

04/2012

Memorandum



IMPORTANT INFORMATION

In this memorandum the following definitions shall apply unless otherwise defined: the "Company" or "Angler" means, depending on the context, Angler Gaming plc incorporated in Malta with reg. no. C 55255 or the group in which Angler is the parent company. "Angler Group" means Angler with its subsidiaries. "Starfish" means Angler's wholly-owned subsidiary Starfish Media N.V., incorporated in the constituent country of Curaçao in the Kingdom of the Netherlands with reg. no. 125528. "Betsson" means Betsson AB (publ), reg. no. 556090-4251, with its subsidiaries unless the context requires otherwise. "AktieTorget" means AktieTorget, reg. no. 556533-0395. "Euroclear Sweden" means Euroclear Sweden AB, reg. no. 556112-8074.

This memorandum has been prepared in connection with the application by the board of directors of Angler for listing of the shares in Angler on AktieTorget. The memorandum does not contain and does not constitute an offer or invitation to acquire shares. The board of directors of Angler is responsible for the information in this memorandum. The memorandum is available in Swedish and English. In the event of any discrepancy between the Swedish and the English language versions, the Swedish language version shall prevail.

This memorandum contains forward-looking statements. These forward-looking statements are based on the Company's current plans, estimates, forecasts and expectations. They are based on expectations that, while currently seeming adequate, might turn out to be incorrect. The forward-looking statements are based on assumptions and circumstances which are associated with risks and uncertainty. The reader should not rely on these forward-looking statements to an unreasonable extent. A large number of circumstances may cause that actual results, revenues and the development in general materially deviate from the results, revenues and the development which is accounted for, explicitly or implicitly, in the forward-looking statements provided by the Company. Consequently, the Company, its board of directors or its management, cannot warrant the correctness and completeness in any of the forward-looking statements mentioned in this memorandum, nor that predicted events will occur. The Company explicitly resign, except for when prescribed by law, from any responsibility to update forward-looking statements and to adjust them in the light of future events or future development.

The memorandum contains historical market information, including information about the size of the markets in which Angler is active. The information has been obtained from a number of sources and Angler is responsible for the correctness of the representation of such information. Although Angler regards these sources as reliable, no independent verification has been performed, why the correctness or completeness of the information cannot be guaranteed. As far as Angler is aware and can gain assurance of through comparison with other information that has been published by the parties from whom the information has been obtained, no information that would make the represented information incorrect or misleading has been excluded from this memorandum.

This memorandum is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this memorandum.

This memorandum has not been reviewed and approved by the Swedish Financial Supervisory Authority. AktieTorget is since 1 November 2007 authorised by the Swedish Financial Supervisory Authority to operate a Multilateral Trading Facility. AktieTorget has its own rules and regulations, imposing the companies to present a memorandum, which in principle corresponds to the Swedish Financial Supervisor Authority's prospectus requirements. This memorandum has been approved by AktieTorget's connection committee.

The shares in Angler are not subject to trading in any country other than Sweden and no application to engage in such trading has been made. The shares in Angler have not been registered, and are not intended to be registered, under the United States Securities Act of 1933, as amended, or any other foreign equivalent. It is incumbent on each and every one to adhere to any restrictions regarding this memorandum according to laws and regulations outside of Sweden.

This memorandum is available at Betsson's head office, on Betsson's website www.betssonab.com. The memorandum will also be available, in connection with the distribution date, on Angler's website, www.anglergaming.com and on AktieTorget's website www.aktietorget.se.

Angler's memorandum of association and articles of association will, in connection with the distribution date, be available in electronic format on Angler's website. Historical financial information regarding Betsson is available on Betsson's website, www.betssonab.com.

Documents pursuant to Chapter 18, Section 4 and 6 of the Swedish Companies Act will be available on Betsson's website, www.betssonab.com, at the latest three weeks before the annual general meeting and will be sent free of charge to any shareholder in Betsson that so requests and states its address.

In several countries, particularly the US, Canada, Hong Kong, Japan, Australia and South Africa, distribution of this memorandum may be subject to restrictions. In conformity therewith, this memorandum may not be distributed or published in any jurisdiction unless it is made in accordance with applicable rules and legislation.

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Summary

The following summary renounces all claims to be complete, and shall be considered as an introduction to this memorandum. The summary does not contain all the information and every decision which is based on this memorandum must therefore be based on an assessment of the content in this memorandum in its entirety. A person may be made liable for information which is included or excluded from the summary only if the summary or the translation of the summary is deceiving or incorrect in relation to other parts of this memorandum. Investors who bring a claim before a court relating to the information in this memorandum may be required to bear the costs of translating the memorandum.

Background and reasons

Betsson has conducted gaming activities in its subsidiaries through a number of gaming platforms. Through the completion of a new market leading gaming platform it will be possible to operate all of Betsson's gaming solutions on one gaming platform. The old gaming platforms will thus not yield any value to Betsson. However, the board of directors of Betsson envisages the opportunity to use the gaming platforms which are redundant to Betsson to develop a new gaming company which can utilise the advantages a small niched gaming company benefits on the market today.

Further, Betsson has chosen to focus its operations on a number of core markets which enables more effective operations and offers towards these core markets. Betsson has identified approximately 30 countries in South America, Africa and Europe which have varying potential but which are outside Betsson's core markets, and on which markets Betsson currently is not active and will not be active on in the near future. Existing customer databases pertaining to these markets are redundant within Betsson's business. The board of directors of Betsson estimates that a smaller, niched gaming company with larger flexibility and possibility to manage the values in the customer databases will be better fit to expand in the relevant markets and thereby utilize the full potential of these markets. The revenues for Betsson on these markets are currently negligible (less than 0.1 percent of Betsson's total revenues), but the number of customers is not negligible (approximately 5 percent of Betsson's total number of registered customers).

With reference to above, Betssons has established a new gaming group consisting of the newly established holding company Angler incorporated in Malta and Angler's newly established operative subsidiary, Starfish, incorporated in Curaçao and with a gaming licence from Curaçao. Betsson has transferred the gaming platforms and customer databases, which are redundant within Betsson's business, to Starfish.

Betsson's board of directors asses that the division of the businesses shall be carried through in order to further refine Betsson's business. The division also makes it possible for Betsson's shareholders to take part of possible future value in technical platforms and customer databases which would otherwise have had a limited value. Further, a division increases the transparency in the different businesses and gives the shareholders a possibility to select a desired level of risk and focus of the business.

Pursuant to above, the board of directors of Betsson has proposed that the general meeting of Betsson on May 11, 2012, resolves to distribute all shares in its subsidiary Angler to the shareholders in

Betsson. The proposal of the board of directors is conditional upon listing of the shares in Angler on AktieTorget by the time of, or soon after, the distribution.

Angler has applied to be admitted for trade on AktieTorget. Trading in the Angler share is expected to commence on AktieTorget on or about 1 July, 2012. Angler has no intention to apply for listing of the Angler share on any other exchange or market place.

The distribution of all shares in Angler will utilize non-restricted equity of approximately MSEK 28 in the parent company Betsson. As of 31 December 2011 the non-restricted equity of Betsson amounted to MSEK 1,242.

The so-called Lex ASEA rules are applicable to the distribution of the shares in Angler, which primarily means that the Angler shares are received as tax free dividend and that no withdrawal tax for Betsson arises. Betsson intends to apply to the Swedish Tax Agency for a so-called General Advice (Sw. Allmänt råd) as regards the manner in which the tax basis for the shares in Betsson is to be allocated between the shares in Betsson and in Angler. This advice will be published on the Swedish Tax Agency's, Betsson's and Angler's websites. See further the section *Tax issues*.

For a further description of the background and reasons and a presentation of the distribution, see the section *Background and reasons*.

Operations and market

Angler's business consists of investing and administering shareholding in companies which offer gaming to the end users via the Internet and the Company's mission is to invest in and manage fast-growing companies operating in the online gaming industry. The subsidiary Starfish's operation primarily focuses on various forms of casino games. The games offered are partly based on proprietary software acquired from Betsson's subsidiaries and software from external gaming providers.

Angler's subsidiaries will offer its services via the Internet and the market is thereby global. Initially, Starfish will mainly focus its activities on (i) markets where Betsson previously has been active, but chosen not to focus on, and (ii) new target markets outside of Betsson's core markets. The client databases will be transferred from Betsson to Starfish, as well as be acquired from third parties. Geographically, Starfish will initially focus its offerings towards approximately 30 countries in South America, Africa and Europe, outside Betsson's core markets, and towards other markets that are considered to be more suitable for a smaller and more flexible gaming operator with Starfish's product offering.

Based on these conditions, Starfish with its flexibility and its niche product offerings, will operate with limited competition, which enables higher profit margins from the same gross revenue, compared to local competitors.

For more information, see the sections *Market* and *Operation*.

Financial information and development

Angler is in a start-up phase and will, according to the management's forecast, bear its own costs from the beginning of May 2012, meaning no income statement is presented. In the sections *Finan-*

cial information and *Comments on the financial development* there is a balance sheet as of March 31, 2012, and an account of the Company's business plan for the first three years.

Risk Factors

Some of the risk factors that an investor shall consider is assessed to be related to Angler being a newly established company without history, personnel and technical knowledge, customer base, intellectual property, regulatory development on the gaming market, dependency on a license for the operations, gambling addiction, the business cycle, competition, tax and uncertainty regarding the liquidity in the share and fluctuations in the price of the share. An investor must also consider the general business cycle in the world and the other information in this memorandum. For further information concerning risk factors, see the section *Risk factors*.

