UNIBET GROUP

A SUSTAINABLE FOUNDATION FOR A DYNAMIC FUTURE

UNIBET GROUP PLC
ANNUAL REPORT AND ACCOUNTS 2015

A SUSTAINABLE FOUNDATION FOR A DYNAMIC FUTURE

THE UNIBET GROUP IS ONE OF THE LARGEST ONLINE GAMBLING OPERATORS IN THE EUROPEAN MARKET WITH OVER 13.5 MILLION CUSTOMERS WORLDWIDE.

31%

Locally regulated Gross winnings revenue (GWR)

10%

Betting duties, % GWR

This document is the English original. In the event of any discrepancy between the original English document and the Swedish translation, the English original shall prevail.

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HIGHLIGHTS

+13%
Gross winnings revenue growth[1]

+4%
Underlying EBITDA growth[1]

+24%
Net cash

+21%
Gross winnings revenue growth for Sports betting[1]

+15%
Gross winnings revenue growth for Casino & Games[1]

51.4%
Mobile share of Gross winnings revenue

Financial highlights[2]

Gross winnings revenue
GBP million

15	354.1
14	312.0
13	268.0
12	226.7

Earnings per share
GBP

15	0.244
14	0.414
13	0.179
12	0.142

EBITDA
GBP million

15	77.0
14	115.7
13	63.4
12	52.5

Free cash flow per share
GBP

15	0.301
14	0.249
13	0.183
12	0.148

P18-19

Operational highlights

- Strong growth in profit, both organically and through acquisition, despite negative translation effects of the stronger GBP
- Acquisition of iGame Group and Stan James Online
- Betting duties are now 10 per cent of Gross winnings revenue
- Mobile is now over 50 per cent of Gross winnings revenue

Awards

- EGR Operator Marketing & Innovation Awards – Affiliate Marketing Campaign of the Year
- EGR Operator Marketing & Innovation Awards – Innovation in Poker of the Year
- EGR Nordic Awards – Social Responsible operator
- EGR Nordic Awards – Sports Betting operator
- IGA Winner – Socially Responsible operator

1 Growth in GWR and EBITDA as reported in GBP were both impacted by the strengthening of GBP against the Unibet Group's major currencies. The growth in local currencies was higher.
2 The results for 2014 include the one-off gain on the disposal of Kambi.

WELCOME TO THE UNIBET GROUP

"WE HAVE A UNIQUE APPROACH AT THE UNIBET GROUP AND BELIEVE THAT LUCK IS NO COINCIDENCE. HERE WE EXPLAIN WHAT LUCK MEANS TO US..."

Our experienced customers apply a careful and studious approach to their gambling and we provide them with a range of supporting products and services which maximises their enjoyment.

Over the next few pages, we explain how our unique approach enables us to profitably grow in specific territories whilst delivering performance to all our stakeholders.

Delivering a strong performance
We finished 2015 with an exceptional fourth quarter with GWR up by 43 per cent to an all-time high of GBP 111.4 million (2014: GBP 78.0 million) driven by strong organic growth from both our Unibet and Maria brands as well as the initial contribution from two strategic acquisitions in our core markets.

A surge in active customer numbers in the fourth quarter to 921,150 (2014: 570,360) contributed to GWR for the year of GBP 354.1 million (2014: GBP 312.0 million), a robust performance delivered against the backdrop of strong foreign exchange headwinds. By the fourth quarter of the year 34 per cent of our Gross winnings revenue was generated from locally regulated markets and as a result our 2015 betting duties increased to GBP 35.0 million. We now pay 10 per cent of our Gross winnings revenue in betting duties.

Maintaining momentum

Our strong underlying growth reflects the ongoing investment in the business, particularly in technology and marketing. We remain at the forefront of mobile development with 56 per cent of our Gross winnings revenue generated from our mobile channels during the fourth quarter. This year we have streamed as many events via mobile as on the web.

Our performance in the European online gambling market has been impressive. Whilst the conversion to online is the key growth driver in the overall gambling market, we have grown our share of online at twice the speed of the market and now account for over three per cent of this dynamic EUR 17 billion marketplace.

Cost control has been a recurring theme for the last five years as we seek to be as efficient as possible with the aim of growing our top line revenue faster than our costs. This constant focus has ensured non-salary operating costs, excluding non-recurring items, as a percentage of Gross winnings revenue have fallen from 14 per cent in 2012 to 8 per cent in 2015, which shows how we are adapting our business model to absorb increased betting duties as our core markets re-regulate. This demonstrates the scalability of our business model and we expect that trend to continue as we integrate the new acquisitions into our operations.

At the end of 2015, our shareholders approved an 8:1 share split, with the first trading day being 4 January 2016. We were also moved to the Nasdaq Stockholm Large Cap index as our market capitalisation has shown outstanding growth from SEK 14 billion to SEK 25 billion. This has raised our profile in the investor community and increased liquidity.

Making good progress against our strategy

We are two years into our three year plan and we are well on track to deliver our long-term plan. Embedded into that plan is our approach to sustainability as we recognise that it is key to our commitment to our customers to offer them the best gambling experience, particularly with regards to customer protection. We see the recent awards for "Socially Responsible Operator of the Year", received at the eGaming Review and International Gaming Awards, as a clear endorsement of our efforts.

Although our two acquisitions came to fruition towards the end of the year, we had been working on these throughout 2015. Stan James Online brings us an important asset in the largest re-regulated market in the world, giving us step change in scale and market share in the UK. The acquisition of the iGame Group will considerably strengthen our position in the strategic Nordic markets, ahead of future re-regulation.

Building a talented team

As well as broadening our footprint, these acquisitions also bring over 250 experienced people into the Unibet Group, adding to our talent pool and helping to fuel our growth. Integration is well underway and we are working hard to ensure that the Unibet Group culture and flat organisation structure is maintained. We would like to welcome all our new employees, whose positive responses to the acquisitions have contributed to our good results. This is of course, alongside the continued hard work of all the employees of the wider Unibet Group and we would like to thank them all for the passion and commitment they bring to their roles every day.

Looking forward to continued growth

As we reported when we published the year end results on 10 February 2016, we have experienced a strong start to 2016 for all our brands and are looking forward to a year of continued growth, with major sporting events such as the European Championships and the Olympics taking place.

We intend to continue setting the agenda for the industry, staying ahead of the technology curve and delivering the best possible gambling experience for our customers.

Henrik Tjärnström
CEO
Malta 11 March 2016

OUR KEY FOCUS IS ON:

THE CUSTOMER EXPERIENCE

P04-05

INDUSTRY-LEADING BRANDS

P06-07

LEADING EDGE TECHNOLOGY

P08-09

BUILDING MARKET SHARE

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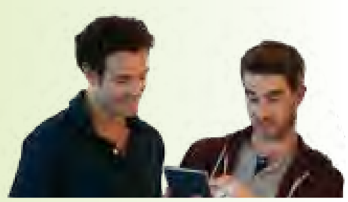
A UNIQUE WORKING ENVIRONMENT

P12-13



A SUSTAINABLE BUSINESS MODEL

P14-15

PROVIDING THE BEST CUSTOMER

During 2015 the Unibet Group sought to offer its 1.3 million[1] active customers the best possible online gambling experience through a personalised approach and exceptional customer service underpinned by an industry-leading player safety environment.

A PERSONALISED APPROACH

Throughout the customer lifecycle, the Unibet Group provides personalised content that is relevant, timely and local. Astute analysis of the vast quantity of data captured during the customer journey, means communications, promotions and rewards can be tailored to an individual customer's preferences. Marketing can be focused around customer behaviour, as well as events, using this customer insight to give them the best possible offers. The data also forms the foundation of customer management strategies, building a strong relationship with customers by sending localised, personalised communications on new products, bonuses and offers to keep customers coming back. This has contributed to both the strong growth in registered customers to 13.5 million in 2015 (2014: 9.7 million) and customer retention levels of 89 per cent month by month.

1 Customers active at least once during 2015.

1,481
Hours of training delivered

755,704
Live chats handled

EXPERIENCE

EXCEPTIONAL CUSTOMER SERVICE

State of the art technology enables 200 agents to provide 24/7, multi-channel support in 20 different languages. Friendly, Passionate, Expert – these are the values that drive the Unibet Group's customer services teams to achieve high customer satisfaction scores on over 1.6 million interactions. The customer is firmly at the centre of the customer development lifecycle which includes contributing to the development of services and products through a well-structured co-creation process as well as 1,481 hours of training. The Group's proactive approach to gathering feedback extends beyond surveys to mining emails, social media and calls and taking action – either to contact customers to address any issues or feed the data through to improvements in the customer journey.

ACTIVE APPROACH TO PLAYER SAFETY

The Unibet Group's award winning proprietary Player Safety Early Detection System (PS-EDS) is at the heart of its responsible gaming approach. Using a risk-based approach, the software detects early signs of problem gambling using indicators based on empirical studies, and allows the Group to monitor, support and protect players. When a customer is detected showing possible signs of problem gambling, the Group's trained responsible gaming experts will evaluate each customer case individually in order to advise the best possible action. The Unibet Group believes that this approach is beneficial for a sustainable business and actively promotes this system at industry conferences throughout Europe sharing experiences and transferring knowledge.

SUMMARY

- A personalised approach built on data analysis that allows communications to be tailored to individuals' behaviour and preferences.
- Exceptional customer service on more than 1.6 million interactions.
- An award winning proprietary system that puts player safety at the heart of the Unibet Group's operations.
- Dedicated Customer Service agents nominated as Responsible Gaming experts receive industry-leading training every month.
- Responsible Gaming training varies from online delivery to expert sessions with psychotherapists and recovered problem gamblers.
- The Unibet Group also offers free subscriptions to Betfilter for customers who need to have a break from gambling.

CREATING INDUSTRY-LEADING

The Unibet Group offers pre-game and live Sports betting, Poker, Casino and Games through several subsidiaries and brands, all with distinctive market positions. While the Group's core markets are in Europe and Australia, it addresses global markets excluding only territories that the Group has consistently blocked for legal reasons such as the USA, Turkey and similar markets.

125,600
Live betting events

34,200
Streamed events

THE PRODUCTS

Sports betting
The Group's fast growing pre-game and live sports betting service offers a comprehensive range of odds on a wide range of international and local sports events from major football leagues in Europe to horse racing in Australia and in the UK. Available via mobile, tablet and desktop, 24 hours a day, 7 days a week, this service accounts for 46 per cent of the Unibet Group's GWR, with Western Europe being the largest region.

Casino & Games and Poker
These products account for 54 per cent of the Unibet Group's revenue, with the Nordics representing the most significant region for the Group. The Group's Casino offers over 800 games from 46 software providers across multiple channels. 14 of these are exclusive to the Group and include two live Casino experiences. Unibet-branded Poker has won four awards to date, including the European Poker award for "Innovation in Poker" this year and the eGR "Innovation in Poker" award two years running.

BRANDS

THE BRANDS

UNIBET

Unibet is the premium all-product brand in the Group, offering all types of Sports betting as well as Casino and Games, Poker and Bingo in 20 different languages in more than 100 countries. Unibet lives by its promise 'By Players, for Players', underpinned by a passion for online gambling.

MARIA CASINO

One of the top three specialist casino brands in the Nordics, Maria Casino is designed to give a more thrilling and exciting gambling experience, focused on Casino and Games. Maria Casino offers relevant games through a personalised, unique and completely responsive mobile, tablet and desktop platform.

StanJames.com

Acquired in September 2015, Stan James Online brings a high quality sports betting and horse racing offer and a well-established presence in the locally regulated UK market to support the Unibet Group's expansion into this important region.

iGame™

Acquired in September 2015, iGame consolidates the Unibet Group's leading position in the Nordic market. A specialist gambling operator with its focus on the Nordics and Central Europe, iGame offers online Casino, Poker, Bingo and Sports betting through seven local brands: Kolikkopelit.com, Leijonakasino.com, Bohemiacasino.com, igame.com, 24hbet.com, Hertat.com and all the Huone brands including casinohuone.com, pokerihuone.com, veikkaushuone.com and bingohuone.com.

BINGO.com

2015 saw the development and launch of a brand new bingo network and software for the Unibet Group. The new software features a fresh user interface with enhanced graphics and innovative features for a more entertaining gaming experience. The new Bingo product, which has seen a 50 per cent increase in monthly active customers, offers the most popular bingo variants, fun in-game features, exciting jackpots and a generous loyalty programme.

DELIVERING LEADING EDGE

A scalable, resilient IT platform, allows the Unibet Group to process over 19 million transactions a day, supporting multiple brands across different licensed jurisdictions, all with different terms and conditions.

A SEAMLESS CUSTOMER EXPERIENCE

The Unibet Group constantly strives to improve its customers' experience, using feedback from its customer services teams to tailor product development. For example, providing a seamless wallet with one balance that can be used across all products, has enabled the Group to improve the user experience, offer cross-product bonuses and monitor wallet transactions in real time.

Mobile became the Unibet Group's biggest channel this year, accounting for over 50 per cent of GWR, the result of focused investment to deliver a consistent interface across all channels. The Group's 31 apps generated over 680,000 downloads in 2015 and include a new range of mobile-focused casino games, exclusive to the Unibet Group's customers.

"0" HOURS

Planned downtime of the site for development and upgrades

+1,200

Functionality releases

TECHNOLOGY

TECHNOLOGY-ENABLED GROWTH

The Unibet Group's IT infrastructure has been evolving since 2010 from a single, centralised system to a scalable, resilient platform that supports a complex technology ecosystem. It delivers over 160 services, in 20 different languages, to over 900,000 active customers in different jurisdictions, all with different terms and conditions. 27 different payment solutions are supported, through integration with 17 payment providers.

The major transformation in the Group's data platform allows the Group to store and analyse large data volumes efficiently. This enables it to predict customer behaviour, personalise communication and make data available in real time. This supports the drive for relevant, timely, proactive communication, for example offering live rewards and improving fraud monitoring.

READY FOR THE FUTURE

With over 200 people in the Unibet Group's technology team delivering over 1,200 releases a year, the Group's IT platform is a key competitive advantage, driving continuous improvement to the customer experience and enabling the Group's ambitious growth plans. The focus on big data maps directly into the transition to data-driven decisions, for marketing, personalisation and customer retention, based on advanced analytics and predictive analysis.

The Group will continue to lead the digital agenda and is well placed to respond to the rise in action betting (for example, on the next point in tennis) creating a more dynamic Sports betting product by reducing the time between placing a bet and settlement.

