Annual report and accounts 2015

Kambi Group plc

www.kambi.com

Kambi at a glance

Kambi Group plc is a B2B provider of premium sports betting services to licensed gaming operators. Our services encompass a broad offering from front-end user interface through to odds compiling, customer intelligence and risk management, built on in-house developed software. We currently provide our services to 12 operators, and we have seen our revenue increase by 32% in 2015. We employ 441 staff across offices in Malta (headquarters), Bucharest, London, Manila and Stockholm.

This report will give you detailed information of our performance in 2015, the sports betting market and our view of the future. Kambi Group plc is listed on First North at NASDAQ Stockholm under the symbol 'KAMBI'.

Contents

Relevance, availability and playability

Kambi is driven by creating a premium Sportsbook with the power to transform revenues.

Introduction
It all starts with the data

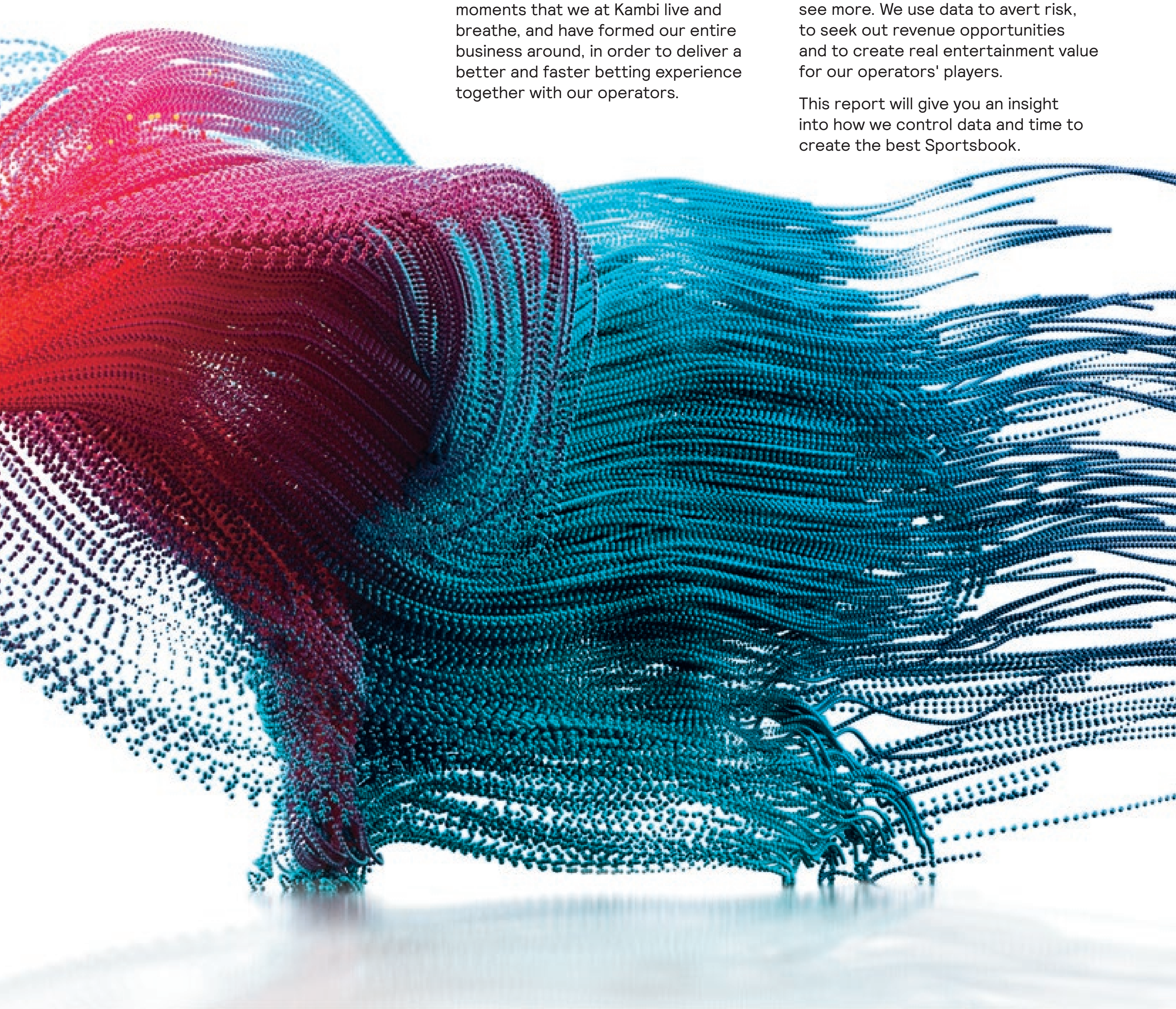
It all comes down to those thrilling moments of suspense. When the player has done the analysis, chosen the side and all that remains is to wait... wait, watch and hope. On the other side of the extra time awaits the reward; not only is it a monetary one but also that sense of accomplishment, that feeling of having outsmarted the rest.

It is in these moments that very few forms of entertainment can be compared to sports betting. It is these moments that we at Kambi live and breathe, and have formed our entire business around, in order to deliver a better and faster betting experience together with our operators.

In a rapidly changing world of technology, regulation and competition, where possibilities as well as obstacles grow exponentially, Kambi delivers new ways of cutting through for the operators and new ways of elevating these moments for the players.

How does Kambi adopt and maintain a competitive advantage? It is about seeing what you cannot readily see. The unseen. Data. Looking at it differently. Through data we can see more. We use data to avert risk, to seek out revenue opportunities and to create real entertainment value for our operators' players.

This report will give you an insight into how we control data and time to create the best Sportsbook.



Strategic report
Chairman's statement

Digitalisation is powering with full force through the whole community, both locally and globally. It is affecting everyone and everything — people, companies, organisations and countries.

Today we expect to be connected anywhere and anytime. Mobile accessibility without limits is a given. We share information and enjoy entertainment online in a non-stop stream. We have smarter, faster, more secure and accessible devices. Digitalisation creates opportunities for innovation based on data and analytics and the possibility to measure and extract data. In an entirely new way, this allows us to understand the consumers and tune products to perfection to meet expectations by creating innovative services.

As more and more people are connected, more companies are seeking to catch the consumer's attention. Innovation in the mobile channel is enabling the consumer, through choice, to demand excellence in the product and in its user experience. The competition for the consumer's attention is today, more than ever, what it is all about.

To thrive in this landscape requires specialisation and this is what we at Kambi so successfully perform for our operators. Innovation, built on the composite picture we get from the data, to deliver entertaining customer experience, is what our operators and their players expect from Kambi. And we deliver, at all times.

Lars Stugemo
Chairman

> "Digitalisation creates opportunities for innovation based on data and analytics and the possibility to measure and extract data. In an entirely new way, this allows us to understand the consumers and tune products to perfection to meet expectations by creating innovative services."

Strategic report
A view from the CEO

I'm proud that Kambi, in 2015, once again delivered record revenues for our operators. Across the board, the figures are exceptional with our clients outperforming the market. Of course Kambi can only ever be as successful as our operators, so it's very gratifying to see them record such impressive figures — even more so, considering that was achieved in a year without a football World Cup or European Championship.

Our already impressive portfolio of clients was boosted by the addition of three prestigious new operators — Televisa, LeoVegas and Rank. The latter two are high-profile brands in the gaming industry and with Televisa we gained access to the Latin American market, signing a Mexican blue chip media company.

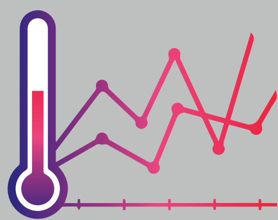
From a technical perspective we are continuously improving our product. The largest projects during the year, which we believe will have significant impact for the future, are a new HTML5 user interface across all channels and major improvements made to our Italian offering. Both these projects will support our existing operator base as well as improve our sales opportunities.

We continue to grow on all fronts: 2015 saw the opening of a new office in Bucharest, Romania, and we've been busy adding more talent to our brilliant team. We now boast over 440 dedicated, passionate and skilled staff who continue to help us deliver a premium service to our operators.

Kristian Nylén
CEO

"Across the board, the figures are exceptional with our operators outperforming the market. Of course Kambi can only ever be as successful as our operators, so it's very gratifying to see them record such impressive figures."

Overview and highlights
Winning by outperforming



265k
pre-match events

65+
sports covered worldwide

Offices in Malta, Bucharest, London, Manila and Stockholm

441

Strong cash flow

Revenue growth of
+32%

EBITDA of €13.6m

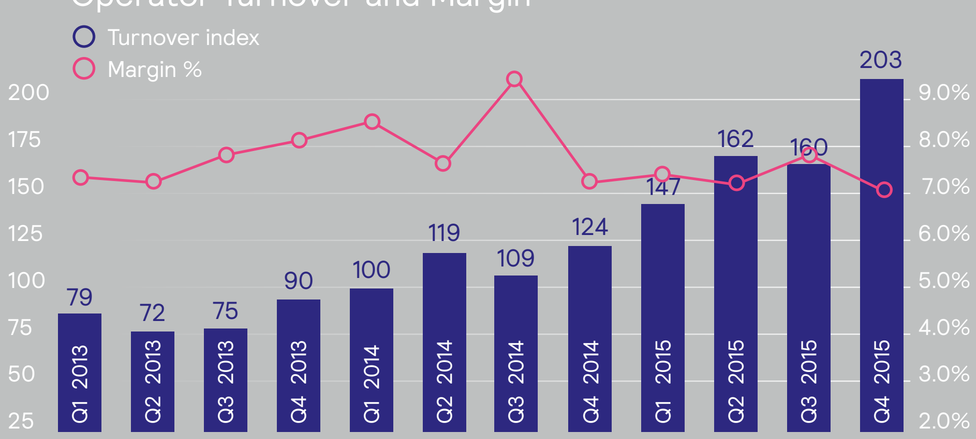
Continued growth in operator turnover powered by Kambi

125.5k live events

Healthy balance sheet and strong operating margin

€7.4m operating profit

Operator Turnover and Margin



The Kambi Turnover Index illustrates the operators' quarterly turnover and betting margin. The operator turnover of the first quarter of 2014, shown on the left-hand axis, is indexed at 100. The operator betting margin is shown on the right-hand axis. Kambi charges its operators a commission based on their result, which is calculated as the margin on their turnover. The level of operator turnover is a stronger indicator of performance than margin, which can fluctuate in the short-term due to the outcome of certain events.

Operational highlights

Awarded 'Sportsbook Supplier of the Year' by Gaming Intelligence and six of our operators were included in the eGR Power 50 list

Kambi received its full UK licence

Televisa

Contract signed with Grupo Televisa

Upgrade of the service for the Italian market

Launched tools to empower the operators with flexibility in the user interface and user experience

Contracts signed in January 2016 with LeoVegas and Rank Group

See the unseen

The Intelligent Sportsbook

To understand why operators choose to partner with the Kambi Sportsbook is to understand what sets Kambi apart.

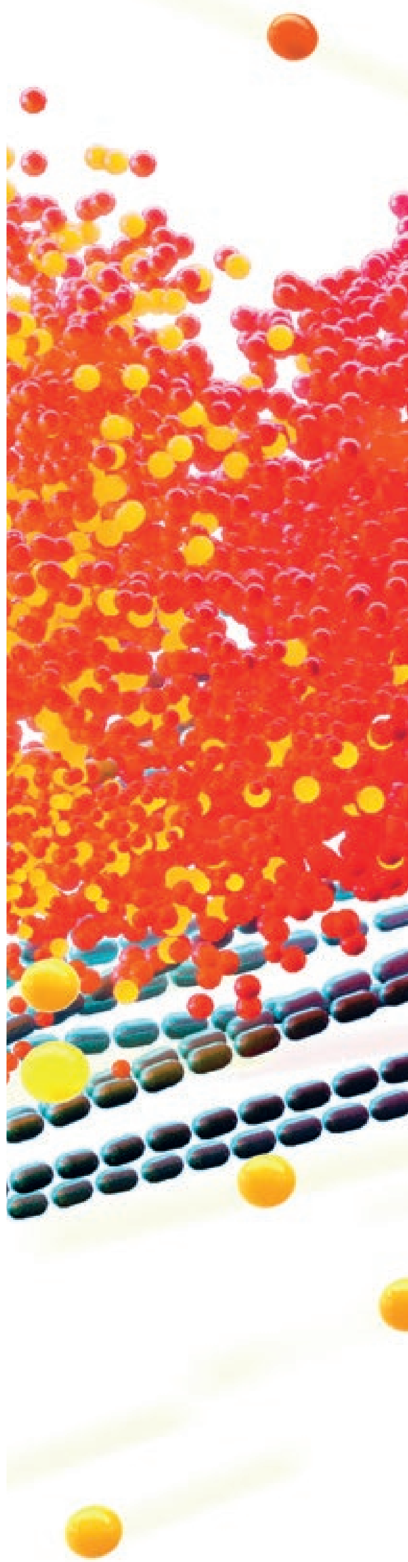
In a word, intelligence. Intelligence derived from an unmatched ability to harness the power locked within data itself. Data that empowers Kambi's operators to see more.

More security. More satisfied customers. More revenues.

Data is at the heart of our service

Why operators choose us

In the digital era, businesses are provided with a wealth of data. This allows for a far better understanding of the consumers, through which product development, innovation, operation and marketing can be driven in optimal directions. The ability to analyse and see the stories behind the data is what creates a competitive advantage and this is what Kambi's entire value proposition is based on.



With long experience, significant investment and a huge volume of network data, we have acquired a depth of understanding through complex behavioural mapping that is unrivalled in the sports betting world. We use that understanding to tweak and tune our service to perfection and to optimise risk margins. Data drives our business, informs everything we do and contributes to our development in real, measurable insights ensuring that we deliver the ultimate Sportsbook.

Unrivalled player experience

Kambi is driven to create the best sports betting user experience available, one that is as compelling as it is revenue driving. We achieve this by focusing on a combination of factors: a dedication to sports betting; the agility and capability to adapt and respond to market developments and new technologies, and the superior quality of our data analysis which enables us to understand and satisfy today's players. This creates a player experience that is captivating, fair and entertaining.