Share capital, ownership structure and legal considerations, etc.

Angler is a Maltese public limited liability company with its registered office in Malta. Its activities are governed by the laws of Malta. The Company's shares are denominated in euro (EUR). The number of shares in Angler amounts to the number of shares in Betsson by the time of distribution, less the treasury shares held by Betsson. The registered and issued share capital of Angler amounts to EUR 419,969.83 divided into 41,996,983 shares. This is also the maximum capital according to the articles of association. The nominal value of each share amounts to EUR 0.01. The shares in Angler are issued to the holder and are registered in a computerised account system for registration of shares which is managed by Euroclear Sweden. No share certificates have been issued for the shares in Angler. The ISIN code for the shares in Angler is MT0000650102.

The ownership structure in Angler will initially correspond to the ownership structure in Betsson. If the amount of shares in Betsson changes during the time before the distribution of Angler, the amount of shares in Angler will be correspondingly adjusted.

For more information on the share capital, ownership structure, the company law to which Angler is subject and certain legal issues, see the sections *Share capital and ownership structure*, *Legal considerations and other information* and *Summary of the articles of association and Maltese company law*.

Board of directors, senior management and auditor

Angler's board of directors currently consist of the chairman David Gray and the directors Michael Bennett and Sarah Borg. Angler shall strive to, in the near future, extend its board of directors to at least four directors. Michael Bennett is chief executive office in Angler. Since the Angler Group at present conducts no operation, no auditor has been appointed. The Company is in discussions with a number of auditors and will appoint a well-reputed auditor in due time before the listing on AktieTorget. For more information, see the section *Board of directors, senior management and auditor*.

Risk factors

The risks described below must be considered together with the other information contained in this memorandum. If any of the following risks occur, Angler's business and financial performance could be materially adversely affected. The following risk factors are considered by the board of directors to be the most relevant and important. The risk factors are not presented in any order of priority or potential financial impact on the Company. They are mere examples and should not be considered to be comprehensive.

Company specific risks

History

Angler was incorporated in 2012. This considerably limits the data upon which an evaluation of the company and its long-term prospects can be based.

Personnel and technical knowledge

The Angler Group's future progress will be dependent of the technical development pursued by its subsidiary Starfish and its ability to benefit from the gaming integration platform which has been transferred to Starfish. The technical skills of the employees are thus to a large extent decisive for the future development. The recruitment of new personnel in the subsidiary will be very important.

Larger customer base

Angler's profitability is dependent on that its newly established subsidiary Starfish quickly can broaden its customer base to increase its revenues and profitability. Angler is dependent on dividends from Starfish.

Intellectual property

The Angler Group's most important intellectual property rights consist of Starfish's technical gaming integration platform and the products coming out of it. It is of material importance that the subsidiary can develop this platform and maintain and claim the rights to the platform and other developments.

Industry related risks

Regulatory development

Angler's subsidiary operates on the gaming market. On most national markets gambling is rigorously regulated by law and all gambling operations are essentially subject to official approval. Political decisions could have a rapid and adverse effect on the operations of the subsidiary. The operations are therefore dependent on the legal situation for the gambling industry in the countries where the subsidiary's customers are active.

In addition to the regulatory development also the general regulation of the Internet must be considered, such as rules and regulations applicable to commercial operations on the Internet. It cannot be ruled out that the subsidiary's customer offer is affected by national regulation in jurisdictions other than the one where its equipment is situated or against which its operations are targeted. A regulatory development which makes difficult or prohibit the subsidiary's operations will over time

affect the dividend to Angler. In that way, Angler's operations and profitability may over time be threatened.

Operations subject to official approval

Starfish has, by decision of Curaçao's licensing authority, been granted a gaming license, which in effect means that Starfish may, supported by the license, operate gaming activities over the Internet for its customers. For Angler it is essential that the subsidiary's license is maintained and prolonged.

Gambling Addiction

Although Angler itself does not pursue any gaming activities, people suffering from gambling addiction may sue the Company's subsidiaries as the gaming originator and facilitator. While such claims are likely to be dismissed, they could give rise to substantial costs and a decreased confidence in the Angler Group, eventually leading to a decline in revenues.

Business cycle

The business conducted by Angler's subsidiary may be negatively affected by the development in the business cycle.

Competition

The Company's subsidiary competes with a large number of bigger actors with substantially larger financial and operational resources than the Angler Group. Despite such entry thresholds, further actors may enter the market. If Angler's subsidiary cannot successfully meet the competition and develop its customer offer it may affect the dividend to Angler and correspondingly Angler's result and financial situation.

Financial risks

Tax risks

The operations are conducted according to Angler's interpretation of prevailing tax legislation, tax agreements and the provisions in the various countries involved as well as the requirements of the tax authorities. However, it cannot be generally precluded, that Angler's interpretation of applicable legislation, practice, tax agreements and provisions or the relevant authorities interpretation of such rules, may be incorrect. Furthermore, these rules may change, perhaps with a retroactive effect. By decisions made by any tax authority, Angler's previous or current tax situation may deteriorate. To the best of the Company's knowledge, Angler is currently not the subject of any type of tax investigation. For further information regarding tax risk, see the section *Tax issues*.

Currency exchange rate risks

Since Angler is a Maltese holding company, with subsidiaries operating on a global market, Angler is exposed to currency fluctuations. This may result in transaction exposure and translation exposure.

Risks associated with distribution and listing on AktieTorget

At the annual general meeting to be held on May 11, 2012, the shareholders in Betsson are expected to approve the distribution of the shares in the subsidiary Angler. Following the completion of the distribution the new company, Angler, is expected to be listed on AktieTorget on or about July 1, 2012.

Prior to the planned listing of Angler on AktieTorget, the share has not been traded. The listing does not represent any guarantee on the liquidity of the share. The price of the share will be affected by such factors as variations in Angler's result and financial position, changes in the stock market's expectations regarding future earnings, supply and demand for the shares and the economic conditions in general. This all means that the price of the share will fluctuate.

Background and reasons

Presentation of the distribution

The annual general meeting of Betsson on May 11, 2012 is expected to resolve in accordance with the dividend proposal of the board of directors of Betsson, meaning that all shares in Angler are distributed to the shareholders of Betsson, whereas one (1) share in Betsson (of class A as well as class B) entitles to one (1) share in Angler.

Provided that the annual general meeting of Betsson on May 11, 2012 resolves in accordance with the proposal of the board of directors to distribute all shares in the wholly owned subsidiary Angler, persons who are registered as shareholders in Betsson on the record date for dividends will receive the right to be allocated shares in Angler. Except for being a registered shareholder in Betsson, no measures have to be taken in order to obtain shares in Angler.

The board of directors of Betsson is proposed to be authorised to resolve on the record date for the distribution of the shares in Angler with Euroclear Sweden.

The proposal of the board of directors is conditional upon listing of the shares in Angler on AktieTorget by the time of, or soon after, the distribution.

The shares in Angler will be available on the shareholders' securities accounts (or the security account of the person who otherwise is entitled to dividends) at the earliest two banking days following the record date. Euroclear Sweden will thereafter distribute a notification stating the number of shares that are registered on the recipient's securities account.

The shareholders who have their holdings registered through a nominee (a bank or other nominee) will not receive any notifications from Euroclear Sweden. Notifications will instead be made in accordance with each nominee's routines.

Trading in the Angler share is expected to commence on AktieTorget on or about July 1, 2012. Angler has no intention to apply for listing of the Angler share on any other exchange or market place.

The distribution of all shares in Angler will, as per December 31, 2011, utilize non-restricted equity of approximately MSEK 28 in the parent company Betsson. As of 31 December 2011 the non-restricted equity of Betsson amounted to MSEK 1,242.

The so-called Lex ASEA rule is applicable to the distribution of the shares in Angler, which primarily means that the Angler shares are received as tax free dividend and that no withdrawal tax for Betsson arises, see further the section *Tax issues*.

The shares in Angler entitles to dividend as from and including the financial year 2012. The payment of dividends, if any, is managed by Euroclear Sweden or, if the shares are nominee-registered, in accordance with each nominee's routines.

Background of the distribution

Since 1963 Betsson has been active within the gaming business, previously under the name Cherryföretagen AB. In 2005, the board of directors of Betsson resolved to propose to the general meeting to divide Betsson in three separate listed companies; Betsson, Cherryföretagen and Net Entertainment. The three branches had until then conducted independent businesses with limited synergy effects. The division was carried through in order to illustrate the values in each branch and thereby create three distinct investment alternatives. The board of directors of Betsson estimated that the three business branches would be able to develop faster and stronger on their own. The division also increased the transparency in the different businesses and gave the shareholders a possibility to select a desired level of risk and focus of the business.