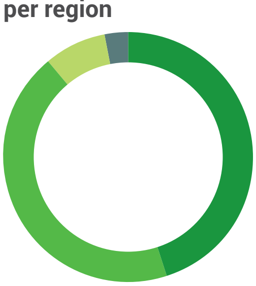
SUMMARY

- Improving the user experience through the completion of a seamless wallet that can be used across all products.
- Supporting a complex technology ecosystem with a scalable, resilient IT platform.
- Leading the digital agenda using big data to drive decisions.
- 31 iOS and Android apps.

BUILDING MARKET SHARE

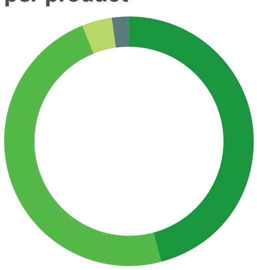
The Unibet Group plays in the fastest growing segment of the European gaming market, the online segment, that has delivered a compounded annual growth rate (CAGR) of 8.8 per cent* over the last five years.

Gross winnings revenue per region



- Nordics 45%
- Western Europe 44%
- Central, Eastern and Southern Europe 8%
- Other 3%

Gross winnings revenue per product



- Sports Betting 46%
- Casino & Games 48%
- Other 4%
- Poker 2%

MOBILE DEMAND DRIVING GROWTH

The online gaming market continues to make inroads into traditional gambling, accounting for 9.8 per cent of all gambling in 2015, and is predicted to represent 12.9 per cent by 2020*. The fastest growing segment within the total online gambling market is mobile which has powered ahead, now accounting for 28 per cent of all GWR and forecast to represent 35 per cent by 2019*. Mobile is now the Unibet Group's single largest channel driven by an impressive 64 per cent growth in GWR last year.

The European online gambling segment is growing steadily, reaching an estimated EUR 16.7 billion in 2015*, driven by new technology, re-regulation and challenging the position held by national monopolies. CAGR of 8.1 per cent is forecast over the next five years increasing the market size to EUR 24.7 billion by 2020*.

* Source: H2 Gaming Capital Feb 2016

31%
Locally licensed GWR

354.1M
Total GWR

SUMMARY

- With a CAGR of 15 per cent since 2011, the Unibet Group's growth has outstripped the market.
- The majority of the Unibet Group's GWR is from the Nordics and Western Europe.
- The European online gambling market was worth an estimated EUR 16.7 billion in 2015 and is estimated to be worth EUR 24.7 billion in 2020. The Unibet Group is well positioned to take advantage of this growth.

RIGHT MARKETS/ RIGHT TIME

The Unibet Group has a growing share of the European online gambling market, now accounting for just over three per cent of this expanding sector. The UK, Belgium and Denmark have all generated excellent opportunities for growth as the Group has been able to use its size and scale to establish a strong market presence following re-regulation in these markets.

31 per cent of the Unibet Group's revenue is now from locally licensed markets and the recent acquisition of Stan James Online has secured a strong foothold for the Group in this fast growing market – the UK online gambling market is forecast to grow by CAGR of 12.5 per cent between 2013 and 2018*. The introduction of local gambling regulation into new markets will act to stimulate the total market growth and provide future opportunities for the Unibet Group.

FOCUSED ON FOUR KEY REGIONS

Nordics, 45 per cent of GWR[1]
The recent acquisition of the iGame group, will consolidate the Unibet Group's leading position in the region with revenue in 2015 up by 6 per cent to GBP 160.3 million.

Western Europe, 44 per cent of GWR[1]
The Unibet Group continues to invest in this dynamic region, benefitting from locally licensed markets such as the UK, Belgium and France. Including initial revenues from Stan James Online, the Group has delivered a 24 per cent growth in GWR to GBP 154.3 million.

Central, Eastern & Southern Europe, 8 per cent of GWR[1]
GWR in this diverse region has grown by 7 per cent to GBP 28.8 million, with the award of an online licence to the Unibet Group in the fast growing Romanian market providing a strong platform for growth next year.

Other, 3 per cent of GWR[1]
GWR of GBP 10.7 million is primarily generated by the Unibet Group's Australian business, where activities are limited to Sports betting, including horse racing.

* Source: H2 Gaming Capital Feb 2016

1 Growth in GWR and EBITDA as reported in GBP was impacted by the strengthening of GBP against the Unibet Group's major currencies. The growth in local currencies was higher.

1,038
Employees at the end of 2015

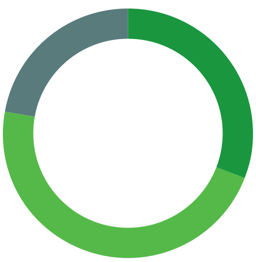
CREATING A UNIQUE WORKING

It was a transformational year for the Unibet Group. Following accelerated organic growth and two significant acquisitions, the number of employees grew significantly during 2015. With the integration of the acquistions already underway, the Unibet Group is better resourced to handle continued customer growth as well as capitalise on marketing and technological opportunities.

Nationalities

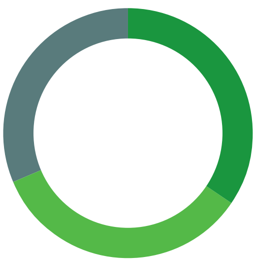
- Nationalities 45 (2014: 42)
- Languages spoken 34 (2014: 34)

Employee age breakdown



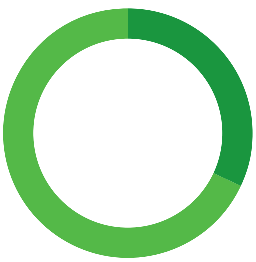
- 31% under 30
- 47% 30–40
- 22% 40+

Employee education breakdown



- High school or equivalent 34.5%
- Bachelor 34.2%
- Master or higher 31.3%

Employee gender



- Female 32%
- Male 68%

Great Place to Work: Top 50 Best Workplaces, 2015 (UK)

Glassdoor Awards: 4th best work-life balance, 2015 (Europe)

Engagement Excellence Awards: Best Global Benefits Offering, 2015

ENVIRONMENT

Creating a Great Place to Work
The Unibet Group continued its participation in the annual Great Place to Work survey. The overall employee engagement score remained at 79 per cent which was an excellent result during a period of transformation. The Unibet Group was ranked in the top 50 best UK workplaces*.

The Unibet Group is committed to providing the best employee experience, enabling the Group to recruit, engage, develop and progress the very best talent in the gaming industry.

Recruit
Significant activity to develop the Unibet Group's employer brand on social media has produced strong organic growth in recruitment by targeting 'digital natives', recognising that a typical Unibet Group employee would be active in these channels. The Unibet Group employer brand was also driven by a number of independent endorsements including being named in the top four European companies for 'work/life balance' by Glassdoor.

Engage
Employee engagement during 2015 was supported by the successful rollout of a new social intranet. Improved access to information is a key driver for engagement and the Group continues to innovate in this area.

Develop
A new global approach to employee on-boarding and induction provides all new recruits with improved knowledge of the Unibet Group products and services. This has helped drive down department silos and better connect employees with customers.

A key area of focus for 2016 is the roll-out of a new online learning management system, improving access to learning and maintaining the Group's commitment to constant personal development.

Progress
The Unibet Group continues its proactive policy to promote from within where possible. The acquisitions of iGame Group and Stan James Online bring more opportunities for internal mobility as well as cross-pollination of skills and experience across brands.

Uptake in an all-employee share ownership scheme during 2015 was very positive, directly linking the performance of the Unibet Group to employee reward.

* Source UK Great Place to Work 2015

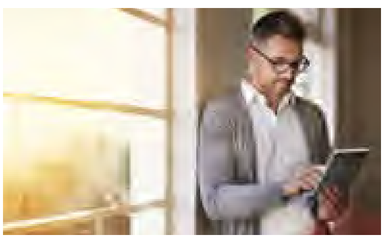
A WORLD CLASS DEVELOPMENT ORGANISATION

The Unibet Group must constantly adapt to customers' evolving needs. This means providing better products and services, and delivering the best possible gambling experience. It's a big technical challenge to provide a seamless multi-channel experience for customers across all markets and it requires a team of world class developers.

The Unibet Group is home to an expert team of developers. During 2015, the Tech headcount grew by 36 per cent, adding yet more expertise to the Group's technical capability. In 2015, the Group's developers made over 1,200 releases with zero downtime.

The Unibet Group will continue to grow its world class development function in order to exceed the expectations of its customers and capitalise on new technological opportunities.

A SUSTAINABLE BUSINESS MODEL



At the heart of the Unibet Group's business model is its key customer principles that focus on delivering the best customer experience and building its active customer base by optimising rather than maximising margins, generating loyalty and reducing churn.

Focus on customer value
This is a strategy which ensures long-term success, by turning new customers into loyal followers of the brand. Quarterly active customers have grown from over 570,000 in 2014 and now exceed 920,000. All of them receive personalised communication and rewards. Analysis of huge quantities of transactional, behavioural and demographic data is at the centre of every marketing decision. This has resulted in customer retention rates growing for a fourth year running to a rate of 89 per cent.

A proactive approach to responsible gaming is seen as a fundamental pillar in building long-term customer relationships with the Group's PS-EDS system playing a key role in helping players stay in control of their gambling and providing tailored support and tools at an early stage if problems are detected.

KEY CUSTOMER PRINCIPLES

MAXIMISE THE EXPERIENCE

FOCUS ON RELATIONSHIPS

MARKETING TO EXISTING CUSTOMERS

LONG-TERM APPROACH

8%
Other costs as % of GWR

51.4%
Mobile GWR

1
PLAYER SAFETY

Player protection is central to the Unibet Group's commitment to responsible gaming. Providing a safe, secure and supportive environment is key to building a sustainable, long-term relationship with customers, underpinned by highly-skilled staff and award winning systems.

All of the Unibet Group's employees undergo mandatory responsible gaming training. Responsible gaming training varies on different levels due to the diversity of the business. In fact, customer-facing employees also get the opportunity of discussing best possible responsible gaming approaches with psychotherapists, recovered problem gamblers and experts from treatment centres.

2
LEADING EDGE TECHNOLOGY

The Unibet Group leads the digital agenda in its field, setting standards in mobile channels. It analyses its vast quantity of data to predict customer behaviour and continually enhance its proprietary PS-EDS software.

3
MARKET-LEADING BRANDS

The Unibet Group has developed a portfolio of distinctive, high-profile brands and has added to this with the recent acquisitions of Stan James Online and the iGame Group. It continues to invest in fresh new titles and games that exploit the latest technology advancements.

4
OPERATIONAL EFFICIENCY

The Unibet Group's relentless focus on operational efficiency is key to creating the economies of scale that ensure the efficient conversion of Gross winnings revenue into earnings per share and to enable ongoing investment in technology.

DELIVERING STRONG GROWTH

With 13.5 million registered customers, the Unibet Group has a strong track record of growth underpinned by its commitment to marketing and innovation. As a result it now generates over 19 million transactions a day.

64M
Personalised email messages sent

25M
Push messages sent

Digital marketing expertise

The Unibet Group's digital marketing expertise is critical to the cost effective acquisition of new customers. By increasing the focus on search engine optimisation, the Group has ensured that it retains a top position in organic search results in its core markets, generating over one third of new depositing customers from this channel. This is complemented by a significant affiliate programme, where all the Group's brands partner with the top European affiliates, and a highly successful display advertising strategy to engage both with prospective and existing customers.

Social media is used primarily to reach and engage with the online gambling community and the Unibet Group's social communities currently boast over 900,000 fans and followers. The Group's focus has shifted in the recent years in providing cutting edge, expert content to delight its audiences through compelling storytelling, and with Euro 2016 and the Olympics on the calendar for 2016, social media will be a key marketing channel for the year ahead.

The Unibet Group's business model is centred on offering its players the best gambling experience.

Best customer experience

Innovative product development.

Sustainable growth

Strong active customer growth.

Scalable model

Efficient conversion of Gross winnings revenue into earnings per share.

The Unibet Group sends over 64 million emails and 25 million push messages a year, with technology critical to ensuring these are personalised, relevant and well-targeted to engage and reward existing and potential customers. This includes targeting people who had previously visited the site with relevant offers – a highly successful acquisition strategy.

At the forefront of product development
From online internet betting to multi-channel digital entertainment, the Unibet Group is at the centre of the fast-changing digital gaming market. In 2015, it streamed 34,200 live events in over 20 countries on both web and mobile. The future is about data-driven content, price differentiation (for example in different regions), predictive experiences and action betting (for example on the next point in tennis) and the Group is well placed to take advantage of these trends.

Targeted acquisitions
The Unibet Group has a track record of making careful acquisition choices and successfully integrating these into the organisation, with nine companies joining the Unibet Group since 2005, extending geographic coverage and increasing potential for long-term profitability. The Group's strategy is to use acquisitions to complement its strong organic growth and to strengthen its position in locally regulated or soon-to-be regulated countries. It looks for synergies and strategic fit and continuously evaluates opportunities that will enhance earnings and cash flow.

The recent acquisition of Stan James Online for GBP 19 million brought a scarce asset in the largest locally regulated market into the Unibet Group, immediately increasing market share in the UK. The business operates from Gibraltar and employs 152 people. Around 90 per cent of its GWR is from the UK, where it has a strong sports legacy and expertise in horse racing and UK sports.

The iGame Group acquisition for GBP 43.3 million also brought increased market share in strategic Nordic markets with over 75,000 active customers in the second quarter of 2015. With offices in Malta and Estonia, the iGame Group acquisition brings an additional 112 staff into the Unibet Group, the majority based in Malta. A fast growing business, its seven brands are tightly focused on their local markets.

KEY PERFORMANCE INDICATORS

The Group assesses the performance of the business on a regular basis, to measure results and help deliver on the strategy and its objectives.

Gross winnings revenue
GBP million

15	354.1
14	312.0
13	268.0
12	226.7

354.1

Definition
Gross winnings revenue on Sports betting is defined as the net gain or loss from bets placed. Within Casino and Games the Group defines GWR as the net gain from bets placed and Poker GWR reflects the net income ("rake") earned from poker games completed. GWR across all products is reported net of the cost of promotional bonuses.

Performance
Combination of strong organic growth in core markets in all brands supported by acquistions has accelerated the growth.

EBITDA
GBP million

15	77.0
14	115.7
13	63.4
12	52.5

77.0

Definition
Profit from operations before depreciation and amortisation charges.

Performance
Strategic focus on core markets and cost control continue to deliver improved performance.

Operating margin
%

15	18
14	32
13	17
12	18

18%

Definition
Profit from operations as a percentage of Gross winnings revenue.

Performance
With a continued focus on cost control and a strategic approach to marketing investments the underlying operating margin has remained stable despite a significant increase in betting duties in locally regulated markets.

Earnings per share
GBP

15	0.244
14	0.414
13	0.179
12	0.142

0.244

Definition
Profit after tax divided by the weighted average number of ordinary shares for the period.