A secure service

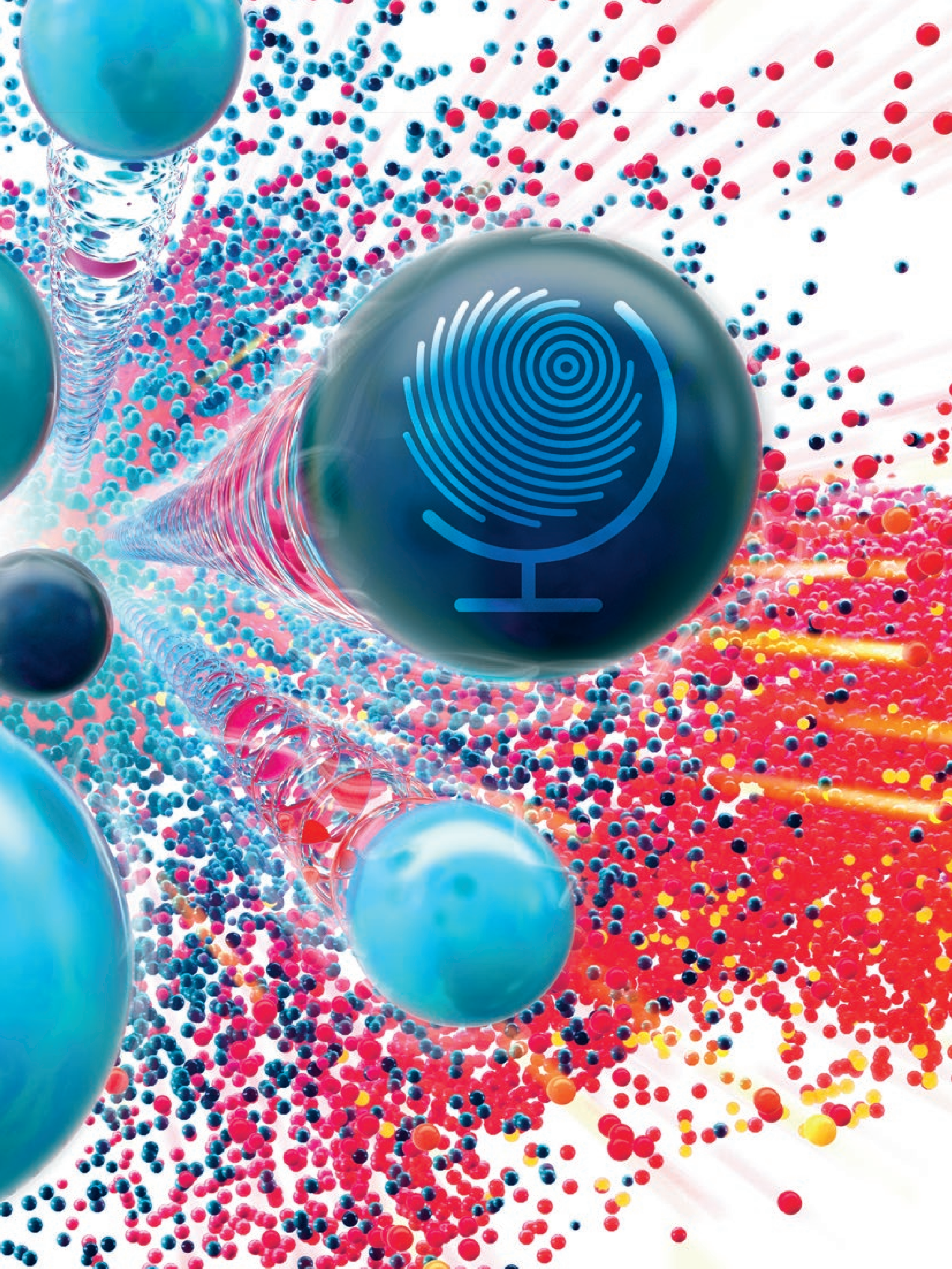
Partnering with a secure supplier is essential for business continuity and Kambi has set its service up to excel in this area. The performance of the technical systems, regulatory compliance, access to the highest quality data and an optimised approach to risk management, are what we invest in. This is what gives the stability needed for businesses to flourish in both the short and the long term. Kambi operates with an international infrastructure of over 440 employees serving operators in 22 languages, across four continents. With 100% of integrations completed on time, Kambi is recognised as the most secure supplier, providing operators with both peace of mind and the advantage of working with the most intelligent Sportsbook available.

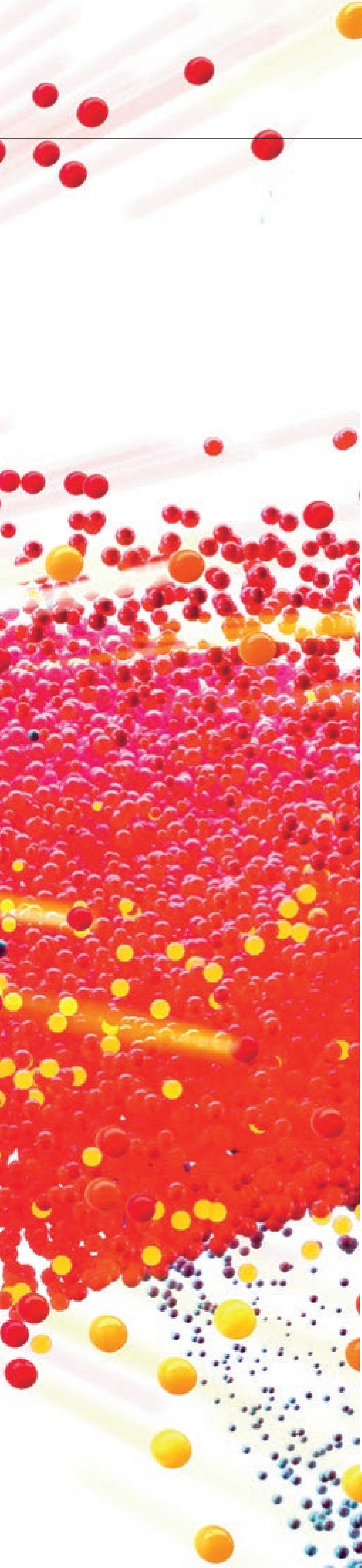
Empowering

Today's sports betting operators face a myriad of complex and costly challenges that can slow expansion down and negatively impact profitability. To power the operation in-house in order to meet all those challenges may often not make financial sense or meet quality and time-to-market demands. Kambi's Sportsbook elegantly empowers operators by providing them with a scalable and secure foundation that delivers a leading player experience, while at the same time offering them the flexibility to mould the service to fit their unique strategy and brand.

Financial growth

The premium quality of Kambi's service drives performance. This is evidenced by the transformative revenue increases seen amongst our operators. Based on a revenue sharing model, our results are driven by improving our operators' results — we are completely aligned. By working closely together to understand the strategic business objectives, we have built mutually beneficial partnerships. This empowers Kambi's business model, where our results — and those of our operators — accelerate through joint success.





The growing trend of specialisation in our industry

The world of sports betting is changing and it's changing fast

The unique excitement of placing a bet on a sporting event does not change over time, but the way we bet, and the opportunities to do so, have seen a dramatic change in the last few years.

From walking down to the local betting shop, in advance of the event, to now being able to place a bet online during a game, even on side markets such as the next throw-in. Today, staying relevant to the end user is a completely different ball game as player experience and risk management relies heavily on data analysis and advanced technical solutions.

The industry is going through significant change. The introduction of local regulations provides operators with a much greater opportunity to invest marketing money in traditional channels to drive demand. Operators are also facing product limitations and increased technical complexity to meet regulatory requirements as well as a higher tax burden. These industry forces are squeezing the operating margin and as a result we will see more consolidation and an increased shift towards outsourcing in the industry.

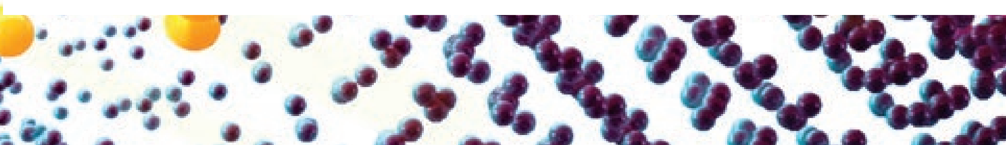
This almost perfect storm puts enormous pressure on the operator, not only from a cost perspective but also from a focus and specialisation perspective. For an organisation to excel in product delivery and at the same time split its focus by seeking to acquire players through its service proposition, marketing and brand building, is increasingly challenging.

At Kambi, we solve this problem and are proven to support operators by delivering a world-class solution at a significantly reduced cost to the operator, by utilising our scale advantages.

With the introduction of our new front-end client, we have taken a major leap in becoming a true premium service, empowering our operators to differentiate.

Utilising scale is not only advantageous in terms of being able to share the cost between multiple operators. It also enables us to collect a vast amount of behavioural data which we intelligently interpret for the benefit of our operators. Data is at the heart of everything we do: creating betting markets, managing risk and optimising user experience.

Kambi offers an outstanding service that is suitable for operators who want to compete with the very best and for players who want the maximum excitement while following their favourite sport.



The sports betting market
Market figures

Kambi's current market share is small with less than 1% and opportunities for growth are therefore large.

Market size and the growth of online

The estimated value of the global sports betting market in 2015 was €48.3 billion in Gross Gaming Revenue (GGR). Asia and Europe are the largest regions, estimated to be approximately €24 billion and €16 billion respectively.

Sports betting is estimated to grow by 25% from 2015–2020 globally across all channels and Kambi's core market – Europe online – is expected to grow by around 60% during the same period. The key driver for the European online growth is the development of mobile technology. This channel has already outgrown the traditional desktop betting in many European countries and, for Kambi, the mobile proportion of our operators' betting activities is already the majority.

Regulation

At Kambi we expect to see more governments introduce local online gaming licences. Many politicians have realised prohibition is not realistic and the way forward is to introduce proper control and regulation to protect the players with the added incentive of additional tax revenues. This is creating a dynamic that will increase Kambi's addressable market, through new local entrants such as land-based gaming groups, media companies and national lotteries.

In Europe, countries such as Italy, France, Spain and Denmark introduced domestic online gaming licences several years ago. We expect, albeit that these processes move slowly, more countries to follow, with Russia, Germany, the Netherlands and Sweden the most notable. Outside of Europe, regulatory development has been even slower.

However, in Latin America there are movements as Mexico, Colombia, Chile, Peru and Brazil are all expected to regulate gaming in the not too distant future. In Northern America, there have recently been some interesting developments, but it is still early days. The Asian market is restricted as licensing opportunities for operators are limited. Australia and parts of Africa are regulated.

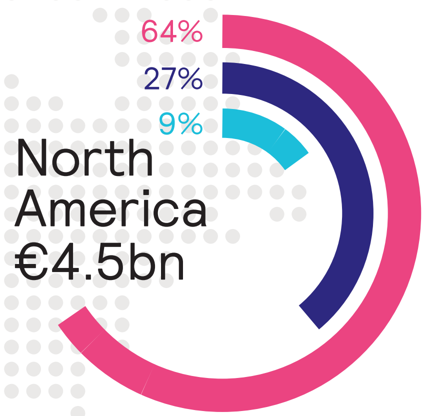
Market dynamics and outlook

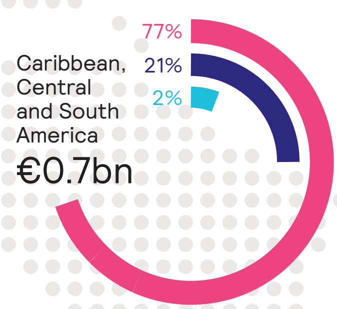
Together with the opportunities presented by regulations and the development in technology, come increased pressures and challenges for gaming operators. Changes in consumer behaviour, competition from other entertainment verticals, together with drastically increased production costs for a competitive service – all contribute to margin pressure. Adding to that, many operators are struggling with a lack of technical agility, and are faced with having to find more efficient ways of driving growth.

Just like in any maturing market, we will see more and more M&A activity and a much higher degree of specialisation. We expect that very few operators will be capable of producing sports betting in-house, and suppliers like Kambi – who can provide a significant competitive advantage offering a premium and cost-efficient service – will thrive, whilst the operator can focus solely on brand building, marketing and customer care.