The board of directors of Betsson now estimates that the company faces a new strategic possibility to distribute another independent business branch, primarily for two reasons:

- i) The economies of scale within the industry are now seriously becoming executed though recent years' technical advances. Betsson has conducted gaming activities in its subsidiaries through a number of gaming platforms. Through the completion of a new market leading gaming platform it will be possible to operate all of Betsson's gaming solutions on one platform. The old gaming platforms does not yield any value to Betsson's subsidiaries since several important and successful business branches within Betsson's gaming offer are migrated from their own platforms to the Betsson platform. The board of directors of Betsson therefore envisages the opportunity to use the gaming platforms which are redundant to Betsson and develop a new gaming company which can utilise the advantages a small niched gaming company today benefits on the market.
- ii) Today Betsson have clients on a large number of markets which hampers the possibility for an optimized offer to each separate market. Betsson has therefore chosen to focus its operations on a number of core markets which enables more effective operations and offers towards these markets. Since Betsson currently is not active, and in the near future will not be active, on other markets it has identified approximately 30 countries in South America, Africa and Europe which have varying potential but which are outside Betsson's core markets. Existing customer databases pertaining to these markets are redundant within Betsson's business. A smaller, niched gaming company with larger flexibility and possibility to manage the values in the customer databases will be better fit to expand in the relevant markets and thereby utilize the full potential of these markets. The revenues for Betsson on these markets are currently negligible (less than 0.1 percent of Betsson's total revenues), but the number of customers is not negligible (approximately 5 percent of Betsson's total number of registered customers).

With reference to above, Betssons have established a new gaming group consisting of the newly established holding company Angler incorporated in Malta and Angler's newly established operative subsidiary, Starfish, incorporated in Curaçao and with a gaming licence from Curaçao. Betsson have transferred the gaming platforms and customer databases, which are redundant within Betsson's business to Starfish.

In order to further refine Betsson's business, Betsson's board of directors assesses that the business of Angler should be separated from Betsson. The division also makes it possible for Betsson's shareholders to take part of future value in technical platforms and customer databases which would otherwise have had a limited value. Further, a division increases transparency in the different businesses and gives the shareholders a possibility to select a desired level of risk and focus of the business.

Pursuant to above, the board of directors of Betsson has proposed that the general meeting of Betsson on May 11, 2012, resolves to distribute all shares in the subsidiary Angler to the shareholders in Betsson.

Angler's business operation consists of holding and managing companies that offer online gaming to end consumers.

The subsidiary Starfish will operate gaming to end consumers. Starfish primarily offers casino and the customers are expected to come from Africa, Europe and South America. Angler and Starfish will initially have 12 employees. The companies have not previously conducted any operations. The boards of directors of Betsson and Angler estimate that Angler has a well-balanced financial position and that the current working capital is sufficient for the relevant needs.

In addition, reference is made to the information in this memorandum. The board of directors of Angler Holding plc., which is responsible for this memorandum, has taken all reasonable measures to ensure that the given information is, to the best of their knowledge, in accordance with facts and contains no omission likely to affect the evaluation of the company.

Angler Holding plc

The board of directors

Betsson AB (publ)

The board of directors

Market

Angler's subsidiaries will offer its services via the Internet and the market is thereby global. Initially, Starfish will mainly focus its activities on (i) markets where Betsson previously has been active, but chosen not to focus on, and (ii) new target markets outside of Betsson's core markets. To the extent that Betsson previously operated in the relevant jurisdictions, the existing customer databases for these jurisdictions will be transferred to Starfish before the time of distribution of the shares in Angler. Starfish will also actively evaluate possibilities to acquire customer databases offered by third parties from other jurisdictions within its focus area.

Geographically, Starfish will initially focus its offerings towards approximately 30 countries in South America, Africa and Europe, outside Betsson's core markets, and towards other markets that are considered to be more suitable for a smaller and more flexible gaming operator with Starfish's product offering. As the business grows, focus markets will possibly be extended to other similar jurisdictions.

The market in numbers

Angler believes the market for Internet gaming will continue to develop strongly. The number of Internet users is growing rapidly, which is a major driving force in the industry. At the same time, large parts of the world population still have no, or inadequate, access to the Internet.

Non-cyclical revenues and earnings in recent recessions show that online gaming is more or less unaffected by a recession.

There is an increased confidence in online shopping and an increasing number of users turning to the web for banking, stock trading, insurance, bookings and other activities. The changing behavior and increasing confidence in online services and e-commerce is important for the development of the gaming market. Developments driving the growth of global online gaming are many but key factors include the following:

Increased Internet penetration: Increased access to the Internet in households, leading to additional potential players.

Improved broadband capacity: Improved bandwidth enables increasingly advanced gaming functions, which attracts more potential players.

Mobile devices: Mobile devices like smartphones are revolutionizing the mobile Internet experience and have been key drivers of growth. Angler expects, especially on Starfish's markets, this trend to continue in the coming years.

Increased confidence in online payment services: Confidence in online gaming operators and payment services is on the rise, which contributes to the increase in the number of potential players.

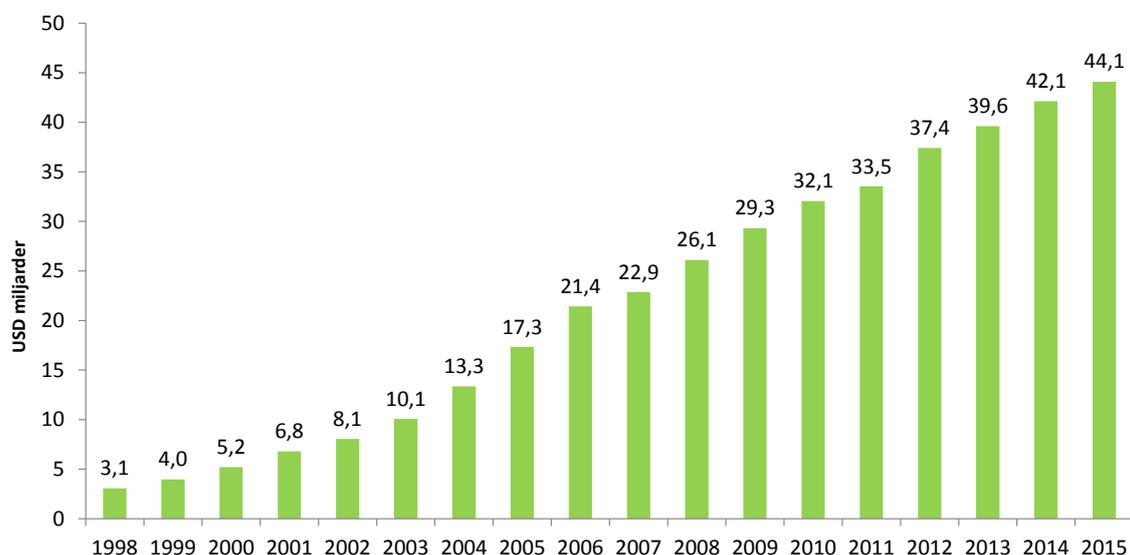
Market share shift from offline to online: A steadily increasing number of people play online, instead of traditional land based gaming. For younger players who have grown up with the Internet, online gaming is a natural choice.

The global market

The global online gambling market is estimated to be worth USD 37 billion at the end of 2012. This compared to USD 8 billion in 2002. In ten years the market has grown at a compounded annual growth of 17 percent and is nearly five times larger. For casino gambling on the Internet, that percentage has been 19 percent, with an estimated market value of about USD 9 billion at the end of 2012.

Despite this strong performance, the gaming market is expected to grow globally with a compounded annual growth of 7 percent over the period 2011-2015. In 2015 the total market is expected to be worth USD 44 billion while the casino market is estimated to be USD 11 billion, up 36 percent since the 2011.

Interactive Gross Gambling Yield 1998 - 2015E

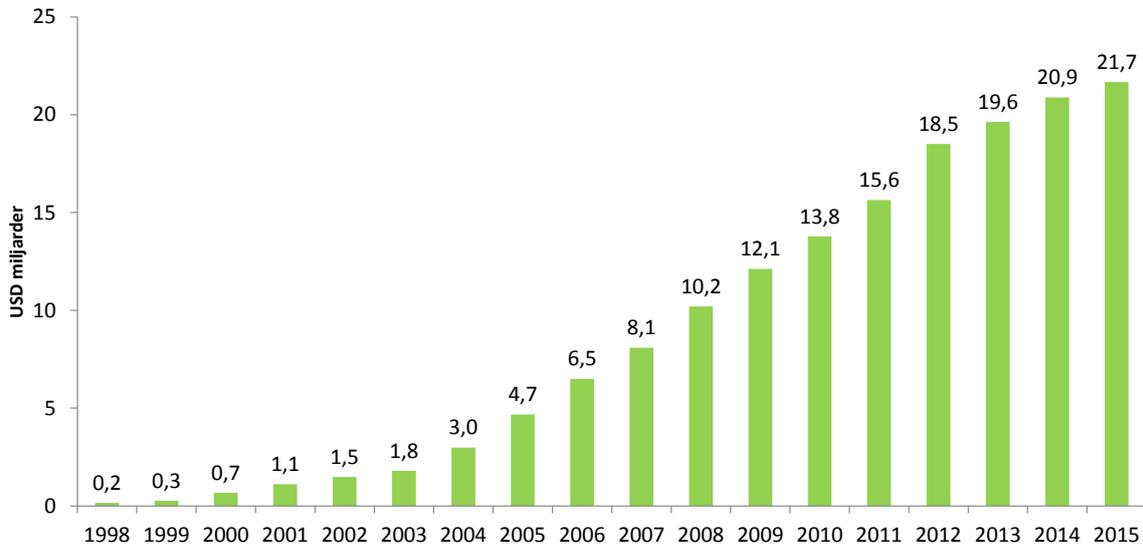


Source: H2 Gambling Capital

Europe

According to H2 Gambling Capital, the European gaming market on the Internet will continue to grow in the coming year to an estimated market size of USD 18.5 billion in 2012, equivalent to an increase of 18 percent from 2011. In 2015, the market is estimated to be worth USD 21.6 billion meaning an additional market growth of 39 percent, a compounded annual growth rate of 8.5 percent. The online gaming market has actually increased more than 14 times since 2001.