Performance
Excluding the gain on the disposal of Kambi, strong year on year growth supported by acquisitions has increased the earnings per share.

Dividend per share
GBP

15	0.235
14	0.205
13	0.138
12	0.088

0.235

Definition
Amount proposed by the Board or paid out for the respective year, divided by the number of ordinary shares in issue.

Performance
The Board has reviewed the projected cash requirements for 2016 and has proposed to increase the 2015 dividend above 50 per cent of free cash flow.

Equity/share
GBP

15	0.926
14	0.889
13	0.881
12	0.791

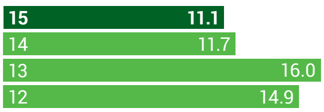
+4%

Definition
Total assets less total liabilities, divided by the number of ordinary shares at the balance sheet date.

Performance
The 2015 performance has strengthened the balance sheet, creating stability from which to grow.

The results for 2014 within the Key performance indicators include the one-off gain on the disposal of Kambi.

Capital expenditure on intangible assets GBP million

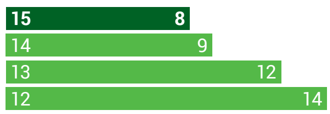


-5%

Definition
Capital expenditure on intangible assets.

Performance
Capital expenditure was lower in 2015 than previous years following the disposal of Kambi. During 2015 capital expenditure was focused on re-regulation requirements, data analytics, information mining and customer experience improvements.

Other costs, share of GWR %

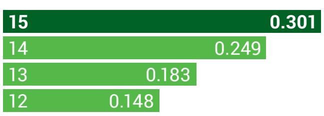


8%

Definition
Other costs as a percentage of GWR. Other costs are defined as operating costs, excluding salaries, depreciation and amortisation.

Performance
Continued focus on cost control enables absorbtion of increased betting duties and higher shareholder return.

Free cash flow per share GBP



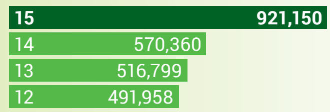
+30%

Definition
Cash flow from operations, adjusted for movements in working capital, capital investments and tax payments divided by the number of ordinary shares at the balance sheet date. 2015 excludes the impact of acquistions.

Performance
A strong performance during the year has translated to a strong shareholder return via a strong free cash flow generation.

Non-financial

Active customers last quarter of the year

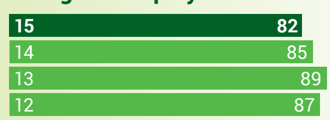


+62%

Definition
An active customer is a customer who has placed at least one bet during the last quarter.

Performance
Strong year-on-year growth supported by acquisitions has accelerated the growth.

Employees who view Unibet as a good employer %



-3%

Definition
The result of this survey represents the degree to which employees believe that the Unibet Group is a great place to work.

Performance
Excluding the results from the iGame and Stan James Online acquisitions the result actually increased from 2014 to 86%. The survey results demonstrate that even during a period of expansion the Group's employees continue to rank it very highly. For more information see pages 12-13.

CORPORATE SOCIAL RESPONSIBILITY

Building a sustainable business for investors, customers and employees.

The Unibet Group is passionate about player safety and this is fundamental to its approach to building a sustainable business, alongside creating a great place to work, reducing its carbon footprint and making a difference to its local communities.

Fair Play

Responsible gaming

The Group takes a proactive approach to responsible gaming and sees this as a fundamental pillar in building long-term customer relationships. Helping players stay in control of their gambling, providing a safe and secure online environment and preventing fraud, all contribute to the Group's aim of providing the best customer experience.

With 18 years of experience in the gaming industry, the Group continues to lead the field, investing in ongoing research to ensure its knowledge of customer behaviour is second to none. This year the Group is working in collaboration with the Responsible Gambling Trust (RGT) on research which aims to understand how existing operator systems, processes and controls can minimise harm and to document the markers used by each operator to signal problem play. The Group is also providing data to a new study commissioned by the RGT on the causes of harm due to online gambling which will use an in-depth qualitative approach. In additon, the Group will be contributing data and funding to a separate independent study seeking to understand the psychosocial benefits of gambling. One of the Group's employees is undertaking a PhD with the focus of the research on the different aspects of the customer life cycle in determining the best possible responsible gaming intervention.

This feeds directly into the Group's approach to player safety, building a deep understanding of customer behaviour and then taking steps to identify potential problems and provide personalised, holistic support to any players affected.

This humanistic approach is underpinned by the Group's award winning Player Safety – Early Detection System (PS-EDS) which monitors player activity 24/7 and uses constantly updated indicators to identify players at risk. Depending on the nature of the risk indicators, a tailored solution will be put in place which could include responsible gaming tools such as deposit limits, self-exclusion and product blocking.

The Group shares this expertise with gambling support organisations and local treatment centres, providing financial support for centres in Malta, Denmark, Belgium, the UK and the Netherlands.

Players need to have confidence in the integrity of the sports industry and co-operation between the gaming industry, authorities and sports federations is key to safeguarding this. In 2005 the Unibet Group co-founded ESSA, the main industry body to combat match fixing, and continues to be a leading contributor to sports integrity initiatives. In 2016, it is working with the federation of professional football coaches in the Netherlands to develop a code of conduct on how to deal with sports betting integrity, similar to the Group's contribution to Protect Integrity, the EU athletics' code of conduct.

Sustainable regulation

The Group is focused on building its business in well-regulated markets, actively contributing to leading trade bodies that help to regulate the gaming industry such as the European Gaming and Betting Association (EGBA) and the Remote Gambling Association (RGA). The Group sees the move to local regulation, aligned to customer demand and the development of a true cross-border digital market as contributing to an attractive, sustainable future for the Group and the industry as a whole.

During the year, the Group has been in open and constructive dialogue with the regulator and ministries in the Netherlands, ahead of re-regulation there and is engaged with a range of stakeholders and local trade associations in the Nordics.

The Group works hard to channel customers to regulated environments and has a highly experienced in-house team to ensure its absolute compliance with all the local licencing regulations in the territories where it operates.

In encouraging responsible gaming, prevention of addiction is key. The Group wants the customer journey to be rewarding, with customers in full control of their gaming behaviour while enjoying the products.

For the vast majority of the customers, this comes naturally. However, some customers may need a little help to stay in control of their gaming behaviour. For those customers, the Unibet Group has teamed up with the Center of Responsible Gaming, a responsible gaming organisation in the Netherlands, to develop an app, called bet.ter.

This app contains visual, easy to digest overviews of spending, against limits the customer sets for themselves. Graphs, trends and timelines give insight into how the customer is behaving at a glance. Also, built-in functionality such as a self-test and a direct line to responsible gaming organisations further help the customer to enjoy products in a responsible manner, and to prevent problems developing. In 2016, the app will be released first in the Netherlands and then rolled out to other countries.

Playing in our Environment

Carbon reporting

An important indicator of the Group's commitment to reducing its environmental impact is its Carbon Disclosure Project (CDP) score which measures the Group's ability to monitor and quantify its carbon emissions. This focus has been instrumental in driving up the Group's score over the last four years and it is currently the highest of any participating online gaming company. This year the Group increased its disclosure score to 94, up from 90 last year, an impressive result given the growth of the business during the year.

The impressive CDP disclosure score is a reflection of the quality and rigour in which the Group tracks its emissions. A third party is used to calculate the Group's CO_2 emissions to be compliant with the Greenhouse Gas Protocol Corporate Standard. The table on page 22 highlights the CO_2 consumed by the Group over the last two years. The Group's investment in efficient technology has reduced its absolute emissions by 3 per cent, even more impressive when taking into account the impact of the Group's growth by acquisition.

A clearer example of how the Group is 'growing green' are the significant reductions in the intensity of its emissions. CO_2 consumption per employee is down 39 per cent and based on GWR it is down 14 per cent. Per strategic site it is down 27 per cent. With Group expansion comes increased travel and consumption, but also great opportunities for the Group to test its existing green initiatives and continue to be innovative in managing its emissions.

94

2015 Carbon Disclosure Project score (2014: 90)

CORPORATE SOCIAL RESPONSIBILITY CONTINUED

Green initiatives
The two main contributors to the Unibet Group's carbon footprint are its substantial IT infrastructure and international travel.

With strategic sites in eleven different countries and an ever expanding employee population, the number of flights employees need to take continues to grow. As a result the Group works hard to mitigate this through extensive use of video and online conferencing which is now an intrinsic part of the Group's day-to-day working culture. Even with this significant increase in headcount, the initiatives run by the business have reduced emissions per employee by an impressive 39 per cent in 2015.

Data centre power consumption is being addressed as end-of-life hardware is replaced with more efficient equipment. This dove-tails with the continued substantial investment in technology and as a result the Group's emissions per data centre have remained flat in 2015, despite a significant increase in platform load and required bandwidth from the organic growth and the impact of the acquisitions.

In addition, every office in the Group plays its part. For example, in London all communal screens and air conditioning systems are controlled by timers and lighting is motion-sensitive; in Malta and the UK, the introduction of follow-me printing last year continues to reduce paper usage; whilst in Sweden taxi share arrangements are in place and instead of replacing entire desks, only new worktops have been changed.

Playing in our Communities

Great place to work
As a fast growing organisation, recruiting and retaining high-quality employees is critical to fuelling the Group's strategic ambitions and being recognised as a great place to work is an important element within this. The Group's high scores in the 2015 GPTW survey placed it in the top 50 UK best places to work for the first time, complimented by its nomination for the Glassdoor "European best work-life balance" award, see page 13 for further details. A key part of the Group's employee proposition was enhanced this year offering every employee a well-being allowance, aiming to encourage them to keep active by contributing to membership of sports clubs, gyms, fitness training etc.

Making a difference
Whilst supporting responsible gaming organisations across its operational regions, the Group's main contribution to its communities is employee-led. This combines matched funding for any employee fund raising with an allowance of three days paid leave each year to work for a charity or community project of their choice. Each office undertakes a number of initiatives locally. For example, in the UK we support a local clothes bank and Christmas food bank. In the Netherlands we are supporting Fonds Gehandicaptensport, a charity that helps mentally and physically challenged people to participate in sport.

Unibet Group CO_2 emissions

	Year ended 30 November[1]	
	2015	2014
Scope 1 – Operation of site facilties (tonnes CO_2)	**65**	77
Scope 2 – Grid electricity purchased (tonnes CO_2)	**1,743**	1,485
Scope 3 – Indirect emissions including travel (tonnes CO_2)	**1,740**	2,080
Total emissions (tonnes CO_2)	**3,548**	3,642
CO_2 ratio (tonnes CO_2 per employee)	**3.5**	5.6
CO_2 ratio (tonnes CO_2 per GWR GBP million)	**10.0**	11.7
CO_2 ratio (tonnes CO_2 per key strategic site)	**111.0**	152.0

1 To ensure CO_2 data is collected on a timely and accurate basis the CO_2 reporting year is a month ahead of the financial year.

FAIR PLAY

Objectives	Progress
• Continue to use the latest scientific evidence to help in the detection of potential problem gambling behaviour	**Achieved** – The Group is working with researchers commissioned by the Responsible Gambling Trust to look at problem gambling detection. See additional information on page 21.
• Provide support to national gambling organisations in local environments	**Achieved** – The Group continues to have this as a key area of focus. See additional information on page 20.
• Provide players with the best possible support tools, such as deposit/spending limits and self-exclusion	**Ongoing** – The Group continues to develop and optimise its responsible gaming tools and invest in research. In 2015 the Group launched customer product blocking and free use of the Betfilter service for its customers.
• Be organised internally to ensure a holistic approach to player safety	**Achieved** – Player Safety is embedded throughout the organisation to safeguard customers through their customer life in order to provide the best customer centric approach.
• Ensure maximum channelling to local licences to enable effective consumer protection	**In progress** – Ongoing discussion with national policy makers continues, in order to raise awareness that consumer protection and channelling are the key enablers for sustainable re-regulation and policy-making.
• Promote re-regulation that is fact-based and aligned to existing player demand and the global digital economy	**In progress** – Ongoing work to make positive contributions to sustainable policy making, using the Group's 18 years of expertise. – Ongoing work to establish and promote the Group as a trustworthy and knowledgeable leading expert and exchange best practices, including technical standardisation. – Ongoing work via EU and national trade associations to find solutions based upon dialogue.
• Pursue a constructive dialogue with the authorities and be an active partner in the EU Action Plan on online gambling including the July 2014 recommendation on consumer protection, both towards national and EU stakeholders	**Ongoing** – Participated in EU and national expert meetings on responsible gaming, consumer protection and sport betting integrity (including workshops and parliamentary roundtables in the Netherlands). – Ongoing work to establish and maintain an open and constructive working relation with regulators and local authorities. – Ongoing work to make positive contributions to sustainable policy-making. The Group is a leader in this area. – Ongoing work via trade associations to find solutions based upon dialogue.

PLAYING IN OUR ENVIRONMENT

Objectives	Progress
• Replace each item of IT hardware at the end of its useful life with a more efficient equivalent	**Achieved** – This is a continuous process under the Group's policy. In particular this has been evident in the data centres where energy consumption per data centre has remained flat in the year despite the significant increase in platform traffic and hardware resources to handle the increased volume.
• Be innovative in reducing our footprint	**Achieved** – A relentless investment in leading high-density hardware, virtualisation technologies and efficient cooling technology has driven the decrease in overall emissions despite the growth in computing loads.
• To reduce total CO_2 emissions year-on-year until 2017	**Achieved** – 2015 CO_2 emissions were down 3 per cent from 2014.
• To completely offset CO_2 emissions from flights by 2017	**In progress** – The Group embarked on a programme of off-setting in 2014 and will continue to seek appropriate future offsetting opportunities.
• To achieve excellence in our annual Carbon Disclosure Project (CDP) disclosure score	**Achieved** – The Group was awarded an all-time high disclosure score of 94 in 2015, the highest of any online gambling company.
• To seek and implement ways to improve the quality and regularity of our carbon emission reporting	**Achieved** – A driving factor behind the Group's impressive CDP disclosure score was the successful implementation of new systems, processes and tools to report Group-wide indirect emissions more easily.