66%

2015 land-based betting as a % of the global sports betting market



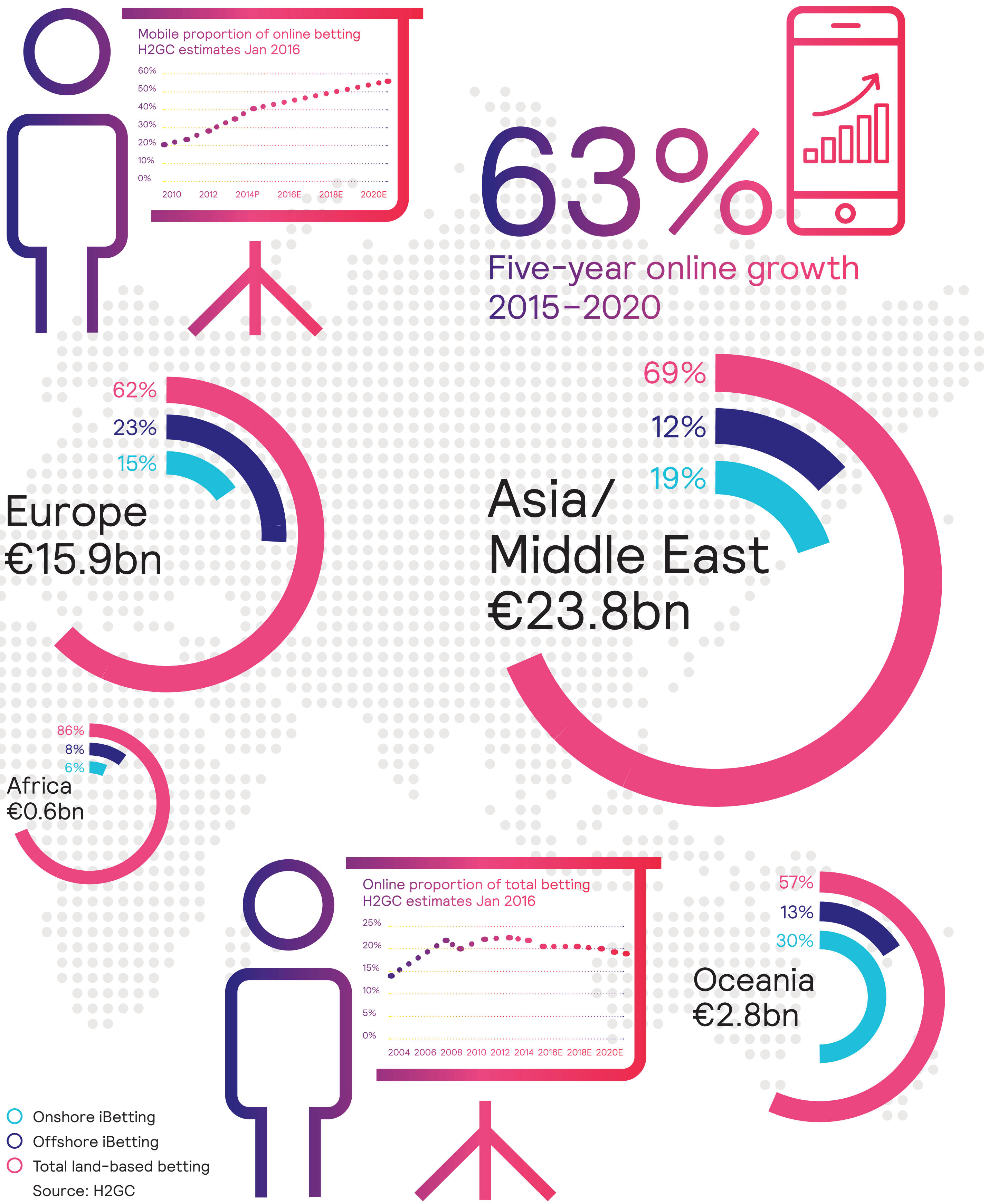


17%

2015 offshore iBetting as a % of the global sports betting market

17%

2015 onshore iBetting as a % of the global sports betting market


Mobile proportion of online betting
H2GC estimates Jan 2016
60%
50%
40%
30%
20%
10%
0%
2010
2012
2014P
2016E
2018E
2020E
63%
Five-year online growth
2015–2020
62%
23%
15%
Europe
€15.9bn
69%
12%
19%
Asia/
Middle East
€23.8bn
86%
8%
6%
Africa
€0.6bn
Online proportion of total betting
H2GC estimates Jan 2016
25%
20%
15%
10%
5%
0%
2004 2006 2008 2010 2012 2014 2016E 2018E 2020E
57%
13%
30%
Oceania
€2.8bn
Onshore iBetting
Offshore iBetting
Total land-based betting
Source: H2GC

Kambi's focus
Operators

Kambi's core market is Europe, with a clear focus on large and mid-tier operators and national lotteries. Europe is the largest addressable market for Kambi as it is ahead of the rest of the world when it comes to regulations and maturity in the online channel. Business in the rest of the world will be considered with an opportunistic approach. We see the best opportunities arise when countries re-regulate.

During the year Kambi has continued to strengthen its sales team and product further and is positive about the sales pipeline and opportunities in the market. With an upgraded service on the Italian market we believe our attractiveness in Italy is drastically improving.

The current operator base is a mix of large- and medium-sized online gaming operators, retail gaming groups and media groups. Before the date of the Q4 report 2015, Kambi signed two new operators: LeoVegas and Rank Group. Both operators added a Sportsbook offering powered by Kambi to their existing gaming products.

UNIBET

Unibet is one of the largest online gambling operators in the European market with over 9.7 million customers worldwide. In 2014, Unibet signed a contract with Kambi until the end of 2018. Unibet Group plc is listed on Nasdaq Stockholm. Its core markets are the Nordic region and Western Europe. Unibet is ranked number 6 in the 2015 eGaming Review Power 50.

888sport

888 is a leading online gaming provider. In 2013, 888 signed with Kambi to provide its sports betting service to the 888sport brand and has since shown transformational growth in its Sportsbook. 888 Holdings plc is UK-listed. 888 is ranked number 10 in the 2015 eGaming Review Power 50.

paf

Paf is an Åland (Finland) gaming company, controlled by the local Åland government. Its core markets are Finland and Sweden. Paf was Kambi's first B2B customer, launched in 2011, and extended its contract in 2015 for the long-term. Paf is ranked number 30 in the 2015 eGaming Review Power 50.

Napoleon Games

Napoleon Games is a leading retail gaming group in Belgium. It went live with Kambi's service for both online and retail in the Belgian market in early 2013 and extended its contract for the long-term in 2014.

luckia

Luckia is the gaming brand of Egasa, a large Spanish gaming group with a focus on the retail market. Egasa signed with Kambi in 2012 to address the online Spanish sports betting market.

PREMIER APUESTAS

Premier Apuestas is the gaming brand of Mediaset España, the largest television and media network in Spain. It operates the commercial television channel Telecinco. It signed with Kambi in 2012 to enter the online Spanish sports betting market.

Suertia.es

Suertia is a Spanish gaming company, with a focus on specific regions. It originally signed with Kambi in early 2013 to address the online Spanish sports betting market.

LeoVegas.com
King of Mobile Casino

The mobile gaming group LeoVegas Gaming Ltd holds a leading market position in mobile casino gaming and is listed on the First North Premier at Nasdaq Stockholm. LeoVegas signed with Kambi in January 2016 and the Kambi Sportsbook will complement LeoVegas' existing online casino offering. LeoVegas is ranked number 24 in the 2015 eGaming Review Power 50.

NAGAWORLD®
PHNOM PENH
金界

NagaWorld signed with Kambi in 2014 to provide a fully managed, over-the-counter Sportsbook solution at its flagship hotel, casino and entertainment complex in Phnom Penh. It has subsequently extended its offering to include self-service terminals. NagaWorld is owned by NagaCorp Ltd, listed on the Hong Kong Stock Exchange.

32RedSport

32Red plc is a UK-listed group focusing on the UK market. It had an existing Sportsbook business under the 32RedSport brand, which has been powered by Kambi since signing in 2014. 32Red is ranked number 32 in the 2015 eGaming Review Power 50.

Televisa

Mexican Grupo Televisa is the largest media company in the Spanish-speaking world and a major participant in the international entertainment business. Kambi signed a contract with Grupo Televisa in June 2015 for the provision of retail sports betting services in some of its casinos.

Rank Group

The Rank Group plc is a UK-based European gaming business, listed on the London Stock Exchange. Rank signed with Kambi in January 2016 and the Kambi Sportsbook will be provided on the Grosvenor Casinos' online brand www.grosvenorcasinos.com. Rank Interactive is number 25 in the eGaming Review Power 50.

Our operators have continued to deliver a very strong performance during 2015 and they are outperforming sector growth. We have seen a clear improvement in our operators' results after moving to the Kambi service and our drive is to remain the best Sportsbook provider.

Sustainable and responsible business

Conducting business responsibly — building trust

At Kambi, we are inspired by principles of integrity, honesty, correctness and transparency and we adopt the highest standards and international guidelines in the management of our activities in all the contexts in which we operate.

We are committed to taking actions aimed at promoting respect for people and their rights, for the environment and, more generally, the widespread interests of the communities in which we operate.

Promoting a responsible and regulated environment

Kambi is committed to playing its part in promoting the value of legislation and guidance that will lead to a regulated approach to the industry, not least as a mechanism to protect the integrity of sport and end users. Kambi is currently licensed by the following regulatory bodies: Alderney Gambling Control Commission (AGCC), the Malta Gaming Authority (MGA), the UK Gambling Commission (UKGC) and the Spanish Directorate General for the Regulation of Gambling (DGOJ). In addition, Kambi's software is also certified in numerous regulated jurisdictions including Denmark and Italy.

As a further commitment towards higher responsible gaming standards, Kambi's software is also certified by eCOGRA and Kambi is an approved seal holder — indicating that Kambi's systems are fair and continuously monitored to consistently high standards. Kambi utilises a best of breed security approach, with guiding principles from ISO 27001.

Kambi is a member of the World Lottery Association, the European Lottery Association and CIBELAE, the Latin American Corporation of State Lottery and Betting. These organisations, together with their members, work with responsible gaming principles and a responsible gaming framework aimed at protecting players around the world.

Kambi supports, via monetary donations, the Responsible Gaming Trust (RGT) and Gambling Therapy (part of the UK-based charity Gordon Moody Association). RGT is one of the leading charities committed to minimising gambling-related harm in the UK. RGT funds education, prevention and treatment services and commissions research to broaden public understanding of gambling-related harm.

Gambling Therapy relies on charitable funding and is the only online service which provides free advice, support and information to people affected by problem gambling throughout the world. Kambi supports the principles, aims and values of both the RGT and Gambling Therapy.

Integrity in sport

It is Kambi's policy to co-operate at all levels in the gaming industry to maintain and improve the integrity in sport and we have a dedicated team working closely with relevant partners. This includes working with a number of different associations focused on sports integrity, such as ESSA (European Sports Security Association) and Early Warning System GmbH (a FIFA subsidiary), in their efforts to detect and deter corruption in sport and to pursue preventative integrity protection.

Local development and support

Kambi is committed to help local communities in areas where we operate. Our employees play a hands-on role supporting local charities on a voluntary basis with their time, fund-raising and other donations by interacting with people in need. One example of this is our Manila office, which has been involved in various community support projects and activities during the year.

Our people

It's our brilliant team who make us what we are

When you become a member of the Kambi team, you sign up to a joint purpose, a mission that drives you every day. We are a brand that stays ahead of the game, setting the pace and combining relentless energy with unparalleled expertise to deliver spectacular results.

Kambi appreciates that the successes and accomplishments of the business are due to the important contributions made by its employees and the dedicated relationship with the operators. It is therefore essential to Kambi's continued success, expansion and development that it is able to attract, retain and invest in talented employees. We believe our employees thrive in a flexible and friendly company culture and we support our employees in their quest to evolve and flourish.

Kambi has an open, positive and collaborative culture, which stimulates creativity – everyone has an opportunity to be a contributor to the business. Each of the Kambi offices is designed to be open and inviting and, importantly, to encourage interactions between all teams. This creates a high-performing, innovative, dynamic and team-focused culture. We encourage cross-department networking and team-building through various events. Kambi promotes employee well-being and work-life balance.

We value the opinions of our staff and undertake an employee survey each year to find out what our employees' needs and concerns are. We have benchmarked ourselves externally as an employer and our employees in Sweden voted us one of the best employers in our category.

Kambi is fully committed to equality of opportunity for all and providing a diverse, enjoyable and safe working environment.

Kambi's excellent staff retention rate of over 93% for 2015 is a testament to this environment.

We employ people from 31 countries. This demonstrates the great diversity of Kambi employees, contributing to our company culture, and allows us to learn a lot from each other, both personally and professionally.

We take every opportunity to celebrate our achievements and successes whether they are small or large. We celebrate everything from reaching internal records to signing new customers. We believe through celebration and reflecting on a job well done by our employees, we create team spirit, engagement and involvement.

When asked why our employees work for Kambi, the top reasons were:

Job interest
70%

Company culture
65%

Colleagues
60%

Share performance
The Kambi share

The closing price on the first trading day of the year, 2 January 2015, was SEK78.25. The closing price on the last trading day of the year, 30 December 2015, was SEK125.50 with a market capitalisation of €407 million.

The highest closing price during the year was SEK127, on 29 December. The lowest closing price during 2015 was SEK52 on 28 October. The average daily volume traded during 2015 was 50,541 shares and the average share price was SEK72.81.

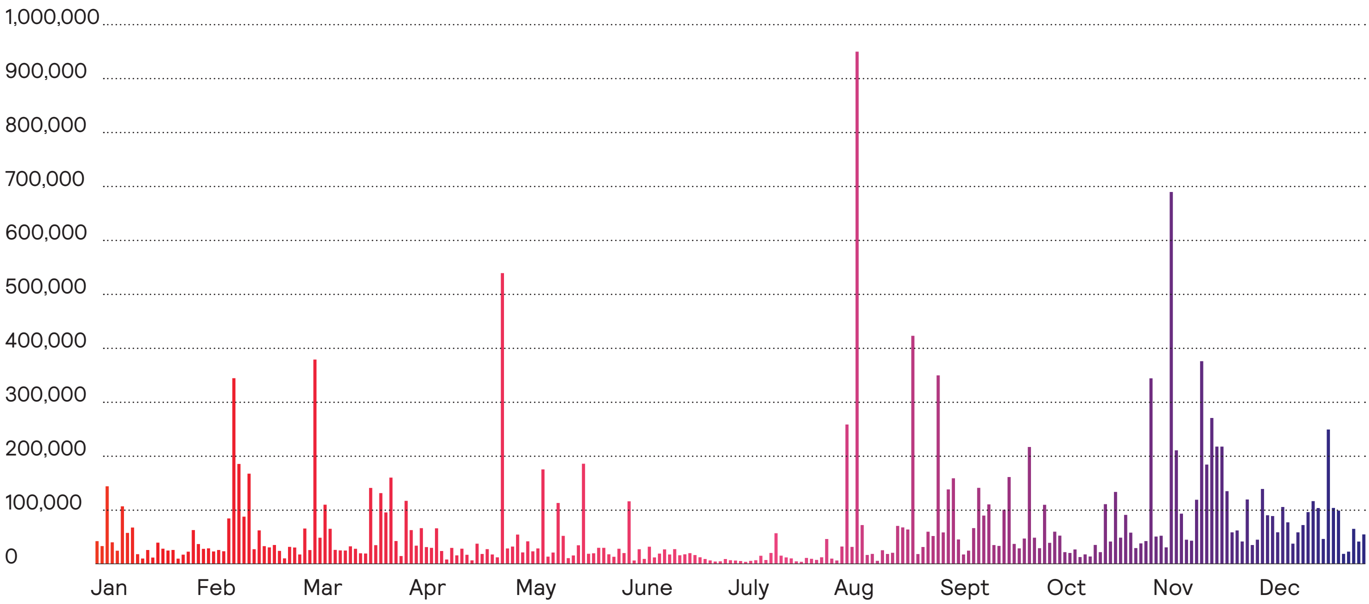
Kambi Group plc is listed on First North at Nasdaq Stockholm with the ticker code 'KAMBI' and ISIN code: MT0000780107.