Interactive Gross Gambling Yield Europe 1998 - 2015E

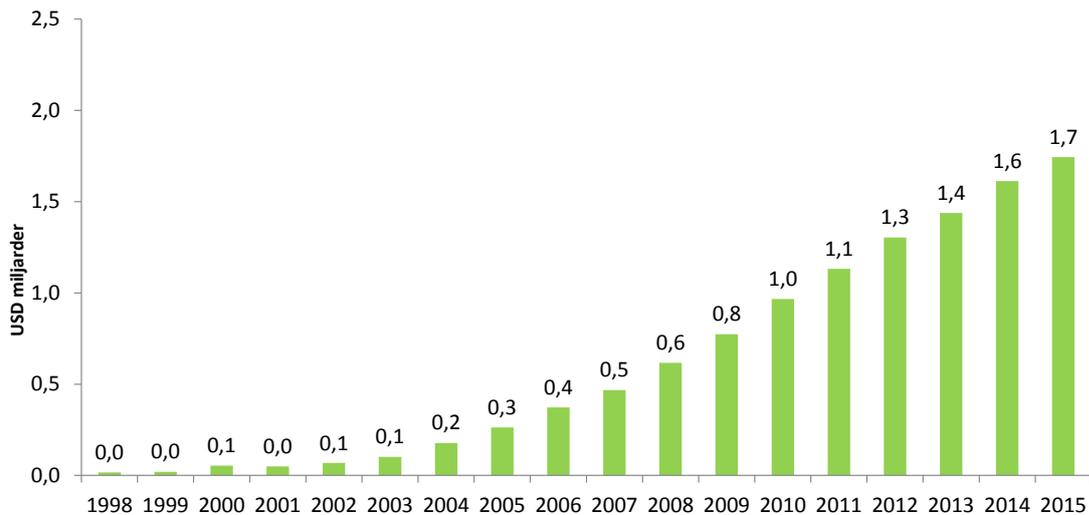


Source: H2 Gambling Capital

Africa and South & Central America

The gaming market on the Internet in Africa and South & Central America is still a small part of the global gaming market. In 2011, the market size for both regions was estimated to be worth approximately USD 1 billion. These markets are expected to grow stronger than Europe with a combined average annual growth of 11.4 percent over the period 2011-2015. Central & South America account for most of this increase with an estimated annual growth of 11.6 percent between 2011 and 2015. The market size in Central & South America is expected to be USD 1.3 billion in 2015 while in Africa it is expected to be USD 0.5 billion.

Interactive Gross Gambling Yield Afrika och Central- & Sydamerika 1998 - 2015E



Source: H2 Gambling Capital

Operations

History

Betsson has its background in a gaming company that has operated gaming operations since the 1960's. 1963 AB Restaurang Rouletter was founded by Bill Lindwall and Rolf Lundström. The operations were run primarily in the south and middle regions of Sweden. 1968 a cooperation was established with AB Roulett Konsult & Spelautomater founded by Per Hamberg and Lars Kling. The operations then included all of Sweden. 1972 the name Cherry was registered together with the cherry symbol. In 1973 a new legislation made it possible for restaurants with license to serve wine to supply slot machines with winnings in Swedish kronor. In 1978 the Swedish Parliament decided to prohibit slot machines. This meant that the base for Cherry's operations disappeared within a month. During the period of 1986-1992, Cherryföretagen operated slot machines and casino operations in a number of Eastern European countries but due to, *inter alia*, the civil war in former Yugoslavia and prohibition for foreign companies to conduct casino business in Poland the company suffered great losses in 1991 and 1992. During 1995 tests with value machines were performed. During 1996 and 1997 operations with so-called wheels of fortune were run. In 1996 Cherryföretagen was listed on the SBI-list and in 1998 it acquired 35 percent of Net Entertainment AB. In 2000, Cherryföretagen acquired Kinnevik's share of Net Entertainment. The payment was made through a direct issue of shares whereby Kinnevik became the largest shareholder of Cherryföretagen. The parent company's B-shares were listed on the OM Stockholm Stock Exchange's O-list on June 22, 2000. In 2002, the Company made that year's only over-subscribed preferential issue which raised SEK 20 million from existing shareholders. In 2003, Cherryföretagen acquired a stake in the English sportsbook company Betsson.com. The same year, the Court of Justice of the European Communities ruled in the so-called Gambelli-case that the Italian State's gaming monopoly is illegitimate in relation to EU legislation. The court ruled that limitations to the freedom of establishment and to the freedom of supplying services within the community cannot exceed what is demanded to fulfil the object with such limitations. The verdict has consequences even for other gaming monopolies in the EU. In the spring of 2005 remaining parts of Betsson was acquired. In December 2005, the board of directors decided to propose a refinement of the operations and a dividend of Cherryföretagen and Net Entertainment to the shareholders. At the annual general meeting that year, a proposal was made to change the name from Cherryföretagen to Betsson. In May 2011, Betsson acquired Betsafe. Currently Betsson consists of 17 brands, 4 within so-called business to consumers (B2C) and 13 within so-called business to business (B2B), through Betsson Business Solutions. Angler and its subsidiary Starfish was founded in 2012 within the Betsson Group and have not previously conducted any operations.

Angler's business concept

Angler's business consists of investing and administering shareholding in companies which offer gaming to the end users via the Internet.

Mission

Angler's mission is to invest in and manage fast-growing companies operating in the online gaming industry.

Objective

Angles's objective is to generate long-term growth and profitability in order to provide shareholders with the best possible returns in the long term.

Strategy plan

Angler's and its subsidiaries' strategic plan is to grow organically on a global market.

Starfish's operation

Starfish's operation focuses on Internet gaming, primarily in various forms of casino games. The games offered are partly based on proprietary software acquired from Betsson's subsidiaries' and software from external gaming providers. Focus markets will be countries that Betsson consider as less profitable for Betsson's structure and operations, but better suited for a small gaming operator with more flexibility than larger operators. Based on these conditions, Starfish with its flexibility and its niche product offerings, will operate with limited competition, which enables higher profit margins from the same gross revenue, compared to local competitors.

Starfish will mainly focus its offering towards approximately 30 countries in South America, Africa and in Europe, outside Betsson's core markets, and towards other markets that are considered as more suitable for Starfish's product range than for Betsson's. Operations are initially based on customer databases that Starfish has acquired from Betsson's subsidiaries' and on new customers approached through marketing partnerships with third parties. The customer data bases acquired by Starfish consist primarily of inactive customers who mainly have been active in the casino via one of Betsson's brands in markets which Betsson considers to be outside its core markets.

Organisation

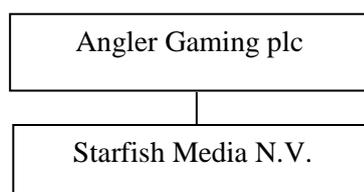
Employees

Angler has two employees where the chief executive officer is responsible for the daily operation of Angler and all inquiries in relation to investors.

Starfish will initially have ten employees, including the chief executive officer, based in Curaçao. The employees are divided within the different business areas marketing, technology development, customer service, finance and general administration. In addition to the employees, Starfish will initially be dependent on consultant services from third parties.

Legal structure

The Group comprises the parent company Angler and its wholly owned subsidiary Starfish. Angler is a holding company with no operating activities.



Share capital and ownership structure

Share Capital

The registered and issued share capital of Angler amounts to EUR 419,969.83 divided into 41,996,983 shares. This is also the maximum capital according to the articles of association.

The company's shares are denominated in euro (EUR) and have been issued according to the Maltese Companies Act. The company has one series of shares. Each share entitles to one vote. Each share confers equal right to distribution of dividends and a possible surplus in case of liquidation. An amendment of the shareholders voting right or right to the company's profits require an amendment of the articles of association, which requires extraordinary resolution.

The shares in Angler are issued to the holder and are registered in a computerised account system for registration of shares which is managed by Euroclear Sweden with postal address Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No share certificates have been issued for the shares in Angler. The ISIN code for the shares in Angler is MT0000650102. The nominal value of each share amounts to EUR 0.01. The number of shares in Angler amounts to the number of shares in Betsson by the time of distribution, less the treasury shares held by Betsson.

If the amount of shares in Betsson changes during the time before the distribution of Angler, the amount of shares in Angler will be correspondingly adjusted.

Date of registration	Type of change	Change of the number of shares	Total number of shares	Change of the share capital	Total share capital	[Nominal] value
2012-02-08	Foundation	4,660,000	4,660,000	46,600.00	46,600.00	0.1
2012-04-01	New issue	37,336,983	41,996,983	373,369.83	419,969.83	0.01

Distribution Policy

All shares have the same rights to distribution of dividends. The new shares confer the right to receive dividends commencing the 2012 business year. Any person who is registered with Euroclear Sweden as a shareholder on the adopted record date shall be deemed authorised to receive dividends and, in case of a bonus issue, new shares which vest in shareholders, and to exercise pre-emption rights to participate in an issue.