PLAYING IN OUR COMMUNITIES

Objectives	Progress
• To provide opportunities and support for employees to give their time and expertise to community projects	**Ongoing** – the Group continues to promote its global policy allowing all employees an additional three days paid leave every year to contribute to community projects.
• To increase the numbers of our employees fund raising with matched funding	**Ongoing** – The Group continued to support many charities in 2015 with employees across all locations involved in a wide range of fund raising activities ranging from participation in charity cycle races, donating food to local foodbanks and supporting important causes such as the Syrian refugee crisis.
• Target a year-on-year increase in employee satisfaction as measured by employee surveys	**Ongoing** – The Group's second year of participation in the Great Place to Work (GPTW) survey has seen significant progress made across all of its key KPIs. The GPTW Trust Index for the Group including iGame and Stan James Online increased by 2 per cent to 77 per cent.
• Promote a healthy working culture for all of our employees	**Ongoing** – The Group has seen great utilisation of the employee wellbeing allowance to help them pursue healthy and active lifestyles. The Group continues to support a large number of sporting activities for all employees including football, squash, running, cricket, basketball and cycling. In 2015 the Group's Swedish office successfully piloted a fit for life challenge with employees competing in teams to demonstrate a healthy lifestyle in the workplace.

RISK MANAGEMENT

The Unibet Group has implemented a holistic risk management process to ensure that Group risks are managed in a proactive manner.

Risk governance

The Board via the Audit Committee has the overall responsibility for the risk management process and risk governance. The Executive Committee is responsible for identifying, assessing and managing the risks within the Group.

The Risk Management and Internal Audit teams perform reviews of the effectiveness of the risk mitigation controls and report the results to the Audit Committee on a quarterly basis.

The Unibet Group divides the principal risks into general risks and Group-specific risk.

General:

- Strategic
- Operational
- Financial (see Note 2C pages 56 and 57)
- Compliance

Group-specific risks:

- Odds/Trade related risks

Fraud, Anti-Money Laundering and Legal risks are discussed in the Responsible Gaming section of the CSR report pages 20 to 23, and in the General legal environment section on pages 28 to 29.

Risk management process

Risks are identified using the process as described in the diagram below. Identification and assessments are done across the Group via regular workshops with key stakeholders. The results are compiled into a risk report which is presented on a bi-annual basis to the Audit Committee.

A risk owner is identified for all risks and has the responsibility to implement the mitigation strategy and to monitor the risk.

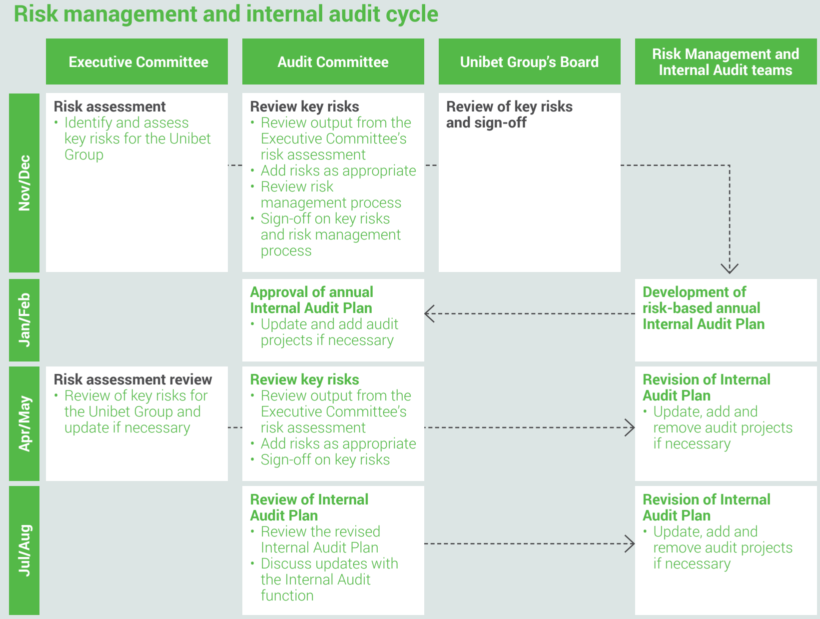
Sensitivity analysis

The Unibet Group's performance is affected by a number of factors. The sensitivity analysis below only takes into account direct changes. It is likely that actual changes in a specific factor will also affect other factors and that estimates made by the Group and other parties on the basis of a change of circumstance would also affect other factors.

Unibet Group considers movements in the factors below to have the most impact on profit before tax (PBT).

Factor	% change	PBT impact GBP m
Gross winnings revenue	+/- 1	+/- 3.541
Administrative expenses	+/- 1	+/- 0.852
Marketing expenses	+/- 1	+/- 0.982

Risk management and internal audit cycle



Monthly returns and tracking errors

The Group manages the risk of the Sportsbook by using its expert B2B provider Kambi Sports Solutions and maintaining a close working relationship with them. Kambi employs various risk management tools to assess and manage the risks. For example, to dynamically monitor the relative risk of the Sportsbook, it has risk tools and models normally used in the investment management industry.

The chart below sets out the monthly return on the Sportsbook from mid-2003 to date (pre-game and live betting combined). The two outside lines represent the upside and downside tracking error of this return, benchmarked against a long-term average return. The tracking errors are measured by taking the standard deviation on the difference in return between the Sportsbook and the average return at a 95 per cent confidence interval. A 95 per cent confidence interval indicates that on average, for 19 months out of 20, the actual return should be between the two tracking error lines.

The chart below illustrates that over time the tracking error band has become narrower, indicating that the monthly margins have become more stable. One of the main contributors is the fact that the relative amount of live betting within the Sportsbook has increased, and live betting is more stable, although it has a lower margin.

Integrity in sports

At the Unibet Group, the journey of the customers should be fun and rewarding. A crucial element in this is making sure a fair betting product is offered. Therefore, safeguarding the integrity in sports and sports betting is a top priority.

As cooperation is key in the battle against match-fixing, the Group acts side by side with other stakeholders such as governments and sports federations in eradicating any attempt to pollute the sport with criminal activity. Based on the ***see something, say something*** approach, the Group always reports suspicious betting activity to local authorities in the relevant jurisdictions. The Unibet Group has also signed a Memorandum of Understanding with the International Tennis Federation, and works closely with their Tennis Integrity Unit to further strengthen the integrity efforts.

Being an online business, the Unibet Group can trace back every transaction that took place on its platform. Betting patterns can be monitored on an individual transactional level. Among other things, the ability to make such a detailed audit trail makes the Group an important contributor in the battle against match-fixing.

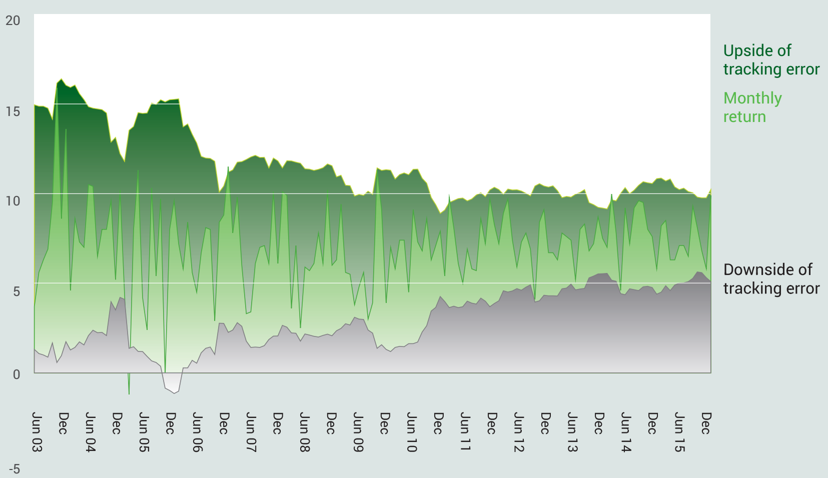
In 2005 the Unibet Group co-founded the European Sports Security Association, ESSA–Sports Betting Integrity, to proactively fight all types of fraud in sports betting by aggregating intelligence deriving from the EU-licensed betting operators. Contrary to other alert systems, ESSA's Early Warning System is the only warning system that is based upon transactional data and Know Your Customer information, which are key pieces of information to detect and assess suspicious betting behaviour. For this reason, ESSA members are key contributors to the overall fight against match-fixing and corruption in sports.

ESSA works closely with many of the world's leading sport federations, such as the International Olympic Committee (IOC) and FIFA. Moreover, ESSA has signed Memoranda of Understanding with European gaming regulators, to make sure relevant intelligence is shared with the respective authorities as soon as possible.

In 2015, millions of betting transactions were registered within the ESSA security network. Of those transactions, 100 events proved to be suspicious and were passed on to the authorities.

Together with the European Gaming and Betting Association (EGBA) and the Remote Gambling Association (RGA), ESSA is also in close cooperation with European Union (EU) Athletes, an independent athletes association representing over 25,000 professional athletes throughout Europe. A Code of Conduct and education programme co-financed by the European Commission have been set up. Both initiatives help professional athletes and sports people understand and comply with the sports rules against match-fixing.

Monthly returns and tracking errors



RISK MANAGEMENT CONTINUED

Strategic risks	Mitigation
Non-sustainable re-regulation of core markets If core markets establish a non-sustainable re-regulation model with both high taxes and significant product restrictions, then it is hard to achieve a profitable business. The technical/operational risk posed by future re-regulation is now lower than it was previously, as a result of the significant investments made to the operating platform.	The Unibet Group has ongoing dialogue with regulators and policymakers in the core markets, providing input regarding new or updated re-regulations to help create a sustainable regulation that is aligned to customer demand and the cross-border digital market reality. The Group's compliance with existing re-regulation is embedded in the wider organisation and tested regularly by external agencies.
Supplier related risks Lack of control over availability of external suppliers gives rise to risk of either business disruption or sub-optimisation. As the industry evolves there is a risk of supplier concentration; if key suppliers acquire dominant or monopoly positions then that creates a risk of uncontrolled price increases. To operate effectively in local markets the Group needs all major product suppliers to be prepared to make the necessary investments to comply with local requirements.	The risk is mitigated by reducing dependency on single suppliers where commercially viable and working with multiple third-party suppliers. This allows the Unibet Group to mitigate the risks of suppliers failing to operate effectively.
Technology and market changes in core markets The Unibet Group faces a risk in relation to potential new products, technologies, channels and markets (such as social gaming) that might emerge and change the behaviour of the digital customers. The Group also faces the risk of new market entrants or stronger competition. As a result of these factors, the Unibet Group might find it difficult to generate adequate growth to meet medium to long-term market expectations.	The risk is mitigated by a number of activities: • Investments in new markets to help diversify the exposure to any single market. • Mobile investment to ensure that the Unibet Group maintains and enhances its market position. • Focus on innovation projects to explore new revenue streams, or new ways to generate additional revenues or cost savings from the existing business.

Operational risks	Mitigation
Platform stability Failures in the Unibet Group's platform, including those triggered by internal or external IT failures or deliberate acts, could lead to disabling of the site or unavailability of business critical products. An unacceptable level of errors would undermine user experience and could motivate customers to look for other sites.	The risk is mitigated by using continuous monitoring 24/7 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 root cause analysis is performed to ensure that the underlying reason for the downtime is understood and rectified.
Failure in recruiting or keeping key staff Failure to recruit or retain existing key staff will lead to difficulties reaching the Group objectives.	The risk is mitigated by identifying key staff and ensuring that the Unibet Group is an attractive employer to encourage key staff to stay with the Group. Succession planning is also performed for all key staff and functions.
External security intrusion attempts Either as a result of a cyber-attack or internal security weakness, the Unibet Group customer data, including sensitive data such as passwords and/or banking details, could leak into the public domain. This could have a devastating reputational effect on the Group's brand and business.	To be able to detect any signs of intrusion, the Unibet Group has a dedicated Security Operations Centre that monitors the internal networks 24/7. The Group performs several security tests per year to ensure that the systems are secure. The tests are performed by external security companies. Any issues discovered during the tests are resolved. In line with requirements the Unibet Group is compliant with and audited against PCI standards. All customer data, including personal information and credit card numbers, are stored encrypted using industry best practice standards.

Financial risks	Mitigation
Intangible asset impairment The Unibet Group has over GBP 220 million of intangible assets which have indefinite useful lives on the balance sheet. These assets are reviewed annually for impairment.	Risk is managed by monitoring and ensuring any issues are anticipated and all steps necessary are taken in time to prevent problems arising (e.g. considering if business restructuring has an impact on goodwill or other asset values).
Foreign exchange The Group operates internationally and in addition to GBP, is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Swedish krona, Norwegian krone, Danish krone and Australian dollar.	The Group's operating cash flows provide a natural hedge of operating currency risks, since deposits and pay-outs to customers in different territories are matched in the same currency. The spread of the Group's operations, including material revenue and expenses denominated in many different currencies, and taking into account the fact that customers can trade with the Group in currencies other than the currency of their territory of residence, makes it impractical to give an indication of the impact of single currency movements on the results from operations. In general, when the reporting currency of GBP weakens against the euro and other major trading currencies of the Group, that would tend to increase operating profits because of the positive operating profits and cash flows generated by the Group. Unibet Group plc renewed its revolving loan facility in August 2015, for a maximum level of EUR 120 million. The Group's borrowings as at 31 December 2015 were GBP 56.7 million, and when the Group draws down on the facility a currency translation exposure related to this financial liability will exist. The translation gains and losses will be unrealised until the repayment date. The potential translation gains and losses arising on the loan in future would be offset to the extent that the Group generates positive future cash flows in other areas of the business in euros.

Compliance risks	Mitigation
Tax The Unibet Group operates a complex business in multiple jurisdictions and is subject to a variety of national tax laws and compliance procedures, together with varying approaches taken by different taxing authorities towards transfer pricing for cross border businesses.	Risk is managed through active management of Group operations. While operations are not driven by tax, tax is always considered when making major business decisions or changes to the business model.
Regulatory compliance Changes to regulatory, legislative and fiscal regimes for betting and gaming in key markets could have an adverse effect on the Unibet 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 (both current and deferred) for the purposes of inclusion in the financial statements, the Unibet Group relies on the exercise of judgement concerning its understanding of, and compliance with, those laws assisted by professional advice.

Group-specific risks	Mitigation
Odds/Trade The risk that the Group will lose money on its business due to unfavourable outcomes on the events where the Group offers odds.	The Group has, via its Sportsbook supplier Kambi, adopted specific risk management policies that control the maximum risk exposure for each sport or event on which the Group offers odds. The results of the most popular teams in the 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. As the live betting product has grown to be a larger part of the total Gross winnings revenue the diversification has increased even further.

GENERAL LEGAL ENVIRONMENT

The Unibet Group operates in a strictly regulated environment and is subject to various national legal frameworks and licensing requirements. With a growing number of EU Member States implementing online gambling legislation and as a larger corporate vehicle, the Group's regulatory habitat becomes increasingly complex.