Share price development 2015

(the graph shows the closing price each trading day)

Volume of Kambi shares traded daily in 2015

Volume in thousand shares



Shareholders on 31 December 2015

Shareholder	Number of shares	% of total
Veralda Investment Ltd	5,861,710	19.71
Swedbank Robur Fonder	2,823,958	9.50
Lannebo Fonder	2,186,477	7.35
Catella Fondförvaltning	1,804,359	6.07
Keel Capital	1,428,711	4.80
Andra AP-fonden	1,384,049	4.65
Total 6 largest shareholders	15,489,264	52.08
Total other shareholders	14,251,933	47.92
Total	**29,741,197**	**100**

Ownership distribution on 31 December 2015

Holdings	Number of shareholders	Number of shares	(%) of total
1 – 500	3,453	413,260	1.39
501 – 1,000	345	299,715	1.01
1,001 – 5,000	323	775,910	2.61
5,001 – 10,000	59	439,453	1.48
10,001 – 15,000	26	329,512	1.11
15,001 – 20,000	16	286,079	0.96
20,001 +	88	27,197,268	91.44
Total	**4,310**	**29,741,197**	**100**

Risk factors
General and financial risks

Set out on this page are some of the business- and industry-related risk factors that could have consequences for Kambi's future development. The risk factors are not arranged in order of importance or potential economic impact.

Regulatory and political environment

The Group's core business is strictly regulated by law in the markets where Kambi and its clients operate. Accordingly, political decisions, court rulings or changes in laws in the countries where Kambi or its operators have licences or commercial interests could have a material adverse effect on Kambi's business and operations. Regulatory changes can also have a positive impact, enabling us to access a market which becomes regulated or re-regulated.

Risks related to IT

Kambi's business is dependent on IT systems. System failures and other events that affect operations could have a material adverse effect on its business and results. The risk is mitigated by using continuous monitoring to detect any problems as early as possible. All critical servers are duplicated, i.e. if one server fails, another will immediately take over. Following any downtime, a detailed analysis is performed to ensure that the underlying reason for the downtime is understood and rectified.

Match fixing

Match fixing is defined as the manipulation of an event where the participants seek to fix the outcome for financial gain. To reduce the financial impact of this risk, Kambi has internal systems and alerts in place to highlight any indications of match fixing. We also collaborate with industry watchdogs and regulators. If match fixing were to lead to changes in regulatory environments, this could impact the results of operators and therefore Kambi's financial performance.

Sport-specific IPR

In certain jurisdictions, regulators have begun to impose charges on licence holders for the right to offer odds, access data and use trademarks on certain sports. Any future changes in these charges could impact Kambi's financial position.

Dependency on key operators

A majority of Kambi's revenue is currently generated from a few large operators. The loss of business with Kambi's major operators could have a material adverse effect on the Group's business.

Underlying performance of operators

Kambi's financial performance depends on the underlying performance of its operators. This is a result of Kambi's business model, whereby the commission received is set as a portion of the operators' net gaming revenue. A decline in the financial performance of Kambi's operators could have a material effect on the Group's financial position. Operators' sports betting gross margins can vary significantly from one period to the next, depending on the outcome of sporting events.

Dependence on key personnel and skilled employees

The future success of Kambi will significantly depend on the full involvement of the Board of Directors, management and certain key individuals. If one or more of these individuals were to resign, or otherwise not be able to perform relevant duties, this might have an adverse effect on the Group's financial performance and reputation.

Competition and price pressure

Kambi's growth depends on its ability to develop and sell competitive products and services. The ambition is to continue striving to offer the best B2B Sportsbook in the market and to build on the customer portfolio with successful and loyal operators.

Foreign currency risk

Foreign exchange risks exist in the form of both transaction risks and translation risks. In the case of our operators handling transactions in a different currency to that which the invoice is issued in, currency movements can have an impact on the revenues generated by Kambi. Transaction risks occur in conjunction with purchases and sales of products and services in currencies other than the respective company's local currency. Translation risks occur in conjunction with the translation of the income statements and balance sheets of foreign subsidiaries into EUR. Sales are primarily made in EUR. The Group's purchases of services and overhead costs, however, are primarily in GBP and SEK. Changes in the valuation of EUR in relation to other currencies can thus have both positive and negative effects on the Group's profit and financial position. Currency risk is to some degree managed by means of holding funds on short-term deposit in the currencies of the Group's principal cash outflows.

Tax risks

Kambi conducts its business in accordance with its interpretation and understanding of the applicable tax laws and treaties, case law and the requirements of relevant tax authorities in the countries where it operates. Changes to regulatory, legislative and fiscal regimes in key markets could have an adverse effect on the Group's results and additional costs may be incurred in order to comply with any new laws or regulations. In managing its taxation affairs, including estimating the amounts of taxation due, Kambi relies on the exercise of judgment concerning its understanding of, and compliance with, those laws assisted by professional advice.

Risk related to convertible bond

In 2014, Kambi Group plc issued a €7.5 million convertible bond to a wholly owned subsidiary of Unibet Group plc. According to the terms of the convertible bond, the Company is obliged to procure that certain events listed in the agreement do not take place unless with the prior consent of the lender. In case of a conversion, Unibet Group plc would obtain a controlling influence over the Company and would, consequently, have the power to control the outcome of most matters to be decided by vote at a shareholders' meeting.

Corporate governance
Kambi Group plc

Board of Directors
Kambi Group plc

Lars Stugemo (Swedish, born 1961)

Lars has been CEO and President of HiQ International since 2000. HiQ is an IT and management consultancy firm, founded in 1995, with Lars as one of the co-founders. HiQ is listed on NASDAQ OMX Stockholm. Lars has been a member of IVA (Kungliga vetenskapsakademien) and VI since 2013. Lars holds a MSc Electronics Engineering from KTH Stockholm.

Lars Stugemo holds 24,210 shares in the Company.

Susan Ball (British, born 1961)

Susan qualified at Ernst & Young and has extensive experience in private and listed online high-growth businesses across all markets. She is the ex-CFO of Unibet Group plc, and worked throughout its listing on NASDAQ OMX Stockholm. She has also worked for Cadbury Schweppes, Bookatable.com and MOO.com.

Susan Ball holds 14,980 shares in the Company.

Anders Ström (Swedish, born 1970)

After studying Mathematics, Statistics and Economics at Karlstad University, Anders founded Trav- och Sporttjänst in 1993. Anders also founded Unibet Group plc in 1997. He has held various positions in Unibet, as Managing Director, CEO, Business Development Director, Chairman and Director. He was a partner and member of the Advisory Board of Hattrick 2008-2012 with a focus on the business development of www.hattrick.org and www.popmundo.com. Anders was co-founder of Kambi in 2010.

Anders Ström holds 5,861,710 shares in the Company.

Patrick Clase (Swedish, born 1968)

Patrick is Chief Investment Officer and director of Veralda Investment Ltd. Amongst other positions held, Patrick has worked as a Financial Analyst with ABG Sundal Collier, Alfred Berg and is experienced in the financial markets. He holds a BSc in Economics from Lund University and a CEFA from Stockholm School of Economics

Patrick Clase holds 22,619 shares in the Company.

The Company's Board of Directors consists of four ordinary members, including the Chairman of the Board. The members of the Board of Directors are listed in the table below:

Lars Stugemo	Ordinary Board member (Chairman)
Anders Ström	Ordinary Board member
Susan Ball	Ordinary Board member
Patrick Clase	Ordinary Board member

Senior executives
Kambi Group plc

Kristian Nylén (Swedish, born 1970)

Kristian joined Unibet in 2000. From 2003 Kristian was responsible for the Sportsbook operation and a part of the management team. Before Unibet, Kristian worked as a Real Estate analyst at Catella and Ernst & Young. Kristian has a BSc in Business Administration, Mathematics and Statistics from the University of Karlstad. Kristian was co-founder of Kambi in 2010.

Kristian Nylén holds 465,000 shares and 300,000 options in the Company.

David Kenyon (British, born 1975)

David qualified at KPMG and joined Unibet in 2002 as Group FC where he worked on the Unibet NASDAQ OMX Stockholm listing. He then spent two years at the Capital Pub Company plc as CFO, where he floated the company on AIM, before moving to Kambi. David has a MA from Oxford University.

David Kenyon holds 42,330 shares and 60,000 options in the Company.

Erik Lögdberg (Swedish, born 1979)

Erik started working for Unibet in 2005, straight after he had finished his degree in Electrical Engineering at the Royal Institute of Technology in Stockholm. His main responsibility was as Head of Live Betting from an operational as well as product development perspective.

Erik Lögdberg holds 90,000 shares and 90,000 options in the Company.

Jonas Jansson (Swedish, born 1969)

Before joining Kambi, Jonas was Head of Trading for Unibet's Sportsbook from 2003 onwards. Jonas holds a Bachelor degree in Financial Economics and Mathematics from the University of Karlstad. Jonas has also studied Data and System development at the University of Stockholm.

Jonas Jansson holds 225,000 shares and 60,000 options in the Company.

Andreas Söneby (Swedish, born 1973)

Before joining Kambi, Andreas held several different management positions within Unibet's IT department from 2006 onwards: Head of Development, IT Director and finally CTO at Unibet. Andreas holds a degree in Computer Science from the Royal Institute of Technology in Stockholm.

Andreas Söneby holds 90,300 shares and 60,000 options in the Company.

Joni Hovi (Finnish, born 1970)

Joni joined Kambi in January 2016 and comes with more than 12 years of expertise in the government sector. Most recently Joni held a similar role at Sportradar, and before this he spent many years within the Finnish monopoly organisation, Veikkaus. Joni has also been active in the field of sports integrity. Joni holds a degree in Production Management and Business Administration from the Kymenlaakso University of Applied Sciences.

Joni Hovi holds 30,000 options in the Company.

Jonas Demnert (Swedish, born 1979)

Jonas worked with the Unibet Sportsbook platform from 2007 onwards and has extensive knowledge in building secure, scalable and available systems. Prior to joining Unibet, Jonas worked as a consultant in the telecom and media industry. Jonas holds a Master of Science in Engineering and a Degree in Information and Communication Technology from the Royal Institute of Technology Sweden.

Jonas Demnert holds 90,000 shares and 60,000 options in the Company.

Ian Freeman (British, born 1970)

Ian brings 15 years of B2B SaaS experience across a number of different market segments. Prior to joining Kambi, Ian spent five years as EMEA Head of Sales and Strategic accounts at Moxie Software, a leading organisation in Gartner's E-Service magic quadrant. In his earlier career, Ian held a number of senior positions in high growth technology start-ups. Ian holds an MBA (Dist.) from Ashridge Business School.

Ian Freeman holds 6,620 shares and 60,000 options in the Company.

Senior executives and their positions are listed in the table below.

Kristian Nylén	CEO
David Kenyon	CFO
Erik Lögdberg	Deputy CEO, CBDO
Jonas Jansson	COO
Andreas Söneby	CIO
Joni Hovi	Head of Global Sales, GRL
Jonas Demnert	CTO
Ian Freeman	CCO

Corporate governance report

Kambi Group plc is listed on First North at Nasdaq Stockholm and is not required to follow all the provisions of the Swedish and/or Maltese Corporate Governance Code (the Code). The Board however recognises the importance and value of good corporate governance practice and accordingly has selected those procedures and committees of the Code they consider relevant and appropriate to the Group, given its size and structure. Each of the committees meets regularly.

The Board

The Board has four directors including the Chairman. The Board meets regularly to consider strategy, performance and the framework of internal controls.

The Board of Directors comprises a mix of the necessary skills, knowledge and experience required to provide leadership, control and oversight of the management of the Group and to contribute to the development and implementation of strategy. In particular, the Board combines a group of directors with diverse backgrounds within the technology, finance, gambling and other related sectors, which combine to provide the Board with the resources and expertise to drive the continuing development of the Group and advance its commercial objectives.

In addition to being on the Board of Kambi, Anders Ström is also Chairman of the Board of Directors in Unibet Group plc. To avoid any potential conflict of interest, Anders is not present at, nor does he participate in, any decision-making process which relates directly to the contract between Kambi and Unibet Group plc.

The Audit Committee

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems. It meets at least once a year with the auditors. The Audit Committee is comprised of Susan Ball and Patrick Clase and is chaired by Susan Ball.

The Remuneration Committee

The Remuneration Committee reviews the performance of the senior managers and sets and reviews the scale and structure of their remuneration, the basis of their remuneration and the terms of their service agreements with due regard to the interests of shareholders. The Remuneration Committee is comprised of Anders Ström and Lars Stugemo and is chaired by Lars Stugemo. Details of the remuneration of the Board of Directors and senior executives are set out below.

The Nomination Committee

The Nomination Committee is responsible for reviewing the size, structure and composition of the Board, succession planning, the appointment of replacement and/or additional directors and for making the appropriate recommendations to the Board. The Committee also prepares proposals regarding Board remuneration and fees to the auditor.

The members of the Nomination Committee shall represent all shareholders and be appointed by the three or four largest shareholders as at 30 September each year, having expressed their willingness to participate in the Committee. Kambi's Nomination Committee shall consist of not less than four and not more than five members, of which one shall be the Chairman of the Board.

The members are: Anders Ström — Veralda Investment Ltd, Lars Stugemo — Chairman of the Board, Evert Karlsson — Swedbank Robur Fonder, Johan Ståhl — Lannebo Fonder, Ulf Strömsten — Catella Fondförvaltning. The Committee is chaired by Anders Ström.