In the event a shareholder cannot be reached via Euroclear Sweden, the shareholder's claim for the dividend amount remains and is solely limited by the relevant statute of limitations. If the limitation period is passed, the entire amount will be allotted to the Company.

There are no restrictions concerning dividends or special procedures for shareholders residing outside Sweden and payments are made through Euroclear Sweden (or equivalent) in the same manners as for shareholders residing in Sweden. For a summary of potential tax consequences, see the section *Tax issues*.

Financially Angler shall have the possibility to a continuous good growth of the business and preparedness to capture business opportunities. According to the Company subsequent focus should be on expansion, with maintained high financial strength and freedom of action.

Against this background, Angler's board of director's have ascertained that the distribution share shall be equivalent to 50 percent of the net profit. In addition, the board of directors may also propose that additional liquidity is distributed. The board of directors in Angler assess that no distribution can be expected during the first four business years.

Ownership Structure

The ownership structure in Angler will initially correspond to the ownership structure in Betsson. A transcript from Euroclear Sweden of the shareholder record in Betsson as of 29 February 2012 is set forth in the table below.

Owner	Number of shares	Percentage
Per Hamberg with family and company	3,502,258	8.3%
Bertil Knutsson and company	2,541,000	6.0%
Rolf Lundströmwith family and company	1,534,691	3.7%
Lars Kling	1,003,245	2.4%
Svenska Handelsbanken S.A.	785,736	1.9%
Others	32,634,275	77.7%
Total	42,001,205¹	100.0%

¹ Including Betsson's treasury shares which as per the date of this memorandum amount to 4,222 shares.

Board of directors, senior management and auditors

The members of the board were elected at the extraordinary general meeting on 1 April 2012 for the period through the annual general meeting 2013. There are no specific agreements between larger shareholders, customers, suppliers or other parties pursuant to which members of the board or senior management have been elected or appointed. Should any agreement have been entered into by Angler or its subsidiaries regarding benefits subsequent to the completion of an engagement, such agreement is stated in the section *Remuneration and benefits*.

During the past five years, none of the members of the board of directors or senior management has been found guilty in any fraud-related cases, been involved in any bankruptcy, liquidation or receivership as a member of a company's administration, management or controlling bodies, been subject to official accusations or sanctions by inspection or legislative or designated professional bodies or been prohibited by a court of law to be active as member of a board or management or controlling body of a company.

There are no family ties between the members of the board and senior management stated in the section below. Neither exists any conflicts of interest between these persons or between their private and the company's interests. None of these persons have accepted any restrictions in the right to dispose of their shares in the company.

All persons can be reached on the Company's head office's address, see the section *Addresses*. The company is not obliged to comply with the Swedish Code of Corporate Governance.

Board of directors

Angler's board of directors is currently comprised by three members, including the chairman of the board. Angler shall strive to, in the near future, extend its board of directors to at least four directors. The members of the board are elected annually at the annual general meeting for the period until the end of the next annual general meeting. The board of the directors' registered office is Valetta, Malta. The current members of the board are presented below.

Name	Director since	Date of birth	Position
David Gray	2012	21 April 1951	Chairman
Michel Bennett	2012	16 November 1945	Director
Sarah Borg	2012	19 August 1978	Director

David Gray, born 1951

David Gray has been the chairman of the board of Angler since 1 April 2012. David Gray holds no shares in Betsson. David Gray is or has been a member of the board or management or controlling body or been a shareholder in the following companies since 2007.

Current	Position/Shareholder
Anglo-Turkish Associates Ltd	Shareholder
Previous	Position/Shareholder
Dragonara Casino Ltd, Malta	Chief executive officer

Michael Bennett, born 1945

Michael Bennett has been a member of the board of Angler since 1 April 2012. Michael Bennett holds no shares in Betsson. Michael Bennett is or has been a member of the board or management or controlling body or been a shareholder in the following companies since 2007.

Current	Position/Shareholder
Dotnet Gaming Ltd (Malta)	Director
Paddy Power Bookmakers (Malta) Ltd	Director
Admirals Media Ltd (Malta)	Director
Redbet Gaming Ltd (Malta)	Director
GTECHG2 (Boss Media Malta Ltd)	Director

Sarah Borg, born 1978

Sarah Borg has been a member of the board of Angler since 1 April 2012. Sarah Borg holds no shares in Betsson. Sarah Borg is or has been a member of the board or management or controlling body or been a shareholder in the following companies since 2007.

Current	Position/Shareholder
HBM Group	Director

Corporate Governance

Annual or extraordinary general meetings of Angler are according to the articles of association held in Stockholm or where the board of directors resolves.

Accounting and remuneration matters are handled by the board.

See more on the Company's articles of association and Maltese company law in the section *Summary of the articles of association and Maltese company law*.

Senior Management

Anglers' senior management is currently comprised by the chief executive officer Michael Bennett (see information under *Board of directors* above).

Auditors

Since the Angler Group at present conducts no operations, no auditor has been appointed. The Company is in discussions with a number of auditors and will appoint a well-reputed auditor in due time before the listing on AktieTorget.

Other Information on the Board of Directors and Senior Management

Remuneration and benefits

The board of directors' remuneration is resolved upon by the general meeting. Remuneration to the group chief executive officer is decided by the board of directors. Remuneration to officers of the company directly subordinated to the chief executive officer is decided by the chief executive officer after consultation with the board of directors. The principle that each manager's manager shall approve decisions on remuneration issues is applied within the group. The following principles apply to the group senior management.

- The remuneration shall be adjusted to conditions on the market and competitive in order to enable to attract and keep qualified managers. The remuneration shall consist of a fixed salary and, where appropriate, a variable salary.
- Any variable remuneration that may be offered to senior management shall be determined by the accomplishment of targets, for the Angler Group as well as for the individual, in relation to management result and the Company's financial development taking into account the personal development of the manager concerned. Such targets shall be set in advance.

If there are particular reasons, the board of directors may deviate from the remuneration policy in specific cases.

The directors' remuneration in April 2012 amounts to EUR 41,000 annually allocated to EUR 17,000 to David Gray, EUR 12,000 to Michael Bennett and EUR 12,000 to Sarah Borg.

In addition to the directors' remuneration, Michael Bennett receives EUR 48,000 annually in remuneration as chief executive officer and chief executive officer of the Angler Group.

The company has no warrant incentive programme or similar.

Legal considerations and other information

Angler does not conduct any operations and only holds shares in other companies. Angler's Curaçao-based subsidiary Starfish owns a gaming integration platform, certain gaming software and certain customer databases. Starfish conducts gaming via Internet and primarily offers casino gaming to customers from Africa, Europe and South America.

Regulatory matters

Angler's subsidiary Starfish has a gaming licence on Curaçao which is of major importance for the company's operations. Starfish is considered to be dependent on the current – or similar – gaming licence.

Angler considers that the Angler Group have all permits required for the operations.

Re-structuring – regarding the relation to Betsson

In connection with Betsson Malta Ltd's shift to another gaming platform, platforms for gaming integration have become redundant for its continued operations. Hence, one of these platforms, certain software and certain customer databases have been transferred to Angler's Curaçao-based subsidiary which, at the time of the transfer, is owned by the same parent company as Betsson Malta Ltd; Betsson AB. The assets were transferred at market value.

The transfer of the gaming platform, the customer databases and remaining software follows from a transfer agreement between Betsson Malta Ltd and Starfish, under which Starfish obtains complete proprietary right and right of use to the assets except for restrictions regarding re-transfer. The re-transfer and Starfish's use of the gaming platform is also limited in case a significant concentration of the shareholding in Angler would occur. Otherwise, Starfish can freely develop and manage the assets but not transfer them to a third party. With this exception, no agreements exist between Angler and its subsidiaries on the one hand and Betsson and its subsidiaries on the other hand.

Agreements

Angler is a holding company and, as such, has no agreements of material importance for the operations. Thus, what is stated below only relates to Starfish. It shall be noted that Starfish has not entered into any agreement of material importance.

Customer agreements

Starfish is not, and is not expected to become, dependent on any individual or a small number of customer agreements for its operations. The company's customer base is expected to be comprised of a large number of customers who make relatively small stakes. The customer agreements will, thus, be of material importance for the operations, however not individually.

Supply agreements regarding gaming services

Starfish's current strategy is to have at least two gaming suppliers at any given time in order to minimise the risk of income losses should a supplier suffer from service interruptions or decide to leave a core market. The selection criteria for suppliers of gaming services will be based on *inter*

alia Starfish's needs in terms of marketability, implementation time, manageability of services and costs. Starfish is currently negotiating with a number of gaming suppliers.

Supply agreements regarding payment transfers

Starfish will enter into agreements with a company which supplies e-commerce transaction solutions. Important factors when selecting supplier is that the supplier can process a wide selection of payment possibilities, such as credit, debit and pre-paid cards, e-wallets, international bank transfers and paper checks. In addition, the service has to include control of fraudulent behaviour.

Supply agreements regarding support

Starfish has entered into an agreement with Live Person regarding live support services on the Company's websites.

Miscellaneous

In addition to the above, Starfish has entered into (or will enter into) a large number of agreements regarding, *e.g.*, affiliate services and email systems which will be important to the operations.

Disputes

The company has not been party to any legal or arbitration proceedings (including not yet settled matters or matters that the company is aware of may arise) during the last twelve months, and that recently had or could have material negative effect on the Company's or the Angler Group's financial position or profitability.