A substantial part of the Unibet Group's Gross winnings revenue continues to be derived from locally regulated markets situated within the European Union (EU). The Group is established within the EU and currently holds licences in a number of EU Member States, including Malta, Italy, Denmark, Belgium, the United Kingdom, Romania, Ireland and Estonia. The Group's French licence was successfully renewed in 2015 for a period of five years. The Unibet Group is also licensed in Gibraltar and holds a licence from the Northern Territory Racing Commission to operate its Australian business.

The Unibet Group welcomes the important steps that have been taken in the EU towards a sustainable regulatory framework based upon digital market reality and consumer choice. Following the publication of the Digital Strategy Communication in May 2015, the European Commission's policy is primarily focused on digitalisation and standardisation, providing greater access to online goods and services, creating a level playing field for all online stakeholders and maximising the growth of the online industry. Despite the lack of a harmonised framework for online gambling in the EU, several initiatives have been taken to overcome fragmentation and support the development of technical standardisation and the exchange of best practices throughout the Member States. EU regulators have entered into Memoranda of Understanding to enhance cross-border cooperation and exchange best practices about various regulatory topics such as licence procedures and compliance supervision.

At the same time, the European Commission is stepping up its enforcement efforts against Member States whose legislative framework is not compliant with EU law and has initiated and/or reactivated a number of infringement cases in that respect which will continue in 2016.

In May 2015, the European Parliament approved the 4th Anti-Money Laundering Directive, giving Member States two years to transpose the Directive into national law. The Directive introduces a harmonised set of risk assessment rules for all types of gambling, including online gambling, and will further add to the safe provision of online gambling services in the EU. The Unibet Group will continue to engage with national stakeholders during the implementation process to support a consistent approach and application amongst all Member States.

2015 has seen the continuation of the re-regulation trend by individual EU Member States. With the implementation of online gaming and betting legislation in, amongst others, Romania and Ireland, the Group has pursued its local "dot country" strategy and was granted Romanian and Irish licences respectively.

Simultaneously, significant progress is being made in a number of EU Member States yet to implement online gambling and betting legislation, including Sweden and the Netherlands.

With market re-regulation comes increased regulatory scrutiny and compliance requirements. Whilst operating in a strictly regulated framework assumes a growing regulatory burden necessitating appropriate internal risk management and governance processes, it also constitutes an opportunity for the Unibet Group to positively and competitively differentiate itself from other operators and lead by example.

Netherlands

The Unibet Group continues to support the re-regulation process in the Netherlands, with a primary focus on consumer protection and maximum channelling. The Group maintains an open and constructive dialogue with the government and the regulator, both in its own name and as a member of the Dutch trade association, *Speel Verantwoord*. Whilst the timeline of the re-regulation process remains a moving target, 2016 will undoubtedly be a critical year with the planned commencement of the plenary debate on the Primary Bill as well as the publication of secondary legislation. Prior to the opening of the market, the Unibet Group continues to engage with various society stakeholders, including key stakeholders in the field of prevention of addiction and sports integrity, to provide support and contribute with know-how and expertise, enabling them to establish key processes for alerting corruption in sports, performing research on gambling addiction, etc.

Sweden

Following the referral of Sweden to the Court of Justice of the EU (CJEU) in 2014 and favourable political support, the government has taken concrete steps to move forward with the re-regulation process. A governmental Commission has been appointed to propose a licensing model by 31 March 2017, following which the legislative and parliamentary process will be initiated. Despite these positive developments, material legislative changes are unlikely to take place before 2018. The Unibet Group continues to engage with the relevant stakeholders and has taken a more central role in the Swedish trade association, *Branschföreningen för onlinespel (BOS)*, to drive the re-regulation debate forward. The Group plans to reiterate its successful participation in the political week in Almedalen in 2016, with a continuous core focus on digitalisation.

Norway

Despite the lack of general parliamentary support in favour of re-regulation, the government has initiated a debate on the outlook of the future gambling policy. Since there is a strong opinion about the (negative) financial impact of re-regulation as well as the consequences on crime and addiction, the Unibet Group is investing much time and effort in bringing the correct facts and figures to the table and engaging with local stakeholders to support a well-substantiated dialogue. This will also allow the Group to navigate between increased enforcement actions by the regulator in relation to advertisement and payment transactions.

Denmark

Following the September 2014 dismissal by the General Court of the EU of the case regarding the differentiated Danish tax regime for online gambling, an appeal has been submitted by the land-based applicants with the CJEU to counter the finding of inadmissibility. A hearing is expected to take place in 2016.

UK

With the acquisition of the Stan James Online business, which is primarily focussed on the UK, the UK market becomes increasingly important for the Unibet Group. The UK regulatory framework will see the addition of further technical standards, responsible gambling measures and the planned introduction of a national register for excluded players.

SHARES AND SHARE CAPITAL

Unibet Group plc's issued share capital as at 28 December 2015 comprised 28,764,630 ordinary shares each with a par value of GBP 0.005. At an EGM on 18 December 2015, the shareholders approved to subdivide the shares on 30 December in a share split 8:1 to 230,117,040 shares, each with a nominal value of GBP 0.000625. All ordinary shares carry equal voting rights and rights to share in the assets and profits of the Group. Following the share-split these shares were converted into Swedish Depositary Receipts (SDRs). The first trading day after the split was Monday 4 January 2016.

Listing of Swedish Depositary Receipts

Unibet Group plc (the Company) is listed on Nasdaq Stockholm through Swedish Depositary Receipts (SDRs) issued by Skandinaviska Enskilda Banken AB (publ). One SDR represents one ordinary share. On 8 June 2004, the SDRs were listed on the O-list of the Stockholm Stock Exchange (Stockholmsbörsen). From 1 January 2016, the SDRs have been listed on the LargeCap part of the Nordic List at the Nasdaq Stockholm.

The trading symbol after the split is UNIB SDB and the new ISIN code is SE000 787 1645. The Unibet Group has a liquidity guarantee agreement with Carnegie Bank AB.

Dividend policy

For details of the dividend policy please refer to the Directors´ Report on page 40.

Dividend for 2015

The Board of Directors has recommended a dividend of GBP 0.235 (2014: 0.205 after split) per share/SDR, which is approximately SEK 2.87 (2014: 2.68 after split, paid out 20 May 2015) with the exchange rate 12.20 GBP/SEK at 9 February 2016, to be paid to holders of ordinary shares and SDRs. If approved at the Annual General Meeting (AGM) the dividend will be paid on 24 May 2016 and amounts to a total of GBP 54.0 (2014: 46.7) million, which is approximately 77 per cent of the Group's free cash flow for 2015. The Board has reviewed the projected cash requirements for 2016 and is proposing to increase the dividend for this year above 50 per cent of free cash flow. This is in line with the dividend policy to distribute surplus cash.

No dividend will be paid on the shares/ SDRs held by the Company following the share buy-back programme (2014: nil).

Share buy-back programme

At the AGMs from 2007 to 2015 the shareholders approved a share buy-back programme authorising the Board to acquire GBP 0.005 ordinary shares/ SDRs in the Company. The maximum number of shares/SDRs that can be acquired under the 2015 approval was 2,853,795 in line with the conditions laid out for the share buyback programme that it must not exceed 10 per cent of the total number of shares issued by the Company at the time of approval. Under these approvals, 297,900 shares/ SDRs were acquired by the Company during 2007 and 387,717 were acquired during 2011. There was no share buy-back programme during 2015. In 2015, 22,813 of the shares/SDRs held by the Group were sold in connection with the Group's share option programmes (2014: 161,468). The number of outstanding shares at 31 December 2015 was 230,117,040 of which 500,408 are held by the Company, representing 0.2 per cent of the total number of shares.

The Board can either cancel the shares (requiring further shareholder approval), use as consideration for acquisitions, or issue to employees under a share option programme.

Eight-year summary[1]	2015	2014	2013	2012	2011	2010	2009	2008
Equity per share GBP	**0.926**	0.889	0.881	0.791	0.788	0.627	0.543	0.446
Equity per share after full dilution GBP	**0.924**	0.874	0.863	0.785	0.703	0.627	0.542	0.446
EBITDA per share GBP	**0.337**	0.513	0.283	0.235	0.215	0.195	0.187	0.207
Earnings per share GBP	**0.244**	0.414	0.179	0.142	0.159	0.144	0.120	0.039
Earnings per share after full dilution GBP	**0.239**	0.405	0.177	0.141	0.159	0.144	0.120	0.039
Net cash per share GBP	**0.200**	0.162	0.098	0.072	0.063	0.050	0.051	0.124
Cash flow per share GBP	**0.086**	0.075	0.023	0.040	0.021	0.004	-0.054	-0.051
Dividend per share SEK	**2.870**[2]	2.679	1.463	0.889	0.761	0.560	0.960	0.344
Return on average equity %	**30**	49	24	21	26	26	29	37
Equity:assets ratio %	**53**	70	68	64	68	65	58	45
Number of shares at year end	**230,117,040**	228,303,600	226,264,976	226,210,128	226,064,304	226,064,304	226,064,304	225,928,736
Fully diluted number of shares at year end	**230,575,697**	232,254,904	230,924,080	227,907,536	226,341,096	226,150,168	226,579,256	225,928,736
Average number of shares	**228,237,047**	225,668,296	223,679,136	223,181,208	223,365,280	224,497,960	223,643,712	223,569,536
Average number of fully diluted shares	**232,806,853**	230,422,080	226,646,096	224,108,648	223,365,280	224,707,480	223,913,904	224,729,648

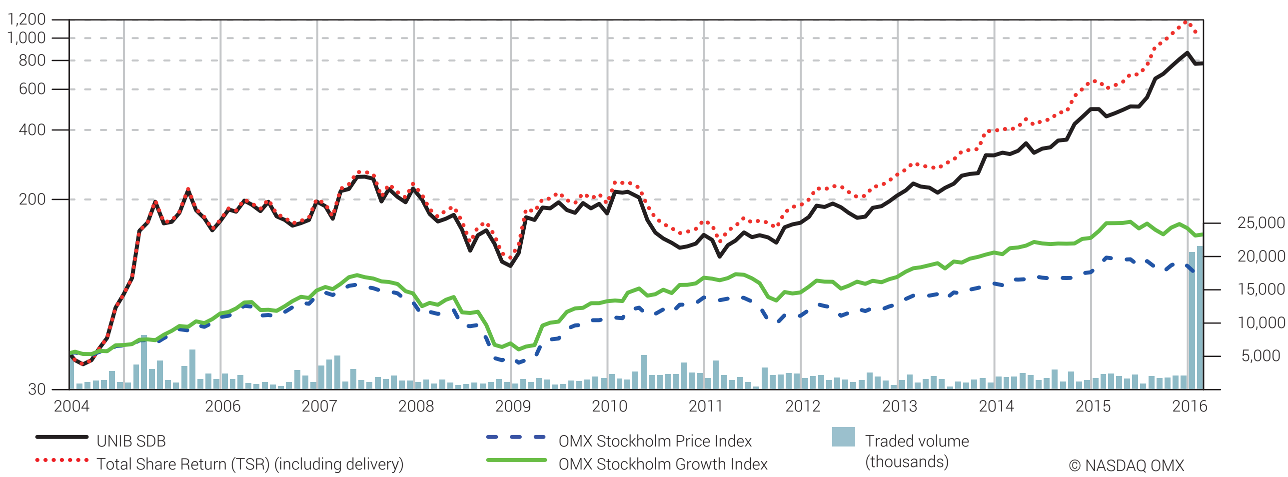
1 All pre-2015 comparatives have been restated according to the 8:1 share split to enhance comparability of per share metrics.
2 Proposed.

Share price performance

Unibet Group plc's SDRs ended the year at an all time high SEK 864.00 having started the year at SEK 492.50. The lowest price during the year was SEK 447.50. As at 31 December 2015, Unibet Group plc had a market capitalisation of approximately SEK 24.9 billion equivalent to GBP 2.0 billion (2014: SEK 14.0 billion equivalent to GBP 1.1 billion).

Trading volumes

In 2015, there were 244,333 trades in Unibet Group plc's SDRs, representing a total value of SEK 513.2 billion (2014: SEK 144.3 billion).



SHARES AND SHARE CAPITAL CONTINUED

SHARE CAPITAL DEVELOPMENT

The development of the Company's share capital since the Group's reorganisation carried out on 1 November 2006 is shown in the following table. At an EGM on 18 December 2015, shareholders approved to subdivide the shares effective on 30 December in a share split 8:1 to 230,117,040 shares with a nominal value of GBP 0.000625:

Transaction	Year	Issue price	Change in number ordinary shares	Total number ordinary shares	Par value per share GBP	Increase in share capital GBP	Share capital GBP
Issued in Group reorganisation	2006	–	21,841,092	28,241,092	0.005	109,205.46	141,205.46
Exercise of share options	2009	12.16	16,946	28,258,038	0.005	84.73	141,290.19
Exercise of share options	2012	13.99	10,000	28,268,038	0.005	50	141,340.19
Exercise of share options	2012	14.59	750	28,268,788	0.005	3.75	141,343.94
Exercise of share options	2012	14.05	478	28,269,266	0.005	2.39	141,346.33
Exercise of share options	2012	13.99	7,000	28,276,266	0.005	35	141,381.33
Exercise of share options	2013	12.72	6,856	28,283,122	0.005	34.28	141,415.61
Exercise of share options	2014	13.01	2,729	28,285,851	0.005	13.65	141,429.26
Exercise of share options	2014	13.81	15,814	28,301,665	0.005	79.07	141,508.33
Exercise of share options	2014	12.7	8,186	28,309,851	0.005	40.93	141,549.26
Exercise of share options	2014	14.86	228,099	28,537,950	0.005	1,140.50	142,689.76
Exercise of share options	2015	17.95	225,680	28,763,630	0.005	1,128.40	143,818.15
Exercise of share options	2015	15.74	1,000	28,764,630	0.005	5.00	143,823.15
Share split 8:1	2015	–	201,352,410	230,117,040	0.000625	–	143,823.15

Dialogue with capital markets

The Unibet Group's Investor Relations policy focuses on conducting a dialogue with representatives from the capital markets, aimed at increasing interest in Unibet Group plc's shares/SDRs among existing and potential investors by providing relevant, up-to-date and timely information.

Investors are provided with clear information about the Group's activities with the aim of increasing shareholder value. The Group strives to ensure good access to such information for capital markets, notably through presentations in Stockholm and London and through roadshows in other European countries, as well as Australia and the USA.

On the Unibet Group's corporate website, **www.unibetgroupplc.com**, investors can find up-to-date information about the Group's financial performance, stock market data, a financial calendar and other Group information.

Unibet Group plc arranges the following capital market activities:

- Quarterly meetings, webcasts and teleconferences for analysts, investors and financial media.
- Annual capital market day.
- Participation in industry seminars and conferences.
- Webcasts available after each quarterly presentation.