Directors	Fees/ salary* €000	Other €000	2015 total €000	2014 total €000
Anders Ström	48	–	48	30
Joseph Montebello	–	–	–	3
Lars Stugemo	83	42	125	76
Patrick Clase	48	1	49	38
Susan Ball	48	–	48	40
Sub-total	*227*	*43*	*270*	*187*
Executive management	1,669	–	1,669	1,704
Total	**1,896**	**43**	**1,939**	**1,891**

*The remuneration to the directors is paid in £. The basic salary per annum is £30,000 per director. The Chairman of the Board receives an additional fee of £30,000 and each member of the Remuneration and Audit Committee receives £5,000 per annum.

Directors' report

Statement of directors' responsibilities

The directors present their report on the affairs of the Group, together with the audited consolidated financial statements and auditor's report, for the year ended 31 December 2015.

Principal activities

Kambi Group plc is a B2B supplier of fully managed sports betting services on an in-house developed software platform, providing premium turnkey sports betting services to B2C gaming operators.

Results and dividends

The consolidated income statement is set out on page 34. The profit after tax was €6.2 (€1.0) million.

The Board does not propose a dividend. As stated in the Company Description in 2014, dividends should not be expected for at least three years after the listing.

Going concern

As required by Listing Rule 5.62 issued by the Listing Authority, upon due consideration of the Company's state of affairs, capital adequacy and solvency, the directors confirm the Company's ability to continue in operational existence for the foreseeable future. For this reason, in preparing the financial statements, they continue to adopt the going concern basis.

Significant events during 2015

Awarded 'Sportsbook Supplier of the Year' by Gaming Intelligence and six of Kambi's operators were included in the eGR Power 50 list
Kambi received its full UK licence
Contract signed with Mexican media company Grupo Televisa
Upgrade of the service for the Italian market

Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Directors

The following have served as directors during the year under review:

Lars Stugemo (Chairman)
Anders Ström
Susan Ball
Patrick Clase

Lars Stugemo, Anders Ström, Susan Ball and Patrick Clase will seek re-election at the forthcoming AGM.

Statement of directors' responsibilities

The Companies Act, Cap 386 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements have been properly prepared in accordance with the Companies Act, Cap 386. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditor

At the date of making this report, the directors confirm the following:

- As far as each director is aware, there is no relevant information needed by the independent auditor in connection with preparing the audit report of which the independent auditor is unaware, and
- Each director has taken all steps that he/she ought to have taken as a director in order to make him/her-self aware of any relevant information needed by the independent auditor in connection with preparing the audit report and to establish that the independent auditor is aware of that information.

Independent auditor

The auditor, Mazars, has indicated its willingness to continue in office and a resolution for its reappointment will be proposed at the Annual General Meeting.

On behalf of the Board
Malta, 17 March 2016

Lars Stugemo
Chairman

Susan Ball
Member of the Board

Financial report

Consolidated financial statements for the year ended 31 December 2015

Independent auditor's report to the members

Report on the financial statements

We have audited the accompanying consolidated financial statements of Kambi Group plc set out on pages 34 to 37 which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

As described on page 29, the directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the directors determine to be necessary to enable the preparation of the consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Group's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, these consolidated financial statements give a true and fair view of the state of the affairs of the Group as at 31 December 2015 and of its financial performance, cash flow and statement of changes in equity for the period then ended in accordance with International Financial Reporting Standards, as adopted by the EU.

Report on other legal and regulatory requirements

In our opinion, the consolidated financial statements have been properly prepared in accordance with the Companies Act, 1995.

This copy of the audit report has been signed by Paul Giglio (Partner) for and on behalf of:

Mazars Malta
Certified Public Accountants
Attard
17 March 2016

Financial review

Revenue

Revenue represents fees received for sports betting services rendered to Kambi's operators. Kambi charges its operators a monthly fee, based on a number of variables, including fixed fees, commission based on the profits generated for operators and the number of live events offered.

Total revenue in 2015 increased to €47.7 (2014: €36.0) million. The increase of 32% year-on-year demonstrates Kambi's continued growth, underpinned by the success of its operators.

Administrative expenses

Administrative expenses for 2015 were €40.2 (2014: €33.2) million.

Excluding depreciation and amortisation, ongoing administrative expenses were €34.0 (2014: €26.8) million, of which €20.0 (2014: €15.3) million were salaries and associated costs. The increase in salaries can be attributed to the planned increase in full-time staff, as part of the continued development of the Kambi service, as well as salary increases in line with the market.

Note 7 in the financial statements on page 45 provides more analysis of operating costs, including items affecting comparability.

EBITDA and operating profit

Earnings before interest, tax and depreciation and amortisation (EBITDA) for the full year 2015 were €13.6 (2014: €8.6) million. Profit from operations for the full year 2015 was €7.4 (2014: €2.2) million.

Profit after tax

Profit after tax for the full year 2015 was €6.2 (2014: €1.0) million.

Development and acquisition costs of intangible assets

In the full year 2015, development expenditure of €6.1 (2014: €4.7) million was capitalised. The key elements of capitalised development costs during 2015 were system automation, front-end and retail service development.

Balance sheet

Kambi's strong balance sheet reflects the Group's growth during the year.

Certain non-current assets of the Group relate to capitalised IT development costs. Other non-current assets include computer software, computer hardware, fixtures & fittings and deferred tax. The non-cash current assets on the balance sheet relate to trade receivables, other receivables and prepayments.

Significant liabilities on the balance sheet include the convertible bond (see note 22 on page 51) and trade and other payables (see note 21 on page 51).

Cash flow

The net cash inflow for 2015 was €4.3 (2014: €20.1) million, increasing the total cash balance at the end of 2015 to €27.5 (2014: €23.2) million.

The Group demonstrated the ability to generate positive operating cash flows. A total of €6.2 (2014: €2.9) million in cash was generated from operating and investing activities (excluding working capital and financing activities) during 2015.

Financial statements

Statement of consolidated profit or loss and other comprehensive income for the year ended 31 December 2015

	Note	2015 €000	2014 €000
Revenue	6	**47,687**	36,017
Administrative expenses	7	**(40,187)**	(33,176)
Other operating expenses	8	**(104)**	(52)
Finance costs	9	**(325)**	(315)
Investment income	10	**32**	15
Profit before items affecting comparability		**7,103**	2,489
Items affecting comparability	7	**–**	(575)
Profit before tax	11	**7,103**	1,914
Income tax expense	14	**(906)**	(947)
Profit for the year		**6,197**	967
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments	28	**16**	(64)
		16	(64)
Items that may not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit scheme	23	**(20)**	(13)
		(20)	(13)
Other comprehensive income for the year		**(4)**	(77)
Total comprehensive income for the year		**6,193**	890
Earnings per share	29		
Basic		**0.208**	0.037
Diluted		**0.203**	0.037

The notes on pages 38 to 64 form an integral part of these financial statements.

Statement of consolidated financial position as at 31 December 2015

	Note	2015 €000	2014 €000
Assets			
Non-current assets			
Intangible assets	16	**8,098**	7,143
Property, plant and equipment	17	**1,536**	1,752
Deferred tax assets	24	**1,617**	424
		11,251	9,319
Current assets			
Trade and other receivables	19	**10,423**	7,313
Cash and cash equivalents	20	**27,481**	23,155
		37,904	30,468
Total assets		**49,155**	39,787
Equity and Liabilities			
Capital and reserves			
Share capital	25	**89**	89
Share premium	25	**53,273**	53,273
Other equity and reserves	27	**625**	606
Currency translation reserve	28	**(163)**	(179)
Accumulated losses		**(21,434)**	(27,631)
		32,390	26,158
Non-current liabilities			
Other financial liabilities	22	**7,231**	7,149
Deferred tax liabilities	24	**315**	124
Other liabilities	23	**50**	20
		7,596	7,293
Creditors: Amounts falling due within one year			
Trade and other payables	21	**7,261**	5,771
Current tax liabilities		**1,908**	565
		9,169	6,336
Total equity and liabilities		**49,155**	39,787

These financial statements were approved by the Board of Directors, authorised for issue on 17 March 2016 and signed on its behalf by:

Susan Ball
Director

Lars Patrick Herman Clase
Director

The notes on pages 38 to 64 form an integral part of these financial statements.

Financial statements
Continued

Statement of changes in equity for the year ended 31 December 2015

	Share capital €000	Share premium €000	Other reserves €000	Foreign currency reserve €000	Accumulated losses €000	Total €000
Balance at 1 January 2014	20	29,779	181	(115)	(28,598)	1,267
Changes in equity for 2014						
Change in share capital	40	(40)	–	–	–	–
Proceeds of share issue	29	23,534	–	–	–	23,563
Other financial liabilities	–	–	399	–	–	399
Value of employee share options	–	–	39	–	–	39
Total comprehensive income for the year	–	–	(13)	(64)	967	890
Balance at 31 December 2014	**89**	**53,273**	**606**	**(179)**	**(27,631)**	**26,158**
Changes in equity for 2015						
Value of employee share options	–	–	39	–	–	39
Total comprehensive income for the year	–	–	(20)	16	6,197	6,193
Balance at 31 December 2015	**89**	**53,273**	**625**	**(163)**	**(21,434)**	**32,390**

The notes on pages 38 to 64 form an integral part of these financial statements.

Consolidated cash flow statement for the year ended 31 December 2015

	Note	**2015 €000**	2014 €000
Cash flows from operating activities			
Profit before taxation		**7,103**	1,914
Depreciation	17	**995**	1,059
Amortisation	16	**5,187**	5,310
Finance costs	9	**325**	315
Investment income	10	**(32)**	(15)
Share-based payment expense	26	**39**	39
Movement in working capital:			
Decrease/(increase) in trade and other receivables		**(3,110)**	(2,160)
Increase/(decrease) in trade and other payables		**1,448**	425
Increase/(decrease) in other liabilities		**9**	7
Cash generated from/(used in) operations		**11,964**	6,894
Investment income received		**32**	15
Tax paid		**(585)**	(360)
Net cash generated from/(used in) operating activities		**11,411**	6,549
Cash flows from investing activities			
Purchase of tangible fixed assets	17	**(718)**	(764)
Development costs of intangible assets	16	**(6,142)**	(4,656)
Net cash used in investing activities		**(6,860)**	(5,420)
Cash flows from financing activities			
Proceeds/(repayment) of borrowings		**–**	(11,919)
Interest paid		**(225)**	(126)
Issue of share capital		**–**	23,563
Proceeds from convertible bond		**–**	7,500
Net cash generated from financing activities		**(225)**	19,018
Net movement in cash and cash equivalents		**4,326**	20,147
Cash and cash equivalents at the beginning of the year		**23,155**	3,008
Cash and cash equivalents at the end of the year	20	**27,481**	23,155

The notes on pages 38 to 64 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2015

1. General information

Kambi Group plc is the Group's ultimate parent company and is incorporated and domiciled in Malta. Its registered office and principal place of business is Level 3, Quantum House, Abate Rigord Street, Ta' Xbiex, XBX1120, Malta. The principal activity of Kambi Group plc and its subsidiaries (the Group) is the provision of managed sports betting services.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

Standards, interpretations and amendments to published standards as adopted by the EU that are not yet effective up to 31 December 2015.

Up to the date of the financial position, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which the Group has not yet adopted. None of the below-mentioned standards is expected to have a material impact on the Group's financial position and performance. These are as follows:

- Amendments to IAS 27 — Equity method in Separate Financial Statements
- Amendments to IAS 16 and IAS 38 — Clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 and IAS 41 — Bearer Plants
- Amendments to IAS 1 — Disclosure Initiative
- Amendments to IFRS 11 — Accounting for acquisitions for interests in Joint Operations
- Annual improvements to IFRSs 2012—2014 cycle.

Standards, interpretations and amendments issued by the International Accounting Standards Board (IASB) and adopted by the European Union in 2015, that may apply to the Group:

- Amendments to IAS 19: Defined Benefit Plans — Employee Contributions
- Annual improvements to IFRS 2010—2012 Cycle
- Annual improvements to IFRS 2011—2013 Cycle

3. Basis of preparation and consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as at 31 December 2015.

These financial statements have been prepared on the historical cost basis, subject to modification where appropriate by the revaluation of financial assets and liabilities at fair value through profit or loss and in accordance with International Financial Reporting Standards as adopted by the EU. All references to IAS, IFRS or SIC/IFRIC interpretations refer to those adopted by the EU. The individual parent financial statements have been prepared separately.

Historical cost is generally considered to be the fair value of consideration paid in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2015, together with the comparative period data as at and for the year ended 31 December 2014, as described in the accounting policies. The significant accounting policies set out below have been consistently applied to all periods presented and have been applied consistently by the Group's entities.

The directors believe that the Group will continue with its current growth and therefore the financial statements have been prepared on a going concern basis.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2015. Control is achieved when the entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group is considered to have power over an entity when it has existing rights that give it the current ability to direct the relevant activities. For the Group to have power over an entity, it must have the practical ability to exercise those rights. The entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control identified above. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

Consolidation of a subsidiary begins when the entity obtains control over the subsidiary and ceases when it loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date the company ceases to control the subsidiary.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full in the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4. Significant accounting policies

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases that are in effect at 31 December 2015, as summarised below. These were used throughout all periods presented.

Property, plant and equipment

The Group does not own property and its tangible non-current assets in the form of plant and equipment are classified into the following classes: leasehold improvements, fixtures & fittings and computer hardware.

Items of plant and equipment are initially measured at cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and in the condition necessary for these to be capable of being employed in the manner intended by the Group's management. Subsequently they are stated at cost less accumulated depreciation and any accumulated impairment losses. Material residual value estimates are reviewed annually or earlier if required.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure on repairs and maintenance is recognised as an expense when incurred.

Items of plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Depreciation

Depreciation commences when the depreciable assets are available for use and is charged to profit or loss so as to write off the cost, less any estimated residual value, over their estimated useful lives, using the straight-line method. The estimated useful lives for the current and comparative period are as follows:

Leasehold improvements	5 years
Fixtures & fittings	5 years
Office equipment	5 years
Computer hardware	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date with the effect of any change in estimate accounted for prospectively.