Insurances

A review of the group's needs and scope of the insurance coverage shall be made. The board of directors shall thereafter conclude whether Angler has a satisfactory protection in relations to the risks entailed with the operations. Angler will take up a professional liability insurance policy for the chief executive officer and the board of directors which will be in force as from and including the listing on AktieTorget.

Related party transactions

No agreements exist between Angler and Betsson or its shareholders (in addition to what is stated under the section *Re-structuring – regarding the relation to Betsson*).

Intellectual property rights

Angler has no material intellectual property rights. Starfish has proprietary right and right of use (with the restrictions set forth above) to the gaming platform which up until now has been used by subsidiaries to Betsson as well as certain gaming software and copyright to accompanying material that is developed within Starfish. Regulations in relation to this in employment and consultancy agreement are of material importance in order to limit the risk of employees or consultants claiming copyright to what is developed. The board of directors considers that the regulations in place in the employment agreements provide sufficient protection in relation to this matter.

Tangible assets

Angler and its subsidiaries hold no real estate.

Angler's subsidiary Starfish owns and leases technical equipment of material importance to the operations. Existing technical equipment is considered sufficient for the estimated growth two years.

Registration and legal form

Angler's corporate registration number is C 55255. The company was founded by Betsson AB (publ), through Olga Finkel by proxy, in Malta on February 8, 2012, and was registered on the same day with the Registry of Companies in Malta. The company's trade name is Angler Gaming plc. The company's legal form, a Maltese public limited liability company, is regulated by the Companies Act 1995. The company complies with Maltese legislation.

Summary of the articles of association and Maltese company law

The Company's activities are governed by Maltese law, primarily by the Companies Act 1995, Cap.386 of the Laws of Malta (the "Companies Act"), and the articles of association of the Company (the "Articles").

The following is a summary of the rights of the shareholders of the Company based on current Maltese law and the Articles. This summary is not, and does not purport to be, a complete analysis of Maltese company law. A copy of the Articles is available on the Company's web site.

Shares

The Articles of the Company provide that the shares of the Company shall be dematerialised and registered with a Central Securities Depository in Malta and/or Sweden and/or elsewhere as allowed by applicable law. Accordingly, the terms and conditions relating to the shares of the Company, including their issuance, transfer, redemption and/or cancellation, shall be governed by the rules of the Central Securities Depository providing dematerialisation.

The register of members of the Company shall be maintained by the relevant Central Securities Depository in the form of a CSD register. No person shall be entitled to receive a certificate in respect of any share which has been issued by the Company for so long as the title to a share is evidenced in a dematerialised and uncertificated form.

Shareholders meetings

The Company is to hold an annual general meeting once every year. Not more than fifteen (15) months shall elapse between the date of one annual general meeting of the Company and the next. General meetings other than annual general meetings are extraordinary general meetings.

The Articles provide that general meetings, whether annual or extraordinary, are to be held in Stockholm, Sweden, or at a place as may be determined by the board of directors of the Company. Extraordinary general meetings are convened by the board of directors of the Company. The board of directors may whenever they think fit and upon requisition of a member/s holding at the date of the requisition not less than 10% of the paid up share capital of the Company carrying the right to vote at general meetings of the Company. General meetings, whether annual or extraordinary, must be called by at least twenty-one (21) days' notice in writing. In terms of the Articles of the Company, the requirement to serve notice of a general meeting shall be satisfied if such notice is published in "Dagens Industri" and on the Company's web-page in English and in Swedish. Notices shall include information concerning the place, date and time of the meeting, as well as the general nature of the business to be transacted and if any resolution is to be proposed as an Extraordinary Resolution the notice shall contain a statement to that effect. Notices must also clearly state that a shareholder entitled to attend and vote at the meeting has the right to appoint a proxy or proxies to attend and vote on behalf of him and that a proxy need not be a member of the Company. The quorum required for a general meeting to transact any business is two (2) members entitled to vote at the general meeting, present in person or by proxy. At a general meeting, the chairman of the board of directors shall preside as chairman of the meeting. Voting Rights

In terms of the Articles, each share of the Company shall carry one (1) vote at any general meeting of the Company. Persons wishing to participate in and vote at a general meeting must be entered as shareholders in the relevant Register of Members kept by the relevant Central Securities Depository updated five (5) business days prior to the date of the proposed general meeting. Every member shall be entitled to appoint a proxy. Appointment of a proxy shall be valid only when carried out in accordance with the Articles. In the case of an equality of votes, the Chairman presiding over the general meeting shall be entitled to a casting vote.

Transfer of shares

Article 118 of the Companies Act stipulates that a transfer of shares shall be made in writing and that a company shall not register a transfer of shares unless a proper instrument of transfer (or an authenticated copy thereof) shall be delivered to the company. The Article however states that such requirement shall not apply to shares of a public company held or evidenced in a dematerialised or uncertificated form, such as those of the Company. This position is also supported by Article 28 of the Financial Markets Act. In terms of this the shares of the Company may be transferred by an entry on the register maintained at the relevant Central Securities Depository and no instrument in writing shall be required for this purpose. In terms of the Articles of the Company, transfers of shares which are dematerialised shall be subject to the applicable laws, rules, regulations and by-laws of the relevant Central Securities Depository and, when such shares are listed on the Stock Exchange, the rules and regulations of the Stock Exchange. The shares shall be eligible for electronic trading and settlement in accordance with the said rules and regulations.

There are no pre-emption rights under the Articles or in terms of applicable law in favour of existing members upon the transfer of shares in the Company.

Changes in capital

Under the Articles, the Company may by ordinary resolution:

1. increase its issued share capital;
2. divide and consolidate all or any of its shares into shares of larger amount than the existing shares;
3. cancel any shares which, at the date of passing of the resolution, have not been taken (or agreed to be taken) by any person and diminish the amount of its capital by the amount of the shares so cancelled, and
4. subdivide all or any of its shares into shares of smaller amount than that fixed by the memorandum and articles of association (subject to the provisions of the Companies Act). Where subdivided, the resolution may determine that, as between the shares resulting from the sub-division, one or more shares may have any such preferred, deferred or other special rights or be subject to any such restrictions as may be determined by the Company.

The shareholders may also, by extraordinary resolution and subject to any conditions and restrictions under the Companies Act:

1. reduce its share capital, share premium account or other undistributable reserve; and

2. buy-back any of its shares. During such time as it holds any of its shares, the Company may not exercise any right attached to the shares, including any right to attend and vote at general meetings and the right to receive any distributions.

In terms of the Articles the board of directors are authorised, subject to an ordinary resolution of the shareholders, to allot all unissued shares of the Company to such persons as they think proper. Amendments to the memorandum and articles of association, including variation of rights any alteration or amendment to the memorandum and/or articles of association of the Company requires an extraordinary resolution of the shareholders, provided that where the alternation consists in a change of registered office of the Company (such change may be effected by a resolution of the board of directors). In terms of the Articles, certain articles may not be amended, varied or deleted except with express written approval by the relevant Central Securities Depository. Although currently there are no classes of shares issued by the Company, new shares may be issued with such rights and restrictions (whether with respect to dividend, voting, return of capital or otherwise) as the Company may determine by means of an ordinary resolution, or in absence of such decision, as the directors may determine.

The current Articles do not allow for any change or variation to rights of different classes of shares.

Minority rights

The Companies Act confers a number of individual membership rights and qualified minority rights on shareholders against the oppression by the majority, most notably:

1. the right to request the court to order the holding of a general meeting or board meeting;
2. the right to request the court to dissolve the company, which demand can be made on a number of grounds, the most important being that there exists sufficient gravity to warrant the dissolution and consequent winding up of the company;
3. the right to request an extraordinary general meeting by shareholders holding in the aggregate at least 10% of the paid up share capital of the company;
4. the right, for shareholders holding in the aggregate at least 10% of the paid up share capital of the company, to apply for an investigation into the affairs of the company at the request;
5. the right to bring a derivative action in respect of a wrong done to the company where the wrongdoers are in control and prevent the company from suing ('Fraud on the Minority'); and
6. the right to file an application to the court concerning the managing of the affairs of the company, or conduct or acts or omissions, that is/are oppressive, unfairly prejudicial or unfairly discriminatory to a member or members.

It should also be noted that there are no mandatory minority shareholder protection rules, with respect to the Board's composition,. However, shares may be divided into classes of shares and a class of shares may be provided the right to appoint a number of directors. This may allow minority shareholders some representation at board level. Minority shareholders also enjoy other rights at law.

Election and removal of directors

As a public company, Angler shall have at least two (2) directors. In terms of the Company Act, there is no maximum number of directors that may be appointed to the Board, however it is customary for the Memorandum of Association of a company to stipulate a maximum number. The Memorandum of the Company provides that the directors of the Company shall not be less than two (2) and not more than five (5) in number. Directors of the Company are appointed by means of an ordinary resolution passed by the shareholders. A director shall be appointed for the term until next annual general meeting.

The shareholders of the Company may, by means of an ordinary resolution, remove any director from office. Such removal shall be without prejudice to any claim which the director may have for damages for breach of any private agreement between the Company and the director. In terms of the Companies Act, upon receipt of a notice of a proposed resolution to remove a director, the Company shall promptly send a copy thereof to the relevant director and the latter shall have the right to be heard on the resolution at the meeting.