Analysis of shareholdings at 29 February 2016

Source: Euroclear Sweden.

Shareholder	Number of shares/SDRs	Share of share capital/ votes %	Accumulated %
Swedbank Robur Fonder	20,820,836	9.0	9.0
Catella Fondförvaltning	13,340,682	5.8	14.8
Andra AP-fonden	11,941,848	5.2	20.0
SEB Investment Management	11,889,920	5.2	25.2
Anders Ström through company	11,760,000	5.1	30.3
Lannebo Fonder	11,400,145	5.0	35.3
Columbia Acorn	9,084,674	3.9	39.2
Första AP-fonden	9,052,566	3.9	43.1
Handelsbanken Fonder	8,682,929	3.8	46.9
Skandia Liv	8,088,156	3.5	50.4
DnB & Skandia Fonder	7,563,066	3.3	53.7
Länsförsäkringar fondförvaltning	5,933,257	2.6	56.3
Nordea Fonder	3,384,658	1.5	57.8
Tredje AP-fonden	2,789,537	1.2	59.0
Unibet Group plc[1]	500,408	0.2	59.2
Others	93,884,358	40.8	100.0
Total	**230,117,040**	**100.0**	

1 As a result of the share buy-back programmes.

Ownership distribution at 29 February 2016

Source: Euroclear Sweden.

Holding	Number of shareholders	Number of shares/ SDRs	Share capital/ votes %
1–10,000	14,783	11,684,444	5
10,001–100,000	384	11,826,399	5
100,001–500,000	102	23,762,493	11
500,001–1,000,000	36	25,690,145	11
1,000,001–	48	157,153,559	68
Total	**15,353**	**230,117,040**	**100**

Ownership structure at 29 February 2016

Source: Euroclear Sweden.

Organisation type/name	Percentage %
Swedish financial institutions	41
Other Swedish financial entities	1
Other Swedish legal entities	11
Non-Swedish owners	41
Swedish naturalised persons	6
Total	100

Share ownership data

On 29 February 2016, Unibet Group plc had 15,353 holders of SDRs.

On 29 February 2016 the Company's 14 largest owners represented 59.0 per cent of the capital and votes, as shown in the table above.

BOARD OF DIRECTORS

The Unibet Group's Board is comprised of Swedish, Danish, British and American citizens

The Unibet Group Board of Directors is comprised of an experienced team, committed to high standards of corporate governance in its management of the Group and in its accountability to shareholders.

The Group has three decision-making bodies in a hierarchical relationship to one another: the Shareholders' meeting, the Board of Directors and the Chief Executive Officer.

The Shareholders' meeting is the Group's highest decision-making body and a forum for shareholders to exercise influence. The Shareholders' meeting can decide on any Group issue which does not expressly fall within the exclusive competence of another corporate body. In other words, the Shareholders' meeting has a sovereign role over the Board of Directors and the Chief Executive Officer.

According to the Swedish Corporate Governance Code, the control body, is the statutory auditor, which is appointed by the Shareholders' meeting.

Each shareholder has the right to participate in the Shareholders' meeting and to vote according to the number of shares owned. Shareholders who are not able to attend in person can exercise their rights by proxy.

The principal tasks of the Nomination Committee are to propose decisions to the Shareholders' meeting on election and remuneration issues and procedural issues for the appointment of the following year's Nomination Committee.

Regardless of how they are appointed, members of the Nomination Committee are to promote the interests of all shareholders. Members are not to reveal the content and details of nominations discussions.

Regular and systematic evaluation forms the basis for assessment of the performance of the Board and the Chief Executive Officer and for the continuous development of their work.

Unibet Group plc is incorporated and registered in Malta but listed on Nasdaq Stockholm and therefore has decided to apply the principles of the Swedish Corporate Governance Code. This Code states that a majority of the members of the Board are to be independent of the Group and its management. The Unibet Group's Board of Directors is composed entirely of Non-executive Directors, of which the majority are independent.

The Audit Committee advises and makes recommendations to the Board on matters including financial reporting, internal controls, risk management, and the appointment of statutory auditors. The role of the Committee is set out in its written terms of reference.

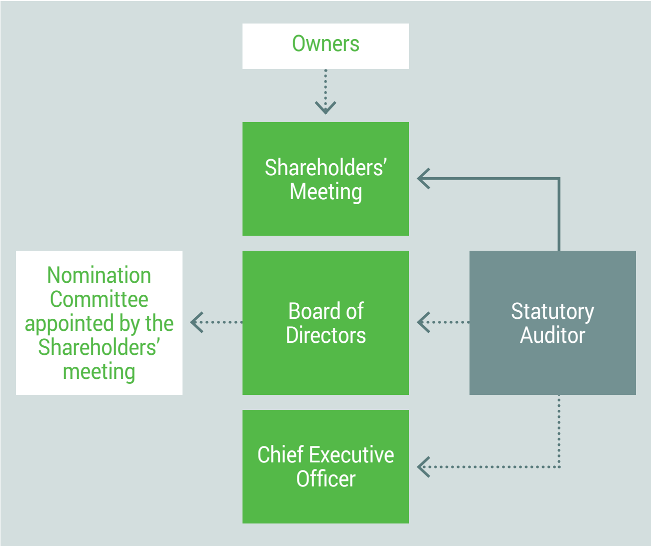
The Remuneration Committee considers and evaluates remuneration arrangements for senior managers and other key employees and makes recommendations to the Board.

The Chief Executive Officer is responsible for the Group's day-to-day management together with the Executive Committee. The Executive Committee consists of eight senior officers of which two are women.

The Chief Executive Officer and Executive Committee co-ordinate Unibet Group's operations through two principal bodies, the Enterprise Priority Council (EPC) and the Strategy Review Group. The EPC usually meets monthly and brings together stakeholders from across the Unibet Group's operations and offices to ensure alignment of priorities and allocation of resources on operational projects in line with the strategy set by the Board. The EPC consists of 11 senior officers, of which two are women. The Strategy Review Group meets twice a year to review the progress of cross-functional strategic projects against targets set by the Board.

The Group's statutory auditor is appointed by the Shareholders' meeting to examine the Group's annual accounts and accounting practices. The statutory auditors present their annual audit report to the owners at the Annual General Meeting.

Corporate governance model



Unibet Group's Board structure

The below-mentioned holdings include personal holdings, family holdings and holdings through companies in which they have an interest, and are as at 29 February 2016.

Anders Ström
Chairman of the Board, Member of the Nomination Committee
Swedish citizen. Born 1970. Board member since incorporation. After studying Mathematics, Statistics and Economics at Karlstad University he founded sports information company Trav- och Sporttjänsten in 1993. Founder of Unibet Group plc in 1997. He has held various positions within the Unibet Group including Chief Executive Officer and Chairman of the Board. Co-founder of Kambi Sports Solutions in 2010. Chairman of the Advisory Board in Kambi until May 2014 and then Board member of Kambi since the listing. Other board assignment: Veralda AB.

Holding: 11,760,000 Unibet Group plc SDRs (through company)

Kristofer Arwin
Board member, member of the Audit Committee
Swedish citizen. Born 1970. Board member since 2008. Independent. BSc in Business Administration and Economics from Stockholm University. Mr Arwin is co-founder of TestFreaks, an online reviews solutions business, where he served as CEO between 2006 and 2013. Today Mr. Arwin is Chairman of TestFreaks. Mr. Arwin is also the founder of price comparison business, Pricerunner, where Mr. Arwin served as CEO between 1999 and 2005. In 2004 he sold Pricerunner to NASDAQ listed company ValueClick. Mr. Arwin is a Board member of listed company Addnode Group and Alertsec AB.

Holding: 5,640 Unibet Group plc SDRs

Sophia Bendz
Board member, member of the Remuneration Committee
Swedish citizen. Born 1980. Board member since 2014. Independent. Sophia was the Global Marketing Director at Spotify 2007–2014, building a strong consumer brand from scratch, launching and marketing the service globally. Today she is working as an Executive in Residence at Atomico, angel investor and adviser to start ups and serves as a Board Director at Avanza and Norstedts. She is also a co-founder of non-profit foundation AllBright.se. She studied International Marketing and Economics at Stockholm University and spent the last five years living in New York City but is now located in her hometown, Stockholm.

Holding: 7,616 Unibet Group plc SDRs

Peter Boggs
Board member, member of the Remuneration Committee
US citizen. Born 1948. Board member since 2002. Independent. BA in American Studies from Washington College, Maryland, USA. Previous engagements include: 1975–1981: President and COO of NDMS Inc., a US political lobbying and fundraising company; 1981–1985: Managing Director of Brown Direct, Division of Earle Palmer Brown Inc., a US advertising agency; 1985–1991: Director of Ogilvy & Mather Direct Plc, London; 1991–2002: President and COO of Grey Direct Worldwide, a division of Grey Worldwide Inc., New York.

Holding: 112,240 Unibet Group plc SDRs

Nigel Cooper
Deputy Chairman of the Board, Chairman of the Audit Committee
British citizen. Born 1949. Board member since 2010. Independent. Fellow of the Institute of Chartered Accountants in England and Wales. Mr. Cooper was 33 years in the accounting profession, 21 years as a partner with KPMG in Milan and London, specialising in advertising, media and technology clients. After leaving KPMG in September 2005 Nigel joined the Internet property portal Rightmove Plc, prior to the flotation of the company on the LSE in 2006, as Non-executive Director and Chairman of the Audit Committee. In May 2008, he was appointed to the board of Metro International, the Swedish free newspaper group, quoted on NASDAQ OMX Nordic exchange, as Independent Non-executive Director and Chairman of the Audit Committee. He left the Board of Rightmove in March 2009. Following the company being taken private, he left the Board of Metro in January 2012.

Nigel was appointed as Independent Non-executive Director to the Board of Parmalat Spa in June 2011 and to the Board of Impregilo in May 2012, both companies listed on the Italian stock exchange. Following takeovers of the Boards of the companies Nigel left both companies during 2012.

Holding: 40,000 Unibet Group plc SDRs

Peter Friis
Board member
Danish citizen. Born 1972. Board member since 2014. Independent. BA in Communications from Roskilde University. Nordic Director for Google.

Holding: 2,000 Unibet Group plc SDRs

Therese Hillman
Board member, member of the Audit Committee
Swedish citizen. Born 1980. Board member since 2015. Independent. Master of Science (MSc) in Accounting and Finance from Stockholm School of Economics and graduated from University of Virginia and North Georgia College and State University. Therese Hillman is CEO of Gymgrossisten which is a leading online store in fitness and nutritional supplements and part of Qliro Group. She has also worked at Goldman Sachs and Handelsbanken Capital Markets.

Holding: 1,560 Unibet Group plc SDRs

Stefan Lundborg
Board member, Chairman of the Remuneration Committee
Swedish citizen. Born 1965. Board member since 2010. Independent. Stefan Lundborg started his first company at the age of 24. He has a background in entrepreneurial companies, private banking, business development and has been CEO of Stockholms Travsällskap. Head of Entrepreneurship Services, Private Banking. Venture Capital, Merger and Acquisition of SME's. Responsibility for negotiations and operations, coordination and customer relations. Member of top management team with the responsibility for operational planning, business and product development. Consultant with main focus on reconstructions and re-organisations within several industries. Leadership skills with more than 20 years in managerial positions. Broad experience of board work in SME's. Investor in Prima Barn & Vuxen Psykiatri AB. Investor and Chairman of the Board of Note Design studio. Chairman of the Board Monomak AB

Holding: 320,000 Unibet Group plc SDRs

Henrik Tjärnström
CEO
Swedish citizen. Born 1970. MSc in Industrial Engineering and Management from the Institute of Technology, Linköping University, Sweden. Senior Financial Manager at Skanska Infrastructure Development AB 2001–2008. Member of the Unibet Group Board of Directors 2003–2008. CFO of Unibet Group 2008–2010.

Holding: 1,307,152 Unibet Group plc SDRs and 9,946 Performance Share Rights.

CORPORATE GOVERNANCE STATEMENT

Unibet Group plc is the Parent Company of the Unibet Group, incorporated and registered in Malta and listed on Nasdaq Stockholm through Swedish Depositary Receipts, SDRs, issued by Skandinaviska Enskilda Banken AB (publ).

Foreign companies whose shares or depositary receipts are admitted to trading on a regulated market in Sweden are required to apply either the Swedish Code, or the corporate governance code in force in the country where the Company has its registered office, or the code of the country in which its shares have their primary listing.

If the Group (including the Company) does not apply the Swedish Code, it must include a statement describing in which important aspects the Group's conduct deviates from the Swedish Code.

The Unibet Group's Board of Directors decided from the first listing date at the Nasdaq Stockholm, as far as practical, to apply the principles of the Swedish Code.

The following statement on pages 36 to 39 has not been audited.

The Board of Directors

The Board of Directors and the management of the Unibet Group are structured in accordance with the European two-tier system with a Chief Executive Officer (CEO), who is subordinate to the Board of Directors, who is in turn elected at the Annual General Meeting (AGM).

The following Directors elected at the AGM on 12 May 2015 served during the year and subsequently, unless otherwise stated:

Anders Ström
Chairman

Nigel Cooper
Non-executive Deputy Chairman

Kristofer Arwin
Non-executive

Sophia Bendz
Non-executive

Peter Boggs
Non-executive

Peter Friis
Non-executive

Therese Hillman
Non-executive

Stefan Lundborg
Non-executive

All Directors will seek re-election at the forthcoming AGM. The emoluments and interests of the Directors are shown on page 43.

The Unibet Group's Board of Directors is collectively responsible for the success of the Group and for its corporate governance and aims to provide entrepreneurial leadership of the Group within a framework of prudent and effective financial controls that enable risk to be assessed and managed.

As outlined on page 34 the Board comprises the Chairman and seven Directors. The Swedish Code identifies the fundamental importance of independent Non-executive Directors in ensuring the objective balance of a Board, and sets out criteria to be considered in determining the independence of Non-executive Directors. In accordance with Provision 4.4 of the Code, the Board considers Kristofer Arwin, Sophia Bendz, Peter Boggs, Nigel Cooper, Peter Friis, Therese Hillman and Stefan Lundborg to be independent Non-executive Directors. Anders Ström is Chairman of the Board and is also a member of the Board of Kambi Group plc. Anders Ström also receives remuneration for advice and other services to the Unibet Group which is disclosed in the Remuneration Committee report on page 43.

Brief resumés of the Board and Chief Executive Officer can be found on page 35.

To ensure effectiveness, the Board's composition brings together a balance of skills and experience appropriate to the requirements of the business. The composition of the Board and recommendations for the appointment of Directors are dealt with by the Nomination Committee and its activities are set out on page 38.