Intangible assets

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets are initially measured at cost and subsequently stated at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to determine whether it is finite or indefinite. Intangible assets with a finite useful life are amortised over their useful life on a systematic basis. Amortisation is charged to profit or loss on a straight line basis so as to write off the cost of intangible assets less any estimated residual value, over their estimated useful lives.

The amortisation method applied, the useful lives and residual values are reviewed at each reporting date with the effect of any change in estimate accounted for prospectively.

Intangible assets with an indefinite useful life are not amortised and are carried at cost less any accumulated impairment losses. The useful life of an intangible asset that is not being amortised is reviewed at each year-end in order to determine whether events and circumstances continue to support an indefinite useful life assessment. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

i. Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's development of a Sportsbook product is recognised only if all of the following can be demonstrated by the Group:

- the technical feasibility of completing, and the intention to complete, the product so that it will be available for use or sale
- the probability that the product will generate future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the product, and
- the ability to measure reliably the expenditure attributable to the product during its development.

The amount initially recognised for internally-generated intangible assets is the total expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred. After initial recognition, internally-generated intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives, which is generally assumed to be three years.

ii. Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and install the specific software.

In determining the classification of an asset that incorporates both intangible and tangible elements, judgment is used in assessing which element is more significant. Computer software which is an integral part of the related hardware is classified as property, plant and equipment and accounted for in accordance with the Group's accounting policy on property, plant and equipment. Where the software is not an integral part of the related hardware, this is classified as an intangible asset and carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software classified as an intangible asset is amortised on a straight-line basis over three years.

iii. Brands

Brands are capitalised on the basis of the costs incurred in relation to development of the Group's brand. Brands are classified as an intangible asset and are amortised on a straight-line basis over three years.

Derecognition of intangible assets: An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in profit or loss in the period of derecognition.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recognised at their fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets are derecognised when the right to receive cash flows from the assets has expired or when the Group has transferred its contractual right to receive the cash flows of the financial assets, and either substantially all the risks and rewards of ownership have been transferred or substantially all the risks and rewards have neither been retained nor transferred but control is not retained.

Financial liabilities are classified as 'other financial liabilities' and include borrowings subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised as the proceeds received, net of direct issue costs. Repurchase of the entity's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the entity's own equity instruments.

Debt and equity instruments issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

The component parts of compound instruments (the convertible bond) issued by the entity are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument.

At the date of issue, the fair value of the financial liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. The amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised in which case; the balance recognised in equity will be transferred to other equity. When the conversion option remains unexercised at the maturity date of the convertible bond, the balance recognised in equity will be transferred to other equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Changes in the fair value of the equity component are not recognised. Redemptions or refinancings of the equity component are recognised as changes in equity whereas gains or losses associated with redemptions or refinancings of the liability component are recognised in profit or loss.

i. Trade receivables

Trade receivables comprise amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are classified as current assets and are stated at their nominal value unless the effect of discounting is material, in which case trade receivables are measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Receivables are tested for impairment annually and when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms, an allowance is recognised in profit or loss. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the carrying amount of the receivable and the present value of estimated future cash flows discounted at the original effective interest rate.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those for which the Group may not recover substantially all of its initial investment other than because of credit deterioration.

ii. Trade payables

Trade payables are classified as current liabilities and are stated at their nominal value unless the effect of discounting is material, in which case trade payables are measured at amortised cost using the effective interest method.

iii. Shares issued by the Group

Ordinary shares issued by the Group are classified as equity instruments. Costs relating to an equity issue are offset against equity, as a deduction from the issue proceeds.

Revenue recognition

Revenue arises from the provision of services and is measured at the fair value of the consideration received or receivable for services provided in the normal course of business, net of value added tax, rebates and discounts, where applicable. Revenue is recognised when it is probable that future economic benefits will flow to the Group and the amount of revenue and the associated costs can be measured reliably.

i. Provision of services

Revenue from the provision of services is recognised in profit or loss in the period in which the services are rendered, by reference to the stage of completion method of the specific transaction. This method is based on the actual service provided as a proportion of the total services to be provided. For practical purposes, when services are performed by an indeterminate number of acts over a specified period of time, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other method better represents the stage of completion.

ii. Interest income and expense

Interest income and expense is recognised on an accruals basis by reference to the principal outstanding and by using the effective interest method when it is probable that the economic benefits will flow to or from the Group and the amount of income or expense can be measured reliably.

Income tax

Income tax expense comprises current and deferred tax and is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also dealt with in other comprehensive income or in equity, as appropriate.

Current tax is based on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

For the purposes of measuring deferred tax on investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property through use over time, rather than through sale.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to set off its current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Foreign currency translation

The financial statements of the Group are presented in its functional currency, the Euro, being the currency of the primary economic environment in which the Group operates. In preparing the financial statements of each individual group entity, transactions in currencies other than the Euro are translated at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are re-translated to the functional currency at the exchange rate prevailing at that date. Non-monetary assets and liabilities denominated in currencies other than the Euro that are measured at fair value are re-translated using the exchange rate ruling on the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement and on the re-translation of monetary items are recognised in profit or loss.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euro using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Foreign exchange gains and losses are included within Other Income and Expenses, except in the case of significant exchange differences arising on investing or financing activities, which are classified within investment income, investment losses or finance costs as appropriate.

Foreign exchange gains and losses are reported on a net basis. Such gains and losses are, however, reported separately if they are material.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried in the statement of financial position at face value. In the statement of cash flows, cash and cash equivalents comprise cash at bank, including deposits accessible on demand.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are recognised at their present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are not recognised for future operating losses.

Items affecting comparability

The Group defines items affecting comparability as those items which, by their size or nature in relation to the Group, should be separately disclosed in order to give a full understanding of the Group's underlying financial performance, and aid comparability of the Group's results between periods.

Leases

The Group's leases are all operating leases in which the Group is the lessee (leases in which a significant portion of the risks and rewards of ownership of the asset being leased are retained by the lessor). Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease (net of any incentive received from the lessor) except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The aggregate benefit of lease-related incentives is recognised as a reduction of rental expense on a straight line basis except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Share-based payments

Share-based payment arrangements in which the Group receives services as consideration for equity instruments are accounted for as equity settled share-based payment transactions by recognising in profit or loss the fair value of the awards with a corresponding increase in equity within other reserves.

The total amount to be expensed is measured by reference to the fair value at the grant date of the options granted, taking into account market performance conditions and the impact of any non-vesting conditions, and excluding the impact of any service or vesting conditions. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period of the options, which is usually three years. At each balance sheet date, the estimate of the number of options expected to vest is revised with the impact recognised in the consolidated income statement and a corresponding adjustment to equity within other reserves

Impairment

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Assets that have an indefinite useful life and are therefore not subject to amortisation or depreciation and intangible assets not yet available for use are tested annually for impairment and whenever there is an indication that the asset may be impaired. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, intangible assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Post-employment benefits

The Group contributes towards the state pension in accordance with local legislation where required. The only obligation of the Group is to make the required contributions. Costs related to such contributions are expensed in the period in which they are incurred.

The Group also provides for certain additional post employment retirement benefits to employees in the Philippines. The cost of providing benefits under a defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. This cost is recognised in profit or loss and includes the service cost (including current service cost, past service cost and gains/losses on curtailments and settlements), net interest expense or income on the defined benefit liability or asset and re-measurement which comprises actuarial gains and losses, the effect of changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest). The net defined benefit liability or asset includes actuarial gains and losses which are recognised in other comprehensive income in the period in which they arise.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under Administrative Expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

- Service costs
- Net interest expense or income

5. Judgments in applying accounting policies and key sources of estimation uncertainty

The amounts recognised in the financial statements are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of financial statements. The judgments made by management in applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements, together with information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed herein.

5.1 The following are the critical judgments, apart from those involving estimations (see note 5.2) that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

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Deferred taxation

The recognition of deferred tax assets is based upon whether taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. The amounts recognised in the consolidated financial statements are derived from the management's best estimation and judgment of the above.

Convertible bond

The recognition of the liability component of the convertible bond requires an assessment of a discount rate which is assessed using the interest rate of an equivalent risk instrument that was not convertible. Management has estimated this rate based on historical experience with similar instruments that the Group has previously had in place.

5.2 The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of internally-generated intangible assets

IFRS requires management to undertake an annual test for impairment of internally-generated intangible assets to determine if the carrying amount of any asset may not be recoverable. Impairment testing is an area involving management's assessment that technological and economic feasibilities are achieved. In determining the amounts to be capitalised and for any impairment, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Useful lives of plant and equipment

The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed throughout the year for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life. If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset is reduced.

Fair value measurements and valuation processes

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values.

Share options

Upon exercise of the share options disclosed in note 26, the Group will have a liability to pay the employer's National Insurance on any gains. The amounts recognised in the consolidated financial statements are derived from the management's best estimation of the likely option vesting patterns and are based on the share price at the balance sheet date.

The Kambi Group Executive Share Option Plan (ESOP) was introduced in December 2013. Under the scheme, options will be exercisable over a seven-year period, starting at the third anniversary of the date of grant and expiring at the 10th anniversary of the date of grant. Options are exercisable only to the extent that certain performance conditions in relation to free cash flow and EBITDA have been satisfied and are subject to the optionholders remaining in continued employment with the Group.

Different numbers of options were issued under the scheme to various groups of staff. Management has made an estimation of the likely vesting patterns within the seven-year exercise window, based on the existing length of service of the optionholders and other measures.

Based on the above, an estimation of the employer's National Insurance liability at each balance sheet date during the exercise window has been made and accounted for accordingly. The estimation will be updated regularly according to various factors including attainment of the performance conditions, the number of options outstanding and the latest share price.

The Kambi Group plc Share Option Plan 2015 was introduced in late December 2015, with a fixed exercise price equal to 110% of the average share value, based on the average market value of a Kambi share on the First North Exchange, for the 10 business days before the options are granted. The options will be exercisable over a one-year period, starting at the third anniversary of the date of grant and expiring at the fourth anniversary of the date of grant. Options are exercisable only to the extent that certain performance conditions in relation to EPS growth have been satisfied and are subject to the optionholders remaining in continued employment with the Group.

It is considered that there is no employer's National Insurance to account for in 2015 on the options issued under the Kambi Group plc Share Option Plan 2015.

Post-employment benefit obligations

The cost of the defined benefit retirement plan in the Philippines is dependent on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

6. Revenue

Revenue represents the amount receivable for services rendered during the year, net of any indirect taxes, as follows:

	2015 €000	2014 €000
Services rendered	**47,687**	36,017
	47,687	36,017

7. Expenses by nature

Administrative expenses	2015 €000	2014 €000
Marketing costs	**574**	234
Fees payable to statutory auditor	**95**	81
Operating lease rentals on buildings	**1,360**	1,291
Staff costs (note 13)	**20,026**	15,346
Facilities costs	**2,739**	2,370
Depreciation of property, plant and equipment	**995**	1,059
Amortisation of intangibles	**5,187**	5,310
Other	**9,211**	7,485
	40,187	33,176

Items affecting comparability	2015 €000	2014 €000
Transaction costs related to listing	**–**	575
	–	575

During 2014, Kambi Group plc listed on First North at Nasdaq Stockholm and incurred one-off costs of €575,000 in relation to this listing.

There were no fees paid to the statutory auditor for non-audit fees during 2015 and 2014.

8. Other operating income/expenses

	2015 €000	2014 €000
Foreign currency gain/(loss)	**(104)**	(52)
	(104)	(52)

9. Finance costs

	2015 €000	2014 €000
Interest on borrowings from related party	**–**	130
Interest on convertible bond	**309**	185
Other interest	**16**	–
	325	315

10. Investment income

	2015 €000	2014 €000
Interest income on bank deposits	**32**	15
	32	15

11. Profit before tax

	2015 €000	2014 €000
The profit before tax is after charging:		
Amortisation of intangible assets	**5,187**	5,310
Depreciation of property, plant and equipment	**995**	1,059
Directors' remuneration	**270**	187
Exchange differences	**104**	52
Listing costs	**–**	575

The amount that is payable to the auditors is as follows:

	2015 €000	2014 €000
Total remuneration payable to the Group's auditors for the audit of the Group's financial statements	**95**	81

12. Key management personnel compensation

	2015 €000	2014 €000
Management remuneration	**1,669**	1,704
	1,669	1,704

The remuneration of the directors and executive management is disclosed on page 28.

13. Staff costs and employee information

	2015 €000	2014 €000
Wages and salaries	**16,132**	12,557
Social security costs	**2,736**	2,033
Pension and retirement costs	**1,119**	717
Share-based payments (note 26)	**39**	39
	20,026	15,346

The average number of persons employed during the year was made up as follows:

	2015 Number	2014 Number
Operations	**257**	209
IT	**94**	88
Other	**59**	50
	410	347

14. Income tax (expense)/credit

On taxable profit subject to income tax at 35%:

	2015 €000	2014 €000
Current tax (expense)/credit	**(1,900)**	(744)
Deferred tax (expense)/credit (note 24)	**994**	(203)
	(906)	(947)

Income tax in Malta is calculated at a basic rate of 35% (2014: 35%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax (expense)/credit for the year can be reconciled to the profit per the income statement as follows:

	2015 €000	2014 €000
Profit/(loss) before tax	**7,103**	1,914
Tax (charge)/credit at the applicable rate of 35%	**(2,486)**	(670)
Tax effect of:		
Items of income/expenditure not taxable/deductible	**245**	(678)
Prior year (under) provision/over provision of tax	**23**	(18)
Overseas tax rates	**324**	231
Deferred tax recognised on unremitted earnings	**1,004**	179
Other	**(16)**	9
Tax (charge)/credit for the year	**(906)**	(947)

15. Dividends

There were no dividends paid during 2015 (2014: nil).