Dividend

Under the Articles the shareholders may, by ordinary resolution, declare dividends provided that the dividend does not exceed the amount recommended by the board of directors and furthermore provided that no dividend shall be paid otherwise than out of profits available for distribution in terms of the Companies Act. Additionally, in so far as in the reasonable opinion of the directors the profits of the company justify such payments, the directors may pay fixed dividends on any class of shares giving right to a fixed dividend and/or interim dividends on shares of any class of such amounts as they think fit. No dividend shall bear interest as against the Company.

The directors may, if previously authorised by an ordinary resolution of the shareholders, offer to ordinary shareholders the right to receive an allotment of new shares credited as fully paid up instead of a cash dividend. Additionally, the company may by means of an ordinary resolution and upon a recommendation of the board of directors, resolve on direct payment of a dividend in whole or in part by the distribution of specific assets. The directors shall be bound to give effect to such resolution of the shareholders. The waiver of a dividend shall only be effective if it is in writing, signed by the relevant shareholder and delivered to and accepted by the Company.

Under the Articles, dividends are to be paid in accordance with the procedures stipulated by the relevant rules, regulations and/or bye-laws of the relevant Central Securities Depository. This Central Securities Depository shall also be responsible for the payment of dividends on behalf of the Company.

Rights of redemption and purchase

In terms of Maltese law, only preference shares may be issued as redeemable. In order for a company to issue preference shares which are to be redeemed or are liable to be redeemed at the option of the company, the memorandum or articles of association of the company must authorise the Company to issue the same. Additionally, in order to be validly carried out, the redemption of such preference shares must comply with a number of conditions contained in the Companies Act. The

Articles of the Company do not contain any authorisation for the Company to issue redeemable preference shares.

In terms of the Company Act and the Articles, the Company may buy-back any of its shares, provided the requirements stipulated in the Companies Act are complied with, namely:

1. an extraordinary resolution is to be carried out to determine terms and conditions of acquisition, including the maximum number of shares to be acquired and the duration of the period for which authorization is given, which shall not exceed 18 months.
2. the shares already held by the company itself are to be treated as carrying no voting rights.
3. the nominal value of the acquired shares (including shares previously acquired by the company and held by it) must not exceed 10 percent of the issued share capital.
4. no acquisition may be made if on the closing date of its last accounting period the net assets are lower than the amount of issued share capital together with its undistributable reserves.
5. the acquisition must be made either out of the proceeds of a fresh issue of shares made specifically for that purpose, or out of its distributable profits.
6. the shares must be fully-paid up shares, and
7. a company may not become the only holder of its own shares as a result of the acquisition.

Certain conditions may be dispensed with in particular circumstances as provided for under the Companies Act. Where shares are acquired by the Company otherwise than in accordance with the conditions specified under the Companies Act, then the shares are to be disposed of within one year from their acquisition, and failing the same, the Company is required to cancel such shares within six (6) months from the expiry of the said year.

Pre-emptive right

The Companies Act lay down mandatory pre-emption rights in favour of existing shareholders upon the allotment of new shares by a public company. For a public company, upon a fresh allotment, the shares shall first need to be offered to existing shareholders *pro rata* the share capital held by them. The statutory right of pre-emption may be restricted or withdrawn by extraordinary resolution of the general meeting following a proposal by the board of directors supported by a written report from the board indicating the reasons for restriction or withdrawal of the right of pre-emption and justifying the issue price. Where such right is not withdrawn, upon a proposed allotment of shares, the Company will need to comply with specific procedures under the Companies Act. It is to be noted that where the memorandum or articles of association of a public company authorise the Board, subject to approval by means of an ordinary resolution of the shareholders, to issue shares up to a maximum amount as may be specified in the said Memorandum or Articles, then it may also authorise the board of directors to restrict or withdraw the right of pre-emption. This authorisation is not found in the Company's Articles and accordingly the board would need to obtain approval by the general meeting in order to withdraw the statutory pre-emption rights (as stated above).

There are no pre-emption rights under the Articles or law, in favour of existing members upon the transfer of shares in the Company. Shareholders' votes on certain reorganisations

According to the Company Act the decision to convert, amalgamate or divide a company, in order to be valid, requires the approval of the shareholders by means of an extraordinary resolution.

Liability of the directors

In terms of Maltese law, the directors of the Company have a number of duties and responsibilities which may be broadly classified as:

1. duties of a general nature such as duties of loyalty and duties of care and skill, and; skyldigheter av generell natur, såsom lojalitetsplikt och omsorgsplikt, och
2. statutory duties such as duties concerning the maintenance of statutory registers and minute books, returns and filings and duties relating to board and general meetings.

The personal liability of the directors in damages for any breach of their duties is joint and several. However, provided that a particular duty has been entrusted to one or more of the directors, only that director or directors shall be liable in damages. Furthermore a director shall not be liable for the acts of the other directors if he proves either:

1. that he did not know of the breach of duty before or at the time of its occurrence and that on becoming aware of it after its occurrence he signified forthwith to the co-directors his dissent in writing; or
2. that, knowing that the co-directors intended to commit a breach of duty; he took all reasonable steps to prevent it.

Sanctions imposed upon directors personally for breach of duties and obligations may range from penalties imposed by the Registrar of Companies (e.g. in the case of administrative duties) to damages.

Certain wrongs on the part of directors may also give rise to a criminal offence punishable by a fine and/or imprisonment. This exposure could, for example, arise from breaches of taxation laws and anti-money laundering legislation. Furthermore, certain tax legislation (such as the Social Security Act, the Income Tax Act, and the VAT Act) impose a personal liability on directors for certain debts which would in normal course be due and payable by the Company.

The Company Act provides that any stipulation exonerating a director for actions which are negligent or in breach of his/her duties shall always be void even though it may be contained in a private contract or in the memorandum and articles of association. Notwithstanding the general prohibition against indemnity provisions the Company may indemnify a director against any liability incurred by him/her in defending any proceedings in which judgement is given in his/her favour or in which he/she is acquitted. Furthermore, the Company may purchase, maintain in force and pay the relative premium for insurance packages against any such liability for the benefit of its directors. The director is also allowed to take out insurance in such regard.

Director's fee

The remuneration of the directors is to be determined by the directors provided that such remuneration shall not exceed an aggregate amount per year as may from time to time be determined by ordinary resolution of the shareholders of the Company.

In terms of the Articles the directors are authorised to pay such extra remuneration by way of salary, commission or otherwise to any director who holds an executive office (such as the Chairman of the Board), or who serves on any Board committee or who otherwise performs services which are outside the scope of the ordinary duties of a director. The Company may also reimburse any director for all such reasonable expenses as he/she may incur in attending Board meetings, shareholders' meetings or Board committee meetings and may also pay, or agree to pay, to a director any gratuities or pensions.

Disclosure of interest

There is no requirement under the Companies Act for a person to notify a public company when he/she becomes the holder of a certain percentage of the share capital of the company. Yet the Financial Markets Abuse Act, which transposes the EU Directive dealing with insider dealing into Maltese law, provides that any person discharging managerial responsibilities within an issue of financial instruments and where applicable, persons closely associated to them, shall notify the Malta Financial Services of the existence of transactions conducted on their own account relating to shares of the said issuer.

Distribution of assets on liquidation

In terms of applicable law, a company may be wound down voluntarily (outside of court) or by decision of the court. Any director, creditor or shareholder may petition the court for the Company to be wound in accordance with the conditions laid down in the Companies Act.

On a winding down of the Company the assets and property of the Company shall be applied in satisfaction of its liabilities *pari passu*, and any excess is then returned to its shareholders *pro rata* their shareholding. In terms of the Articles the liquidator of the Company may, with the authority of an extraordinary resolution of the shareholders, effect distributions in-kind.

Untraced shareholders

The Articles do not contain any specific provision in relation to untraced shareholders. Article 89 does however provide that any dividend which remains unclaimed for a period of twelve (12) years from the date on which such dividend was declared or became due, shall be forfeited and shall revert to the Company.

Tax issues

The following is a summary of the tax consequences which, according to current applicable Swedish and Maltese tax regulations, can arise due to the holding of shares in Angler. This summary is intended for shareholders with unlimited tax liability in Sweden, unless stated otherwise. This is not intended to address, in an all-inclusive manner, all tax issues which can arise in this context, but is only intended to provide general information. The fiscal assessment of each, individual shareholder or owner is partly dependent on the respective shareholder's or owner's specific situation. The summary does not address, for example, the special regulations applying to so-called qualified shares in close companies (Sw. *kvalificerade aktier i fåmansföretag*) or equity related securities owned by partnerships or limited partnerships, or such legal entities whose holdings of equity related securities are considered to comprise current assets (stock-in-trade). Certain tax consequences which are not described can also arise as regards other categories of shareholders or owners, such as investment companies, investment funds and individuals who are not tax resident in Sweden. Each shareholder and owner is recommended to obtain advice from tax experts regarding the tax consequences which can arise as a result of owning shares in Angler, for example, as a result of foreign regulations, double tax treaties or other special regulations which may apply.

Tax considerations – Sweden

Lex ASEA

Betsson's distribution of shares in Angler should, according to the general rule, be considered a taxable dividend. The dividend in question is, however, planned to be made in accordance with the so-called Lex ASEA rule (Chapter 42, Section 16 of the Income Tax Act) which implies that the distribution of shares in Angler is not taxable for the recipient.

For shareholders who are not tax resident in Sweden, Swedish withholding tax is usually imposed on dividends from Swedish limited liability companies. A dividend according to Lex ASEA is, however, exempt from Swedish withholding tax.