The Board is responsible to the shareholders for the Group's overall strategy and direction.

The Board has written Rules of Procedure for its ways of working. A formal schedule sets out those matters specifically reserved for the Board and its Committees. Those matters include decisions on Group strategy and direction, acquisitions, disposals and joint ventures, capital structure, material contracts, corporate governance and Group policies.

	Board[2]	Audit Committee	Remuneration Committee
Number of meetings held	6	5	5
Name			
Kristofer Arwin	5	5	–
Sophia Bendz	5	–	2
Peter Boggs	5	–	5
Nigel Cooper, Deputy Chairman	6	5	–
Peter Friis	4	–	–
Therese Hillman[1]	5	3	–
Stefan Lundborg	6	–	5
Anders Ström, Chairman	5	–	–

1 Therese Hillman was appointed at the 2015 AGM.
2 In addition to the full Board meetings tabled above, the Board holds short quarterly meetings to review and approve the results of the Group, including receiving reports from the Audit Committee.

In view of the contractual relationship between the Group and Kambi Group plc and that some Directors may be sitting on the Board of the Company and on the Board of Kambi Group plc, a Director who is also a Director of Kambi Group plc shall not receive any documents, nor shall he/she attend any discussion or vote in respect of any contract or arrangement or any other proposal whatsoever involving Kambi Group plc or the Group's relationship with it unless all the other Directors request the Director to attend such meeting and to receive such documents.

The Board and its Committees usually meet every second month throughout the year. The number of Board and Committee meetings attended by each of the Directors during the year can be seen in the table on the top of this page.

The Board has a standard agenda, including receiving and considering reports from the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) and from the Audit, Nomination and Remuneration Committees. Where appropriate, matters are delegated to the Audit and Remuneration Committees, and reports on their activities are included within this corporate governance statement.

The working procedures of the Board of Directors

The Board of Directors has adopted written instructions for the CEO. The roles of the Chairman and the CEO have been established in writing to ensure the clear division of responsibilities and this has been agreed by the Board. At least once a year the Board of Directors will review the strategy and visit the Group's different office locations. The Board has a short meeting without the CEO or CFO at each Board meeting.

The Chairman, supported by the Deputy Chairman, is responsible for: the leadership of the Board; setting its agenda and taking full account of the issues and concerns of all Board members; ensuring effective communication with shareholders; taking the lead on Director induction and development; encouraging active engagement by all Directors; and ensuring that the performance of individuals and of the Board as a whole, and its Committees, is evaluated regularly and usually once a year.

The Chairman ensures that the Board is supplied with accurate, timely and clear information. Directors are encouraged to update their knowledge and familiarity with the Group through meetings with Senior Management. There is an induction process for new Directors.

The Company Secretary together with the Head of Investor Relations is also responsible for advising the Board, through the Chairman, on all corporate governance matters. Directors are encouraged to seek independent or specialist advice or training at the Group's expense where this will add to their understanding of the Group in the furtherance of their duties.

Sustainability perspective

The Board of Directors has established relevant guidelines for the Group's sustainability, with the aim of ensuring its long-term capacity for value creation. Sustainability for the Unibet Group has a number of different aspects:

- **Responsible gaming and player safety,** as part of a customer-centric strategy.
- **Compliance with laws and regulations,** as a major player in a highly regulated industry.
- **Best practice in corporate governance,** as fits a high value publicly-listed company.
- **Environmental impact,** addressed both through disclosure and decision-making.
- **Employee engagement,** as part of the commitment to play in the communities.

Corporate policies in each area have been approved by the Board.

In the Executive Committee, the CFO has executive responsibility for sustainability. Sustainability is a regular agenda item for the Audit Committee, allowing both for potential changes in policy or relevant regulation to be reviewed along with specific projects and initiatives.

The Board receives regular updates through the Audit Committee reports to the Board, together with an annual review of policies.

For more information about how the Unibet Group considers sustainability please refer to pages 20 to 23.

Evaluation of the Board of Directors

In accordance with Provision 8.1 of the Code, the Board has a process to formally evaluate its own performance and that of its Committees. The performance of the Board and its Committees has been the subject of Board discussion, led by the Chairman, to consider effectiveness against performance criteria and potential risks to performance.

In 2015 an independent Board evaluation consultancy was used by the Nomination Committee to evaluate the Board as input for the review. The performance evaluations of the Board have been structured in such a way to ensure a balanced and objective review of Directors' performance. Following this performance review, the Chairman is responsible for ensuring that the appropriate actions are taken such as training.

The evaluation has also helped the Nomination Committee in identifying Board performance, competence, industry and international experience, diversity and expertise.

The Board monitors potential conflicts of interest very closely and has implemented controls and policies to avoid conflicts involving any of the Group's Directors. These controls ensure that any Director with a potential conflict of interest does not participate or vote in key decisions impacting the Group.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Audit Committee report

The Audit Committee advises and makes recommendations to the Board on matters including financial reporting, internal controls, risk management, and advises the Nomination Committee on the appointment of auditors. The role of the Committee is set out in its written terms of reference.

The Committee, which met five times during the year, comprises three independent Non-executive Directors: Kristofer Arwin, Nigel Cooper and Therese Hillman. The Committee is chaired by Nigel Cooper, a senior finance professional who has extensive accounting and financial management expertise. Where appropriate, the Committee consulted with the Chairman of the Board, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) regarding their proposals. The external auditors also attended the majority of the meetings.

Responsibilities include monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance. The Committee has reviewed the Group's financial statements and formal announcements relating to the Group's financial performance before their presentation to the Board. In doing so, it considered accounting policies, areas of judgement or estimation, and reporting requirements, as well as matters brought to its attention by the external auditors. A formal risk management report was presented by the Group Risk Officer at all meetings of the Audit Committee and annually to the Board.

The Committee is also responsible for reviewing the Group's systems of internal control and risk management, its sustainability practises and determines the scope of work undertaken by the CFO, the General Counsel and the Group Risk Officer. It receives reports from the CFO, with whom the results are discussed on a regular basis. The Group Risk Officer reports to the Audit Committee as required.

The Internal Audit department resides within the Corporate Office but reports to the Audit Committee. The Head of Internal Audit has at all times direct access to the Audit Committee. The Internal Audit function acts as an independent function that intends to evaluate and improve the effectiveness of risk management, control and governance processes. Its work is performed in accordance with International Standards for the Professional Practice of Internal Auditing from the Institute of Internal Auditors. The Audit Committee agrees the scope of work of Internal Audit and receives reports on completed audit reviews. Senior management are responsible for following up on any recommendations suggested by the Internal Audit department. The Audit Committee also evaluates the performance of the Internal Audit function.

The Committee remains satisfied that the controls in place, and the review process overseen by the CFO, the Group Risk Officer and the Head of Internal Audit, are effective in monitoring the established systems.

The Committee is responsible for making recommendations to the Nomination Committee in relation to the appointment of external auditors. It is responsible for monitoring the independence and objectivity of the external auditors, and for agreeing the level of remuneration and the extent of non-audit services.

During the year, PwC Malta and PwC London, reported to the Committee on their audit strategy and the scope of audit work. The Committee has reviewed the performance of PwC and the level of non-audit fees paid to PwC during the year. These are disclosed in Note 4 on page 61. The provision of non-audit services, except tax compliance and routine taxation advice, must be referred to the Committee where it is likely to exceed a pre-determined threshold of GBP 50,000. Any work that falls below that threshold must be pre-approved by the CFO. By monitoring and restricting both the nature and quantum of non-audit services provided by the external auditors, the Committee seeks to safeguard auditor objectivity and independence.

The Committee is also responsible for ensuring that an effective whistle blowing procedure is in place.

The Board remains satisfied that the Group's systems of internal control and risk management, together with the work of the CFO, the General Counsel, the Risk Officer and the Head of Internal Audit is effective in monitoring, controlling and reporting the Group's risks.

Nomination Committee report

The main responsibility for the Nomination Committee is to submit proposals to the AGM on electoral and remuneration issues and, where applicable, procedural issues for the appointment of the following year's Nomination Committee.

The Nomination Committee reviews the structure, size and composition of the Board and is responsible for identifying and nominating candidates to fill Board vacancies as and when they arise. The Nomination Committee is guided by the Swedish Corporate Governance Code to lead the process for Board appointments and make recommendations to the AGM thereon and has written Terms of Reference to lead the process for Board appointments and make recommendations.

In 2015 the Nomination Committee used an independent Board evaluation consultancy to evaluate the Board as input for the review. In its assessment of the Board's evaluation it has given particular consideration to the requirements regarding breadth and versatility of the Board, as well as the requirement to strive for gender balance. The view of the Nomination Committee is that the composition of the Board should reflect the different backgrounds and areas of expertise that are required for the implementation of the Unibet Group´s strategy in an international, highly complex and shifting legal environment with high demands on corporate social responsibility and player safety. The Nomination Committee is of the opinion that diversity is important, as relates to gender, nationality, and industry experiences in order to achieve a well-functioning composition of the Board of Directors and an extra effort has been put into finding a composition of the board with more diversity, especially with respect to gender.

The Nomination Committee met seven times for the 2015 AGM. At the AGM on 12 May 2015, it was decided that the Nomination Committee for the AGM 2016 shall consist of not less than four and not more than five members, of which one should be the Chairman of the Board.

The Nomination Committee for the 2016 AGM consists of Evert Carlsson, Swedbank Robur Fonder (chairman of the Nomination Committee), Anders Ström (chairman of the Unibet Group Board), Johan Strandberg, SEB Fonder, Johan Ståhl, Lannebo Fonder and Jonathan Schönbäck, Handelsbanken Fonder. The Committee met five times for the 2016 AGM.

Remuneration Committee report

A report on Directors' remuneration and the activities of the Remuneration Committee is set out on pages 42 to 43.

Remuneration and Directors' and Officers' Liability insurance

The Annual General Meeting establishes the principles and the maximum amount of the Directors' fees. A Director can, during a short period of time, supply consultancy services, but only if this is more cost-effective and better than any external alternative. Any such consultancy fee is disclosed in the Remuneration Committee report on page 43. None of the Directors hold share options issued by the Group. The Unibet Group has taken out Directors' and Officers' liability insurance for the full year covering the risk of personal liability for their services to the Group. Cover is in place for an indemnity level of GBP 2 million in aggregate.

Communication with investors

In the interests of developing a mutual understanding of objectives, the Head of Investor Relations has met regularly with owners and institutional investors to discuss the publicly disclosed performance of the Group and its future strategy. Institutional investors have also been able to meet the CEO, the CFO, line managers and other key persons of the Group.

The Board is kept informed of shareholder views and correspondence. Corporate and financial presentations are regularly made to fund managers, stockbrokers and the media, particularly at the announcement of interim and year end results. Links to webcast presentations are published on the Group's website. All shareholders are invited to attend the AGM, where they have the opportunity to put questions to the Directors, including the Chairmen of Board Committees.

At the AGM, separate resolutions are proposed for each substantially different issue to enable all of them to receive proper and due consideration. Each proposed director is voted individually and the Unibet Group has a proxy voting system enabling shareholders who are unable to attend the AGM in person to use their voting power. Notice of the AGM and related papers are posted on the Group's website between four and six weeks in advance of the meeting. Further information on the activities of the Group and other shareholder information is available via the Unibet Group's corporate website, **www.unibetgroupplc.com**.

The Board of Directors' report on internal control over financial reporting for the financial year 2015.

Introduction

According to the Maltese Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control. This report has been prepared according to the Swedish Code of Corporate Governance Provisions 7.4 and is accordingly limited to internal control over financial reporting. This report, which has not been reviewed by the auditors, is not part of the formal financial statements.

Description

a. Control environment

The Directors have ultimate responsibility for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives. In pursuing these objectives, internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

b. Risk assessment

The Executive Committee is responsible for reviewing risks, and for identifying, evaluating and managing the significant risks applicable to their respective areas of business. Risks are reviewed and assessed on a regular basis by the CEO, the CFO, the General Counsel, the Group Risk Officer, the Head of Internal Audit, the Audit Committee and the Board. The effectiveness of controls is considered in conjunction with the range of risks and their significance to the operating circumstances of individual areas of the business.

c. Control activities

The Board is responsible for all aspects of the Group's control activities.

The Audit Committee assists the Board in its review of the effectiveness of internal controls and is responsible for setting the strategy for the internal control review. In doing so, it takes account of the organisational framework and reporting mechanisms embedded within the Group, and the work of the General Counsel, the Group Risk Officer and the Head of Internal Audit.

Working throughout the Group, the role of the General Counsel, the Group Risk Officer and the Head of Internal Audit is to identify, monitor, and report to the Board on the significant financial and operating risks faced by the Group to provide assurance that it meets the highest standards of corporate governance expected by its stakeholders.

d. Information and communication

The Board receives regular formal reports from the Executive Committee concerning the performance of the business, including explanations for material variations from expected performance and assessments of changes in the risk profile of the business that have implications for the system of internal control. In particular the Board receives direct periodic reports from the General Counsel, the Group Risk Officer and the Head of Internal Audit.

The Board also takes account of the advice of the Audit Committee, reports received from the external auditors, and any other related factors which come to its attention.

e. Monitoring

Further information concerning the activities of the Audit Committee in relation to the monitoring of the Unibet Group's internal controls, including the review of the financial reports published quarterly and reports from the internal audit function, is contained in the Audit Committee report on page 38.

On behalf of the Board

Malta, 11 March 2016

Anders Ström
Chairman and Director

Nigel Cooper
Director

Statement of Compliance with the Swedish Code of Corporate Governance

No separate auditors' report on the corporate governance is required under the Maltese regulations since the Corporate Governance statement is being prepared in line with principles of the Swedish Code.

With the exception of the matters noted above, the Directors confirm that they are in compliance with the Swedish Code of Corporate Governance.

DIRECTORS' REPORT

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

Principal activities

The Unibet Group is an online gaming business, with over 13.5 million registered customers worldwide as at 31 December 2015, and is one of the largest independent publicly-quoted online gaming operators in Europe.

The Unibet Group is one of Europe's leading providers in Moneytainment, operating in 20 different languages in more than 100 countries. The Unibet Group offers pre-game and live Sports betting, Poker, Casino and Games through several subsidiaries and brands. While the Group's core markets are in Europe and Australia, it addresses global markets excluding only territories that the Group has consistently blocked for legal reasons such as the USA, Turkey and similar markets. The Unibet Group is a member of the European Gaming and Betting Association, the Remote Gambling Association in the UK and is audited and certified by eCOGRA in relation to the pan-European CEN standard on consumer protection and responsible gaming.

