIC KPIS

Share of green turnover Net betting revenue from customers identified as green customers in the self-assessment test in relation to net gambling revenue from customers who have completed a self-assessment test.

Share of green customers Share of ATG's customers who have completed a self-assessment test since 1 January 2019 and been identified as green and have placed a bet this year. Green customers have low risk of developing problem gambling according to an

analysis in ATG's responsible betting tool, PTS (Player Tracking System).

Funds to trotting and thoroughbred racing The financial funding that ATG paid to Swedish trotting and thoroughbred racing. Including 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.

Parent Company's profit before transactions with owners Operating profit less previous lottery tax and plus transaction with owners regarding horse racing information, rights and sponsoring. The performance measure is reported to create comparability between the years and also between the company and its competitors.

GLOSSARY

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

Number of active customers The number of customers who placed at least one winnings-monitored/registered bet over the past 12 months.

Number of employees is calculated as per 31 December of the rele-

vant 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).

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.

CO₂-e Carbon dioxide equivalents is a metric of emissions of greenhouse gases that takes into consideration that different gases have different capacities to contribute to the greenhouse effect and global warming.

DEFRA Department for Environment, Food and Rural Affairs.

A part-time employee has an employment rate of less than 100 per cent.

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

Gamgard Tool used to measure risk in various gambling products before and after responsible gambling measures are applied.

A full-time employee has an employment rate of 100 per cent.

Customers Customers that are registered in ATG's customer database,

where they can place bets and follow our live broadcasts and their bets.

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 products in stores.

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.

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.

A permanent employment contract is a contract with an employee for an indeterminate period. This also includes employees on probation.

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 betting turnover paid out to customers.

A temporary employment contract is of limited duration.

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.

A dynamic photograph of a harness race in progress. Several horses and their drivers are captured in mid-stride on a dirt track. The horses are wearing numbered bibs: 9, 2, 5, 7, and 6. The drivers are wearing helmets and racing silks in various colors like blue, red, yellow, and white. The background is a blurred green field, suggesting speed.

THE ENGINE OF THE HORSE RACING INDUSTRY SINCE 1974

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