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16. Intangible fixed assets

	Computer software €000	Development costs €000	Brands €000	Total €000
Cost				
At 1 January 2014	653	20,773	18,914	40,340
Additions	94	4,562	–	4,656
Foreign currency translation	24	–	–	24
At 31 December 2014	771	25,335	18,914	45,020
Additions	47	5,914	181	6,142
Released on disposal	(108)	–	–	(108)
Foreign currency translation	33	–	–	33
At 31 December 2015	**743**	**31,249**	**19,095**	**51,087**
Accumulated amortisation				
At 1 January 2014	(461)	(13,168)	(18,914)	(32,543)
Provision for the year	(169)	(5,141)	–	(5,310)
Foreign currency translation	(25)	1	–	(24)
At 31 December 2014	(655)	(18,308)	(18,914)	(37,877)
Provision for the year	(67)	(5,091)	(29)	(5,187)
Released on disposal	108	–	–	108
Foreign currency translation	(33)	–	–	(33)
At 31 December 2015	**(647)**	**(23,399)**	**(18,943)**	**(42,989)**
Carrying amount				
At 31 December 2015	**96**	**7,850**	**152**	**8,098**
At 31 December 2014	116	7,027	–	7,143

The amortisation charge for the year of €5,187,000 (2014: €5,310,000) has been included in administrative expenses.

17. Property, plant and fittings

	Office equipment €000	Fixtures & fittings €000	Computer hardware €000	Leasehold improvements €000	Total €000
Cost					
At 1 January 2014	394	264	2,692	884	4,234
Additions	14	36	682	32	764
Foreign currency translation	(11)	15	6	58	68
At 31 December 2014	397	315	3,380	974	5,066
Additions	135	–	570	13	718
Released on disposal	(20)	(4)	–	–	(24)
Foreign currency translation	13	12	99	52	176
At 31 December 2015	**525**	**323**	**4,049**	**1,039**	**5,936**
Depreciation and impairment					
At 1 January 2014	(236)	(75)	(1,646)	(266)	(2,223)
Provisions for the year	(61)	(51)	(755)	(192)	(1,059)
Foreign currency translation	7	(8)	(4)	(27)	(32)
At 31 December 2014	(290)	(134)	(2,405)	(485)	(3,314)
Provisions for the year	(58)	(75)	(627)	(235)	(995)
Released on disposal	20	–	–	–	20
Foreign currency translation	(13)	(6)	(68)	(24)	(111)
At 31 December 2015	**(341)**	**(215)**	**(3,100)**	**(744)**	**(4,400)**
Carrying amount					
At 31 December 2015	**184**	**108**	**949**	**295**	**1,536**
At 31 December 2014	107	181	975	489	1,752

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18. Group information

Subsidiaries
The subsidiaries of the Group at 31 December 2015 are shown below:

Subsidiary	Country of incorporation	Description of shares held	Percentage of shares held at 31/12/15 %	Percentage of shares held at 31/12/14 %
Kambi Malta Limited	Malta	Ordinary shares	100	100
Kambi Spain plc	Malta	Ordinary shares	100	100
Sports Information Services Limited	Malta	Ordinary shares	100	100
Kambi Services Limited	UK	Ordinary shares	100	100
Kambi Sweden AB	Sweden	Ordinary shares	100	100
Global Technology & Sports Limited	British Virgin Islands	Ordinary shares	100	100
Kambi Philippines Inc.	Philippines	Ordinary shares	100	100
Kambi Sports Solutions (Alderney) Limited	Alderney	Ordinary shares	100	100
Kambi Australia Pty Ltd	Australia	Ordinary shares	100	100
Sports Analytics Services srl	Romania	Ordinary shares	100	n/a

19. Trade and other receivables

	2015 €000	2014 €000
Trade receivables	**3,822**	3,236
Prepayments and accrued income	**4,835**	2,020
Deposits	**1,074**	1,089
Other taxation	**301**	221
Other receivables	**391**	747
	10,423	7,313

Trade receivables are generally on terms of 30 days. As at 31 December 2015, there were no impairment charges (2014: nil) made against the carrying amount of trade and other receivables.

As at 31 December, the ageing of trade receivables is as follows:

	Total €000	Neither past due nor impaired €000	Past due but not impaired 0–30 days €000	Past due but not impaired 31–60 days €000	Past due but not impaired 61–90 days €000	Past due but not impaired 91–120 days €000	Past due but not impaired 121+ days €000
2015	3,822	3,769	53	–	–	–	–
2014	3,236	2,564	536	69	19	48	–

20. Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statement of financial position:

	2015 €000	2014 €000
Cash at bank	**27,481**	23,155
Cash and cash equivalents in the statement of cash flows	**27,481**	23,155

21. Trade and other payables

	2015 €000	2014 €000
Trade creditors	**461**	478
Other taxes and social security	**602**	470
Other payables	**367**	271
Accrual and deferred income	**5,831**	4,552
	7,261	5,771

The credit period for trade creditors is generally no more than 30 days.

22. Other financial liabilities

	2015 €000	2014 €000
Convertible bond	**7,231**	7,149
Less amount due for settlement within 12 months	**–**	–
Amount due for settlement after 12 months	**7,231**	7,149

Convertible bond

A convertible bond of €7,500,000 was issued by Kambi Group plc to a wholly owned subsidiary of Unibet Group plc on 23 May 2014 and is repayable on 1 January 2019. The amount shown above has been discounted over 4.61 years using an interest rate of 4.3% which is the interest rate of an equivalent risk instrument that was not convertible. The rate used is based on the EURIBOR five-year swap rate +3.5% which is based on similar instruments that the Group has previously had in place. The difference between the actual amount of the bond and the value above is classified within other reserves. The actual rate of interest on the convertible bond is 3%. In the event of conversion, the number of shares to be issued would be determined by Kambi's average share price in the period preceding conversion. At the end of 31 December 2015, the number of shares that could be issued on conversion would have been 549,173 shares (2014: 926,941 shares).

23. Other liabilities

Net employee defined benefit liabilities	2015 €000	2014 €000
Philippines post-employment retirement plan	**50**	20
Total	**50**	20

The Group provides for certain post-employment retirement benefits to employees in the Philippines. This plan is governed by the employment laws of the Philippines, which require retirement benefits to be provided. The level of benefits provided depends on the member's length of service and salary at retirement age and is determined by an amount equivalent to one half of a month's salary for every year of service, with six months or more of service considered as one year.

The Group has used the actuary Institutional Synergy, Inc. based in the Philippines to determine the current liability. The fee paid to the actuary for these services in 2015 was €1,000 (2014: €1,000).

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the statement of financial position for the plan:

Net benefit expense (recognised in profit or loss)	2015 €000	2014 €000
Current service cost	**8**	6
Interest cost on benefit obligation	**1**	1
	9	7

Movement in the present value of the obligation (PVO)	2015 €000	2014 €000
PVO at beginning of year	**20**	–
Current service cost	**8**	6
Interest cost	**1**	1
Actuarial loss due to:		
Experience adjustments	**20**	6
Changes in financial assumptions	**(24)**	7
Changes in demographic assumptions	**25**	–
PVO at end of year	**50**	20

The principal assumptions used in determining retirement benefit obligations for the Group's plans are shown below:

Actuarial assumptions	2015	2014
Discount rate	**6.14%**	4.61%
Salary increase rate	**3.00%**	3.00%
Mortality rate	**1994 GAM**	1994 GAM
Turnover rate	**Scale**	Scale
Employees profile		
Number of plan members	**148**	121
Total annual compensation €000	**1,474**	1,067
Average annual compensation €000	**10**	9
Average attained age	**27.58**	27.33
Average years of service	**2.48**	2.11
Average expected future service years	**12.00**	4.00

23. Other liabilities (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2015 is as shown below:

Discount rate	Present Value	Present Value
1% increase	**38**	15
Actual	**50**	20
1% decrease	**64**	25

Salary increase rate	Present Value	Present Value
1% increase	**64**	25
Actual	**50**	20
1% decrease	**38**	15

The following payments are expected contributions to the defined benefit plan in future years:

	2015 €000	2014 €000
Less than one year	**–**	–
More than one year to five years	**–**	–
More than five years to 10 years	**–**	–
More than 10 years to 15 years	**–**	–
More than 15 years to 20 years	**14**	11
More than 20 years	**2,532**	630

The average duration of the defined benefit obligation at the end of the reporting period is 29.21 years (2014: 27.07 years). The entire obligation relates to active plan members.

24. Deferred tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2014 — 35%). The following are the deferred tax liabilities and assets (prior to offset) recognised by the Group and movements thereon during the current and prior reporting period:

	2013 €000	Movement for year €000	2014 €000	Movement for year €000	2015 €000
Unremitted earnings	–	179	179	1,006	**1,185**
Tangible fixed assets	213	(67)	146	(40)	**106**
Unrealised exchange differences	130	(189)	(59)	(7)	**(66)**
Tax losses	131	(131)	–	-	**–**
Other	26	8	34	43	**77**
	500	(200)	300	1,002	**1,302**

Certain deferred tax assets and liabilities may have been offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movement for the year is reconciled as follows:

	2015 €000	2014 €000
(Credit)/Charge to income for the year	**994**	(203)
Foreign currency translation	**8**	3
	1,002	(200)

The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2015 €000	2014 €000
Deferred tax assets	**1,617**	424
Deferred tax liabilities	**(315)**	(124)
	1,302	300

25. Share capital and share premium

	2015 €000	2014 €000
Authorised		
750,000,000 Ordinary ‘A’ shares of €0.003 each	**2,250**	2,250
250,000,000 Ordinary ‘B’ shares of €0.003 each	**750**	750
Issued and fully paid up		
29,741,197 Ordinary ‘B’ shares of €0.003 each	**89**	89
Share premium		
Share premium reserve	**53,273**	53,273

In April 2014, the following resolutions were passed with regard to the Company’s share capital:

i. To divide the authorised share capital of the Company and change the nominal value of the authorised share capital, from €1,000,000 divided into 1,000,000,000 Ordinary shares with a nominal value of €0.001 each, into 750,000,000 Ordinary ‘A’ shares with a nominal value of €0.003 each and 250,000,000 Ordinary ‘B’ shares with a nominal value of €0.003 each.
ii. To change the nominal value of all the shares currently in issue from €0.001 to €0.003 by capitalising the required amount of €39,949 from the share premium account.
iii. To redesignate as Ordinary ‘B’ shares all the 19,974,500 Ordinary shares having a nominal value of €0.003 in the Company currently in issue.

In May 2014, 9,766,697 new class B Ordinary shares were issued by the Group, as part of an equity issue to existing shareholders prior to the Group’s listing. The total issued share capital following the new equity issue consists of 29,741,197 class B Ordinary shares, each with a nominal value of €0.003. No class A Ordinary shares have been issued.

The total proceeds of the issue were €23,755,537, of which €29,300 was an increase in issued share capital and €23,726,237 was an increase in share premium. Costs of €192,000 relating to the equity issue were offset against this increase in share premium. No shares were issued under option schemes for both 2015 and 2014.

Ordinary 'A' shares and Ordinary 'B' shares carry rights to dividends. One Ordinary 'B' share entitles the holder to one vote at shareholders' meetings of the Company. Each Ordinary 'A' share that might be issued upon conversion of the convertible bond would entitle the holder to a higher number of votes than Ordinary 'B' shares, calculated according to a formula set out in the terms and conditions of the bond and in the Company's articles of association.

26. Share-based payments

The Group operates a share-based payment scheme as set out within this note. No options within the scheme have been exercised. The total charge for the year relating to employee share-based payment schemes was €39,000 (2014: €39,000), all of which related to equity-settled share-based payment transactions.

The information provided below relates to the share option scheme operated by Kambi Group plc, for the benefit of employees of the Group.

Kambi Group Executive Share Options Plan

The Kambi Group Executive Share Option Plan (ESOP) was introduced in December 2013. Under the scheme, the Board can grant options over shares in the Group to employees of any entity within the Kambi Group.

Options are normally granted with a fixed exercise price equal to 130% of the average share value, based on an external valuation. Awards under the scheme are generally made to employees at a senior level. Options will normally be exercisable in accordance with a vesting schedule set at the date of grant and will expire not later than the 10th anniversary of the date of grant. Options are exercisable only to the extent that certain performance conditions have been satisfied and are subject to continued employment.

Grants made under the ESOP are valued using the Black—Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows. The exercise price of the options was set in GBP as this was the functional currency of Unibet Group plc, which was the owner of the Group at the date of grant.

Grant date	14 Dec 2013
Exercise price GBP	1.23
Number of employees	53
Shares under option	961,000
Vesting period (years)	3
Expected volatility %	21
Option life (years)	10
Expected life (years)	3.50
Risk-free rate %	1.23
Expected dividends expressed as dividend yield %	0
Fair value per option GBP	0.08

The expected volatility is based on the standard deviation of Unibet Group's share price over a year, prior to the grant date. During 2013, Kambi Group plc was not publicly traded and therefore Unibet Group's share price was used to calculate the expected volatility. The risk-free rates of return applied to the ESOP grant is the approximate implicit risk-free interest rate for the options' term to maturity, based on the three-year maturity rate offered by Riksbanken at the date of each grant.

26. Share-based payments (continued)

Kambi Group plc Share Option Plan 2015

The Kambi Group plc Share Option Plan 2015 was introduced in December 2015. Under the scheme, the Board can grant options over shares in the Group to employees of any entity within the Kambi Group.

Options are granted with a fixed exercise price equal to 110% of the average share value, based on the average market value of a Kambi share on the First North Exchange, for the 10 business days before the options are granted. Awards under the scheme are generally made to employees at a senior level. Options will normally be exercisable in accordance with a vesting schedule set at the date of grant and will expire not later than the fourth anniversary of the date of grant. Options are exercisable only to the extent that certain performance conditions in relation to EPS growth have been satisfied and are subject to continued employment.