As the distribution of shares is treated according to Lex ASEA, an allocation of the tax basis for the shares in Betsson is made between the shares in Betsson and in Angler. The tax basis for the shares in Angler is comprised of that portion of the tax basis for the shares in Betsson corresponding to the change in market value for the Betsson shares arising as a result of the Lex ASEA distribution. The tax basis for the shares in Betsson is to be reduced correspondingly.

Betsson intends to apply to the Swedish Tax Agency for a so-called General Advice (Sw. *Allmänt råd*) as regards the manner in which the tax basis for the shares in Betsson is to be allocated between the shares in Betsson and in Angler. This advice will be published on the Swedish Tax Agency's, Betsson's and Angler's websites.

Taxation on the sale of shares – individuals

Individuals and the estate of a deceased individual, with unlimited tax liability in Sweden, are taxed on the entire capital gain as income from capital, from the sale of listed shares. Tax is levied at 30 percent of the capital gains. Capital gains and capital losses are calculated as the difference between the sales proceeds, after deducting sales costs, and the tax basis. The tax basis is deter-

mined in accordance with the so-called average cost method, which implies that the average cost amount for all shares of the same class and type as the sold shares is to be applied in the calculation. Capital losses are, as a general rule, deductible to 70 percent in the capital income category. Capital losses on listed shares may, however, be fully deducted against capital gains arising in the same year on listed shares and other listed equity related securities, and against taxable capital gains on unlisted shares. If there is a net loss in the capital income category, a tax reduction of 30 percent is granted on that portion of the net loss which does not exceed SEK 100,000 and of 21 percent on the net loss which exceeds SEK 100,000. This tax reduction is settled against municipal and national income tax and against real estate tax and municipal real estate charges. A net capital loss cannot be carried forward to future fiscal years.

Taxation on the sale of shares – legal entities

With limited liability companies and other legal entities, except for estates of deceased individuals, all income is taxed as income from business at a tax rate of 26.3 percent. Deduction for capital losses on shares is granted only against taxable capital gains on shares and other equity related securities. In certain cases, such capital losses can be deducted against capital gains on equity related securities within a corporate group if the companies have the right to tax consolidated by way of group contributions. Capital losses which have not been utilised in this manner during a given year can be utilised against taxable capital gains on shares and other equity related securities during following fiscal years. For limited liability companies and economic associations, capital gains from the sale of shares can, however, be tax exempt if the participations are held for business purposes. Capital losses on participations held for business purposes are not tax-deductible. Non-listed participations are always considered to be held for business purposes. Listed participations are considered to be held for business purposes if the holding amounts to at least 10 percent of the votes or if the holding is contingent with the business operations. The tax exemption on capital gains on listed participations presumes, furthermore, that the participations are not to be sold within one year from becoming considered to be held for business purposes by the holder. Capital losses on listed participations held for business purposes which are held for a period shorter than one year are tax-deductible.

Tax on dividends

Dividends received are, in their entirety, taxable for individuals and estates of deceased individuals and the tax rate is 30 percent. For legal entities, except for estates of deceased individuals, the tax rate is 26.3 percent. For limited liability companies and economic associations, dividends on shares held for business purposes are tax exempt. The tax exemption on dividends on listed shares presumes, in addition, that the shares have been held during a consecutive period of at least one year from the shares becoming considered to be held for business purposes (see previous definition) by the holder. The requirement regarding the holding period does not need to be met at the point of payment of the dividend. If listed participations are sold before the holding period requirement being met, the dividend is taxable in the hands of the recipient.

For individuals domiciled in Sweden, preliminary tax is generally withheld at 30 percent. The preliminary tax is normally withheld by Euroclear Sweden or, in the case of trustee registered shares, by the trustee.

CFC taxation (Controlled foreign company)

The Swedish regulations regarding CFC taxation aim at taxing Swedish tax subjects (individuals and legal entities) for direct and indirect share holdings in low-taxed foreign entities. A foreign company is considered to be low-taxed if the revenues in the company, calculated in accordance with Swedish regulations, are taxed at a rate lower than 14.5 percent. Starfish would, in this context, be considered as a low-tax foreign entity.

Direct or indirect shareholding comprising at least 25 percent (of share capital or votes) in the low-taxed foreign entity would result in Swedish CFC taxation of the shareholder. In this context, associated individuals and legal entities are aggregated and deemed to be one shareholder when the shareholding portion is calculated. An individual is deemed to be an associate of a legal entity which he or she directly or indirectly controls. Likewise, individuals who are related to one another are considered to be associated.

As Starfish is considered to be a low-tax foreign entity, a direct or indirect ownership in Starfish amounting to at least 25 percent (of the share capital or votes) could result in Swedish CFC taxation.

Based on the current ownership structure of Betsson (see page 2), the distribution and listing of shares in Angler should not result in any Swedish CFC taxation.

Shareholders with limited tax liability in Sweden

Shareholders who are not tax resident in Sweden are usually not taxed in Sweden on the sale of foreign shares, subscription rights or warrants. However, the shareholder may be liable for tax in the country in which the shareholder has his or her domicile.

Foreign legal entities are generally only liable to tax in Sweden on capital gains on shares, subscription rights or warrants which are attributable to a so-called permanent establishment in Sweden. For permanent establishments, the regulations regarding capital gains and capital losses on participations held for business purposes apply; however, with certain limitations.

Tax considerations – Malta

Corporate income tax

Corporate revenues are taxed at a rate of 35 percent in Malta. As Angler will not undertake any operations in Malta other than the management of share holdings, the company's revenues will only consist of dividends from subsidiaries. Such dividends are exempted from Maltese tax.

There are no CFC regulations or similar tax legislation on Malta.

Tax on dividends

Dividends from Angler to its Swedish shareholders are not subject to Maltese withholding tax.

Financial information

Significant changes in the Company's financial or trading position in the market have not occurred since the date of the financial information included in this section, which is March 31, 2012.

Balance Sheet

Consolidated Balance Sheet	
<i>EUR thousands</i>	2012-03-31
ASSETS	
Fixed assets	
<u>Intangible fixed assets</u>	600
<u>Total intangible fixed assets</u>	600
<u>TOTAL FIXED ASSETS</u>	600
Current assets	
Other receivables	2,500
<u>TOTAL CURRENT ASSETS</u>	2,500
<u>TOTAL ASSETS</u>	3,100
EQUITY AND LIABILITIES	
Equity	
Share capital	420
Other capital contributed	2,680
<u>TOTAL EQUITY</u>	3,100
<u>TOTAL EQUITY AND LIABILITIES</u>	3,100

Comments on the financial development

General

Angler is in a start-up phase and will, according to the management's forecast, bear its own costs from the beginning of May 2012, meaning no income statement is attached. Below is the business plan that the company will operate on for the first three years in business. All amounts are stated in EUR thousands, unless otherwise stated.

	2012-12-31	2013-12-31	2014-12-31	2015-12-31
Income	109	1,253	3,285	5,445

The estimated revenue is based on the success of Starfish to attract and activate players in the future. Angler's net gaming revenue for the forthcoming years in the budget are based on historical data from Betsson sites and B2B partners (*business to business*) and a combination of some variables, such as overall growth rates for emerging markets, the probability to reactivate inactive customers, as well as general industry experience based on internal discussions at Betsson.

	2012-12-31	2013-12-31	2014-12-31	2015-12-31
EBITDA	-666	-906	397	1,828

The profit in the budget for the next two years are estimated to be negative until the gaming volumes reach levels where the business is producing positive earnings. Marketing for a company in this phase is important and a large portion of the total costs are within this category. Marketing will be implemented through affiliate agreement allowing the company to pay only for the revenue generated. Operations are planned to result in a profit during the third full year.

Assets	2012-04-30	2012-12-31	2013-12-31	2014-12-31	2015-12-31
Intangible fixed assets	600	520	310	97	15
Tangible fixed assets	188	125	63	0	
Other receivables	2,500	1,593	680	1,069	2,890

The Company's intangible assets consist of the provided gaming software and gaming platform. These are amortized over three years. The tangible asset consists primarily of computer hardware that is procured and is depreciated over three years. The Group holds cash of EUR 2,500,000 at the start, which is considered sufficient to finance the expansion until the Group is self-financed.

	2012-12-31	2013-12-31	2014-12-31	2015-12-31
Investments	241	8	8	8

During the first calendar year, it is assessed that Starfish has to invest EUR 241,000 in hardware and EUR 54,000 in software. Afterwards, an estimated annual requirement for product development of EUR 8,000 will be capitalized.

	2012-12-31	2013-12-31	2014-12-31	2015-12-31
Equity	2,301	1,177	1,354	3,093

Equity will be affected by amortization of intangibles of EUR 133,000 in 2012, EUR 218,000 in 2013 and EUR 220,000 in 2014 and then only affect the capital and reserves marginally. Equity will be affected by depreciation of tangible assets of EUR 63,000 in 2013, 2014 and 2015. No long-term interest-bearing loans are planned to be used.

Cash flow and liquidity	2012-04-30	2012-12-31	2013-12-31	2014-12-31	2015-12-31
Cash flow	n.a.	-907	-913	390	1,821
Liquidity	2,500	1,593	680	1,069	2,890

The Group plans to generate positive cash flow during 2014.

Working capital

The board of directors believes that existing cash resources are sufficient to fund the operations until it is self-financed.

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