Grants made under this plan are valued using the Black—Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	23 Dec 2015
Exercise price SEK	121.165
Number of employees	38
Shares under option	404,000
Vesting period (years)	3
Expected volatility %	33.17
Option life (years)	4
Expected life (years)	3.50
Risk-free rate %	-0.06%
Expected dividends expressed as dividend yield %	0
Fair value per option EUR	2.60

The future volatility assumption is an average of the Company's share price performance over the 18 months immediately preceding grant, and Unibet's share price performance over a period of 36 months immediately preceding grant. This reflects the Company's own performance since its IPO in June 2014. However, the future vesting period for these options is three years. A three-year volatility assumption should also reflect an historic three-year period. The most appropriate historic three-year volatility for Kambi is that of Unibet Group plc, Kambi's former parent company.

26. Share-based payments (continued)

A reconciliation of option movements over the year to 31 December 2015 is shown below:

Kambi Group Executive Share Option Plan:	Number	2015 Weighted average exercise price GBP	Number	2014 Weighted average exercise price GBP
Outstanding at 1 January	961,000	1.23	961,000	1.23
Exercised	–	–	–	–
Granted	–	–	–	–
Lapsed	–	–	–	–
Forfeited	(19,000)	1.23	–	–
Outstanding at 31 December	**942,000**	1.23	**961,000**	**1.23**

Kambi Group plc Share Option Plan 2015:	Number	2015 Weighted average exercise price SEK	Number	2014 Weighted average exercise price SEK
Outstanding at 1 January	–	–	–	–
Exercised	–	–	–	–
Granted	404,000	121.165	–	–
Lapsed	–	–	–	–
Forfeited	–	–	–	–
Outstanding at 31 December	**404,000**	121.165	–	–

The weighted average remaining contractual life at 31 December 2015 was eight years (2014: nine years) for the Kambi Group Executive Share Option Plan and four years (2014: nil) for the Kambi Group plc Share Option Plan 2015.

Dilution effects: During 2015, 19,000 (2014: nil) options over shares were forfeited during the year due to employees leaving the Group. If all options are fully exercised, the nominal share capital of the Group will increase by a total maximum of €4,038 (2014: €2,883) by the issue of a total maximum of 1,346,000 ordinary shares (2014: 961,000) corresponding to 4.9% (2014: 3.2%) of the nominal share capital of the Group.

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27. Other equity and reserves

	Share-based payment reserve €000	Defined benefits €000	Convertible shares €000	Capital contribution €000	Total €000
At 1 January 2014	120	–	–	61	181
Share-based payments expense for the year	39	–	–	–	39
Convertible bond issue	–	–	399	–	399
Actuarial gain/(loss) for the year	–	(13)	–	–	(13)
Currency translation differences	2	–	–	(2)	–
At 31 December 2014	**161**	**(13)**	**399**	**59**	**606**
Share-based payments expense for the year	39	–	–	–	39
Actuarial gain/(loss) for the year	–	(20)	–	–	(20)
At 31 December 2015	**200**	**(33)**	**399**	**59**	**625**

Share-based payments
The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration package.

Defined benefits
The defined benefits reserve is used to recognise any actuarial gain/(loss) from the employee defined benefits scheme in place.

Convertible shares
The convertible share reserve covers the equity component of the issued convertible bond. The liability component is reflected in other financial liabilities.

Capital contribution
The capital contribution is unsecured and interest-free and is repayable exclusively at the option of the Group.

28. Foreign currency translation reserve

	2015 €000	2014 €000
Opening balance	**(179)**	(115)
Movement for the year	**16**	(64)
Closing balance	**(163)**	(179)

The translation reserve of the Group comprises all foreign currency differences arising from the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency. This amount is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. This reserve is non-distributable.

29. Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	2015 €000	2014 €000
Profit attributable to ordinary equity holders	**6,197**	967
Profit attributable to ordinary equity holders adjusted for the effect of dilution	**6,197**	967

	2015 €000	2014 €000
Weighted average number of ordinary shares for basic EPS	**29,741**	26,016
Effects of dilution from:		
Share options	**740**	476
Weighted average number of ordinary shares adjusted for the effect of dilution	**30,481**	26,492
Earnings per share	**€**	€
Basic	**0.208**	0.037
Diluted	**0.203**	0.037

The convertible bond has been excluded from the earnings per share calculation as it is considered antidilutive. If the convertible bond was included in the calculation, profit attributable to ordinary equity holders on dilution would increase by €309,000 (2014: €185,000) and the weighted average number of ordinary shares on dilution would increase by 952,438 shares (2014: 762,545 shares).

The increase in the weighted average number of ordinary shares in 2015 is due to the issue of shares in May 2014.

30. Related party disclosures

Until May 2014, the Group was part of Unibet Group plc and therefore all companies forming part of the Unibet Group are considered to be related parties up until this date as these companies are also ultimately owned by Unibet Group plc.

Trading transactions with fellow subsidiaries of the Unibet Group for 2014 were carried out at arms' length and are shown below. After May 2014, Unibet Group plc was no longer a related party and therefore no transactions are included in this note.

For details of directors' and key management remuneration, please refer to the report on page 28.

	Related party activity €000	2015 Total activity €000	%	Related party activity €000	2014 Total activity €000	%
Revenue:						
Related party transactions with:						
Other related parties	–			8,678		
	–	47,687	–	8,678	36,017	24
Administrative expenses:						
Related party transactions with:						
Other related parties	–			(357)		
	–	(40,187)	–	(357)	(33,176)	1
Finance costs:						
Related party transactions with:						
Other related parties	–			(130)		
	–	(325)	–	(130)	(315)	41

31. Operating leases

	2015 €000	2014 €000
Recognised as expense for the year	**1,360**	1,291
	1,360	1,291

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2015 €000	2014 €000
Within one year	**1,239**	1,303
Between one and five years	**934**	772
Over five years	**–**	–
	2,173	2,075

Operating lease payments represent rentals payable by the Group for certain buildings. Leases are negotiated and rentals are fixed for an average term of two years (2014: two years). There are no future aggregate minimum lease payments under non-cancellable operating leases payable after five years.

32. Capital commitments

There were no capital commitments at 31 December 2015 or 31 December 2014.

33. Contingent liabilities

There were no contingent liabilities at 31 December 2015 or 31 December 2014.

34. Financial risk management

Financial risk factors

The Group's activities potentially expose it to a variety of financial risks: market risk (including unfavourable outcomes on the events where it offers odds, foreign exchange and interest rate risks), credit risk and liquidity risk. The Group's overall risk management approach, covering risk exposures for all Group undertakings, focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The exposures to risk and the way risks arise, together with objectives, policies and processes for managing and measuring these risks, are disclosed in more detail below. The objectives, policies and processes for managing financial risks and the methods used to measure such risks are subject to continual improvement and development.

(a) Market risk

Unfavourable outcomes on the events where the Group offers odds: The Group has adopted specific risk management policies that control the maximum risk level for each sport or event on which the Group offers odds. The results of the most popular teams in major football leagues comprise the predominant market risk. Through diversification, which is a key element of the Group's business, the risk is spread across a large number of events and sports. The Kambi Compliance Officer is responsible for day-to-day monitoring of market risk. It is also their responsibility to advise the odds compilers and risk managers on appropriate levels for certain events. The Kambi Compliance Officer assesses risk levels for individual events as well as from a longer term perspective. The Group continuously monitors its risk limits for each operator and end user.

Foreign exchange: The Group undertakes transactions denominated in foreign currencies and is also exposed to foreign exchange risk from recognised assets and liabilities in foreign currency. Currency risk is managed by means of holding funds on short-term deposit in the currencies of the Group's principal cash outflows. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	2015 Liabilities €000	2014 Liabilities €000	2015 Assets €000	2014 Assets €000
GBP	6,094	9,940	14,005	15,030
SEK	2,784	2,212	7,741	6,249
PHP	269	392	747	845
RON	130	–	83	–
AUD	554	–	506	–

Foreign currency sensitivity analysis: The Group is mainly exposed to the currencies of GBP and SEK. The following table details the Group's sensitivity to a 2% increase and decrease in the EUR against the relevant foreign currencies. A 2% shock is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 2% change in foreign currency rates.

The sensitivity analysis includes external cash flows as well as cash flows within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the EUR strengthens by 2% against the relevant currency. For a 2% weakening of the EUR against the relevant currency, there would be a comparable negative impact on profit or equity.

	GBP Impact €m 2015	GBP Impact €m 2014	SEK Impact €m 2015	SEK Impact €m 2014
Profit or loss	0.4	0.3	0.3	0.3
Equity	0.2	0.1	0.1	0.1

The exposure is mainly attributable to the net outstanding value in GBP and SEK receivables, payables and cash of the Group at the end of the reporting period.

34. Financial risk management (continued)

Interest rate: The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has managed this risk through the negotiation of a fixed interest rate on the convertible bond and has no other borrowings.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

Financial assets which potentially subject the Group to credit risk consist principally of receivables and cash at bank. The latter is placed with various reliable financial institutions. For receivables, an allowance would be made for doubtful debts if there was an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Credit risk with respect to receivables is limited due to credit control procedures, ongoing credit evaluation and to a policy of only dealing with creditworthy counterparties. Moreover the debtor base comprises a number of customers spread across geographical areas, thus serving to also mitigate concentration risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group monitors and manages its risk to a shortage of funds by maintaining sufficient cash and short-term deposits and by monitoring the availability of raising funds to meet commitments associated with financial instruments, and by maintaining adequate banking facilities.

The following tables detail the Group's remaining contractual maturity of its non-derivative financial liabilities and non-derivative financial assets. The tables are based on the undiscounted cash flows and in the case of financial liabilities on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate (%)	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
Financial assets 31 Dec 2015								
Cash and cash equivalents	0.1%	21,244	6,237	–	–	–	27,481	27,481
Financial assets 31 Dec 2014								
Cash and cash equivalents	0.1%	21,139	2,016	–	–	–	23,155	23,155
Financial liabilities 31 Dec 2015								
Convertible bond	3.0%	–	–	–	7,500	–	7,500	7,231
Financial liabilities 31 Dec 2014								
Convertible bond	3.0%	–	–	–	7,500	–	7,500	7,149

34. Financial risk management (continued)

Capital management

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern; and
- to maximise the return to stakeholders through optimising the debt to equity balance.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group is not subject to any externally imposed capital requirements.

The capital structure of the Group consists of debt, cash and cash equivalents and items presented within equity in the consolidated statement of financial position. The Group's directors manage the capital structure and make adjustments to it, in light of changes in economic conditions. The capital structure is reviewed on an ongoing basis. Based on recommendations of the directors, the Group balances its overall capital structure through the payments of dividends, new share issues, the issue of new debt or the redemption of existing debt.

The gearing ratio at the end of the reporting period was as follows:

	2015 €000	2014 €000
Debt	**(7,231)**	(7,149)
Cash and cash equivalents	**27,481**	23,155
Net debt	**20,250**	16,006
Equity	**(32,390)**	(26,158)
Net debt to equity %	**(63%)**	(62%)

Fair values of financial instruments

The fair values of cash and short-term deposits, trade and other receivables, trade and other payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Set out below is a comparison of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying amount 2015 €000	Fair value 2015 €000	**Carrying amount 2014 €000**	Fair value 2014 €000
Financial liabilities				
Convertible bond	**7,231**	7,333	7,149	7,228

The fair values of the Group's convertible bond are determined by using the Discounted Cash Flow method using a discount rate that reflects the revised borrowing rate as at the end of the reporting period.

AGM
Company information

Shareholders in Kambi Group plc are invited to participate in the AGM on Wednesday 18 May 2016 at 10.00 CET at Kambi, Wallingatan 2, 4tr, 111 60 Stockholm, Sweden.

Rights to Participate

Holders of Kambi Group plc who wish to attend the AGM must be entered on the Company's register of members by Monday 2 May 2016.

In order to be entitled to participate in the proceedings at the AGM, shareholders who have their shares registered with a nominee account, must ensure their shares are temporarily registered in their own name latest by Monday 2 May 2016.

Financial calendar

27 April 2016	Q1 Report
18 May 2015	AGM
27 July 2016	Q2 Report
2 November 2016	Q3 Report
8 February 2017	Q4 Report

Company information

Registered office	Level 3, Quantum House Abate Rigord Street Ta' Xbiex XBX1120, Malta
Certified advisor	Redeye AB, Stockholm
Company secretary	Maureen Ehlinger
Auditors	Mazars Malta, Sovereign Building Zaghfran Road 32, Attard ATD 9012, Malta
Corporate website	kambigroupplc.com

Glossary
Definitions

A

Average number of employees
Average number of employees based on headcount at each month end

B

B2B
Business-to-Business

B2C
Business-to-Consumer

C

Cash flow per share
Net increase/(decrease) in cash and cash equivalents, divided by the number of ordinary shares at the balance sheet date

Customer
B2C operator to whom Kambi provides services

E

Earnings per share, fully diluted
Profit after tax adjusted for any effects of dilutive potential ordinary shares divided by the fully diluted weighted average number of ordinary shares for the period

EBIT
Earnings before interest and taxation, equates to operating profit

EBIT margin
EBIT as a percentage of revenue

EBITDA
Operating profit before depreciation and amortisation charges

End user
A player that places bets with an operator

Equity/assets ratio
Total shareholders' equity as a percentage of total assets

Equity per share
Total shareholders' equity divided by the number of ordinary shares at the balance sheet date

G

Gross Gaming Revenue (GGR)
The amount wagered minus the winnings returned to players

GRL
Government Regulated Lottery

I

iBetting
Online betting including mobile

L

Live betting
Odds set and played during an event

N

Net cash
Total cash less debt at period end

O

Operating margin
Operating profit as a percentage of revenue

Operator
A B2C gambling operator

Operator Turnover and Margin Index
This index shows Kambi's operators' turnover and margin based on the total stakes and payouts of their players

P

Pre-match odds
Odds set and played on prior to the start of the event

R

Return on total assets
Profit after tax as a percentage of average total assets

Revenue
Income from Kambi's operators based on fixed and variable elements

S

Sportsbook
A platform where bets are placed and accepted on sporting and other events

W

Weighted average number of shares
Calculated as the weighted average number of ordinary shares outstanding during the year

Weighted average number of shares, fully diluted
Calculated as the weighted average number of ordinary shares outstanding and potentially outstanding (i.e. including the effect of exercising all share options) during the year

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