The internet, accessed via mobile, tablet or desktop, is the main distribution channel for the Group's products, and bets can be placed via websites, mobile apps and other wireless devices.

On average, the Unibet Group handles over 19 million transactions every day (including Sports betting, Casino & Games) and has around 30,000 betting opportunities on major international and local sporting events every day.

The principal subsidiaries and associated undertakings which affect the results and net assets of the Group in the year are listed in Note 13 to the consolidated financial statements.

Results and dividends

The consolidated income statement is set out on page 46 and shows the result for the year. The profit after tax was GBP 55.7 (2014: GBP 93.4) million.

The Unibet Group's Board of Directors' dividend policy is to pay a dividend and/or share buy-backs of up to 50 per cent of the Group's free cash flow (defined as cash flow from operations, adjusted for movements in working capital, capital investments and tax payments).

In addition to the dividend described above, which would normally be in the form of annual cash dividends, the Board can also decide to distribute one-off dividends or execute share buy-backs, where management and the Board consider that the Group has generated surplus cash that it does not require either to fund its normal operations, acquisitions or other corporate development projects.

When considering both regular and one-off distributions, the Board will take into account the overall cash requirement to ensure that an appropriate capital cash structure is maintained.

Dividend for 2015

The Board of Directors proposes a dividend of GBP 1.88 (2014: 1.64) per share/SDR before split, GBP 0.235 (2014: 0.205) after split, which is approximately SEK 2.87 (2014: 2.68 paid out 20 May 2015) using the exchange rate 12.20 GBP/SEK at 9 February 2016, to be paid to holders of ordinary shares and SDRs. If approved at the Annual General Meeting (AGM), the dividend will be paid on 24 May 2016 and amounts to a total of GBP 54.0 (2014: GBP 46.7) million, which is approximately 77 per cent of the Group's free cash flow for 2015. The Board has reviewed the projected cash requirements for 2016 and is proposing to increase the dividend this year above the 50 per cent of free cash flow policy. This is in line with the dividend policy to distribute surplus cash. No dividend is paid on the shares/SDRs held by the Company following the share buy-back programme.

Business review

A detailed Financial Review is set out on pages 44 to 45.

Details of Key Performance Indicators are set out on pages 18 and 19.

For further information on risk management, refer to pages 24 to 27 and Notes 2C and 2D on pages 56 and 57.

Significant events during 2015

On 2 February 2015, Unibet's sportsbook was awarded the two prestigious titles "Online Sportsbook Operator of the Year" and "In- Play Sports Operator of the Year" at the International Gaming Awards in London.

On 25 March 2015, Unibet Poker won "Innovation in Poker" at the European Poker Awards, the second award for innovation since the site re-launch.

On 24 April 2015, Unibet launched live football and horse racing updates on the Unibet Apple Watch app.

On 16 June 2015, the Unibet Group was awarded the two prestigious titles "Affiliate Marketing Campaign of the Year" and "Innovation in Poker of the Year" at the eGR Operator Marketing & Innovation Awards, in London.

On 10 July 2015, the Unibet Group signed an agreement to acquire Stan James Online for an acquisition price of GBP 19 million, an acquisition multiple around 5.7 times 2015 EBITDA. The acquisition was finalised on 30 September 2015.

On 31 July 2015, the Unibet Group completed the acquisition of the remaining part of the real money social gaming operator Bonza. Following the purchase, the Bonza business was integrated with the Group's wider business.

On 7 August 2015, the Unibet Group signed an agreement to acquire the iGame Group for an acquisition price of EUR 59 million, an acquisition multiple around 6.2 times 2015 EBITDA. The acquisition was finalised on 16 September 2015.

On 30 October 2015, Unibet Group was ranked no 6 in eGR Power 50, up from no 9 last year. eGR Power 50 is a global ranking of all online gambling companies.

On 21 December 2015, the Unibet Group announced that Albin de Beauregard would replace Graham Stretch as CFO with effect from 31 March 2016.

Significant events after the year end

On 16 January 2016, the Unibet Group repaid EUR 22 million of the Revolving Credit Facility.

On 21 January 2016, the Unibet Group was awarded "Social Responsible Operator of the Year" and "Sports Betting Operator of the Year" at the eGR Nordics Awards.

On 1 February 2016, the Unibet Group was awarded "Socially Responsible Operator" at the International Gaming Awards.

On 10 February 2016, the Unibet Group repaid EUR 12 million of the Revolving Credit Facility.

Future developments

Although conscious of the potential impact of the macroeconomic situation in the Group's core markets, the Directors are confident in the Group's trading and financial prospects for the forthcoming financial year.

Directors and their interests

The following Directors elected at the AGM on 12 May 2015 served during the year and subsequently, unless otherwise stated:

Anders Ström	Chairman
Kristofer Arwin	Non-executive
Sophia Bendz	Non-executive
Peter Boggs	Non-executive
Nigel Cooper	Non-executive
Peter Friis	Non-executive
Therese Hillman	Non-executive
Stefan Lundborg	Non-executive

All Directors will seek re-election at the forthcoming AGM.

The interests of the Directors are shown on page 43.

Research and development

The Group capitalises certain expenditure when it relates to the development of the core IT platform of the business. During the year the Group capitalised GBP 9.8 (2014: GBP 10.4) million of development expenditure, and expensed GBP 12.6 (2014: GBP 14.0) million.

Employees

The Unibet Group is committed to equality of opportunity in all aspects of employment including recruitment, training and benefits whatever the gender, marital status, gender reassignment status, disability, race, national origin, ethnic origin, colour, nationality, sexual orientation, religion, belief or age of an employee, considering only the individual's aptitudes, abilities and the requirements of the job.

The Unibet Group also complies with all applicable national and international laws within human and labour rights in the locations in which it operates. These include but are not limited to minimum age, minimum salary, union rights and forced labour as well as United Nation's Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption and the Universal declaration on human rights.

The Group recognises the importance of ensuring employees are kept informed of the Group's performance, activities and future plans.

A review of the Group's environmental and community activities is included in the Corporate Social Responsibility section on pages 20 to 23.

Statement of Directors' responsibilities for the financial statements

The Directors are required by the Malta Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the Group as at the end of each reporting period and of the profit or loss for that period.

In preparing the financial statements, the Directors are responsible for:

- ensuring that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the EU;
- selecting and applying appropriate accounting policies;
- making accounting estimates that are reasonable in the circumstances; and
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business as a going concern.

The Directors are also responsible for designing, implementing and maintaining internal controls as the Directors determine it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Malta Companies Act, 1995. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The consolidated financial statements of Unibet Group plc for the year ended 31 December 2015 are included in the Annual report and accounts 2015, which is published in hard-copy printed form and is made available on the Group's website. The Directors are responsible for the maintenance and integrity of the Annual report on the website in view of their responsibility for the controls over, and the security of, the website. Access to information published on the Group's website is available in other countries and jurisdictions, where legislation governing the preparation and dissemination of financial statements may differ from requirements or practice in Malta.

Disclosure of information to the auditors

So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware, and the Directors have taken all the steps that they should take as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors

The auditors, PwC Malta and PwC London, have indicated their willingness to continue in office, and a resolution to re-appoint them will be proposed at the AGM.

On behalf of the Board

Malta, 11 March 2016

Anders Ström
Chairman and Director

Nigel Cooper
Director

REMUNERATION COMMITTEE REPORT

The Remuneration Committee considers and evaluates remuneration arrangements for senior managers and other key employees and makes recommendations to the Board. The purpose is to support the strategic aims of the business and shareholder interest, by enabling the recruitment, motivation and retention of key employees, while complying with the requirements of regulatory and governance bodies.

The committee's report, which is unaudited, except where indicated, is set out below.

The Remuneration Committee

The committee held five meetings during 2015 all of which were chaired by Stefan Lundborg and also attended by Peter Boggs. Sophia Bendz was appointed by the Board to the Committee in 2015 and attended two meetings. The Chief Human Resources Officer (CHRO) acted as secretary to the Committee and the CEO, CFO and CHRO were co-opted on an ad-hoc basis to provide advice and support on remuneration related issues. Where required on specific projects, the Committee was also supported by external advisers.

Remuneration policy

The policy of the Board is to attract, retain and motivate the best managers by rewarding them with competitive compensation packages linked to the Group's financial and strategic objectives. The compensation packages need to be fair and reasonable in comparison with companies of a similar size, industry and international scope. The components of remuneration for executive managers comprise base salary, benefits, performance-related salary and long-term incentives.

The members of the committee have no personal interest in the outcome of their decisions and give due regard to the interests of shareholders and to the continuing financial and commercial health of the business.

The remuneration packages of senior managers

Senior managers receive base salaries based on position, responsibilities, performance and skills. The base salary is a fixed amount, payable monthly, which is usually reviewed annually in January.

Benefits are based on the requirements of the country where the manager is employed.

The performance-related salary is designed to support key business strategies and financial objectives and create a strong, performance-orientated environment. The performance targets are reviewed annually and are based on both quantitative and qualitative goals. The pay-out is conditional upon the Group achieving set financial targets. Thereafter, individual targets are mainly linked to financial objectives such as Gross winnings revenue and EBITDA. There is also a part which is based on delivery of specific projects and business critical processes. Achievement of targets is assessed on an annual basis. The amount of potential variable pay compared to basic salary varies depending on position and situation, but is in general less than half the amount of the basic salary. All variable elements have a limit, which means that they cannot exceed a predetermined amount.

Under the standard annual cycle of bonuses for the CEO and other executive management, formal approval and payment of bonuses is typically completed after the publication of the Annual report. Remuneration reported in the table on the page opposite is the remuneration paid during 2015. Participation in long-term incentive schemes is based on position in the Group, performance and country of residence.

Equity awards are made through the Performance Share Plan which was introduced in 2013. They are granted under the terms of the Unibet Performance Share Plan, and are linked to the performance of the Group to further align senior management's interests with those of the shareholders. The 16,053 share options and the 97,819 PSP shares outstanding at 31 December 2015 may generally only be exercised if the holder is employed by the Unibet Group at the date of exercise. Exceptions are made in special circumstances.

Developments in 2015

There were two grants made under the Unibet Performance Share Plan (PSP) approved at the AGM in 2013, the first in June 2015 to Unibet Group employees totalling 38,464 shares and the second in November 2015 totalling 2,430 shares. The PSP performance measures are non-market based providing participants with a high degree of alignment to Group performance. PSP awards will depend on the Group achieving financial performance targets over three financial years establishing a clearer link between how the Group performs and the value that the PSP can deliver. These targets are Gross Contribution (Gross Winnings Revenue less Cost of Sales less Marketing Costs), Free Cash Flow per Share and EBITDA and will be measured on an aggregate basis between the full year 2015 and the full year 2017 so that performance in each financial year will be important. Aggregated performance against the targets and the resulting allocation of PSP awards will be disclosed after the full year 2017.

Remuneration of the Board of Directors

All Board Directors are elected at the AGM and the remuneration is recommended by the Nomination Committee and conditional upon approval at the AGM.

The Group does not operate any form of Directors' retirement benefits or pension scheme, and thus no contributions are made in respect of any Director. All Directors have rolling service contracts without notice periods. The auditors are required to report on the information contained in the following two sections of this report on Directors' Remuneration.

Total emoluments (audited)

All information concerning emoluments and interests of the Directors is presented on the basis of continuity from the date of their appointment to the Board of Directors of the Unibet Group. Total emoluments of the Board of Directors and Executive Committee who served during the year are set out below.

The closing price of the Company's SDRs at 30 December 2015 was SEK 864.00 (equivalent to SEK 108.00 post-split), and it ranged from SEK 447.50 to SEK 864.00 during 2015.

	Fees/salary GBP 000	Other[1] GBP 000	2015 Total GBP 000	2014 Total GBP 000
Directors[2]				
Anders Ström, Chairman	141.7	126.7	**268.4**	233.0
Kristofer Arwin	70.3	–	**70.3**	64.7
Sophia Bendz	48.3	–	**48.3**	27.8
Peter Boggs	60.3	–	**60.3**	69.7
Nigel Cooper	98.3	14.0	**112.3**	107.0
Peter Friis	48.3	–	**48.3**	27.8
Therese Hillman[3]	48.0	–	**48.0**	–
Stefan Lundborg	63.3	16.0	**79.3**	87.4
	578.5	**156.7**	**735.2**	617.4
Executive committee				
Henrik Tjärnström, CEO	663.8	–	**663.8**	1,673.0
Other Executive management	1,448.1	–	**1,448.1**	1,880.6
Total	**2,690.4**	**156.7**	**2,847.1**	4,171.0

1 Other emoluments comprise additional amounts payable such as consultancy.
2 Peter Lindell resigned from the Board on 20 May 2014 and accordingly his interests are not shown in the table above.
3 Therese Hillman was appointed to the Board at the AGM on 12 May 2015.

Directors' interests (audited)

The Directors' and Executive managements' beneficial interests in the shares/SDRs of Unibet Group plc as at 30 December 2015 are set out below:

	Ordinary shares/SDRs at 30 December 2015[1]	Ordinary shares/SDRs at 31 December 2014	Performance Share Rights at 31 December 2015	Performance Share Rights at 31 December 2014	Share options at 31 December 2015	Share options at 31 December 2014
Directors[2]						
Kristofer Arwin	705	705	–	–	–	–
Sophia Bendz	952	375	–	–	–	–
Peter Boggs	14,030	13,100	–	–	–	–
Nigel Cooper	5,000	4,000	–	–	–	–
Peter Friis	250	250	–	–	–	–
Therese Hillman[3]	195	–	–	–	–	–
Stefan Lundborg	40,000	10,500	–	–	–	–
Anders Ström	1,470,000	1,920,000	–	–	–	–
	1,531,132	**1,948,930**	**–**	**–**	**–**	**–**
Executive committee						
Henrik Tjärnström, CEO	163,394	165,394	14,335	9,946	–	–
Other Executive management	2,700	2,700	26,618	12,157	6,781	81,373
Total	**1,697,226**	**2,117,024**	**40,953**	**22,103**	**6,781**	**81,373**

1 Before the share split 8:1.
2 Peter Lindell resigned from the Board on 20 May 2014 and accordingly his interests are not shown in the table above.
3 Therese Hillman was appointed to the Board at the AGM on 12 May 2015.

Performance graph (unaudited)

Shown on page 31 is a performance graph that compares the Total Shareholder Return (TSR) of Unibet Group plc SDRs with the OMX Stockholm Price Index, this being the index where Unibet Group plc is listed and therefore the most appropriate comparison.

TSR is defined as the return shareholders would receive if they held a notional number of shares and received dividends on those shares over a period of time.

Stefan Lundborg
Chairman, Remuneration Committee

FINANCIAL REVIEW

The Unibet Group's business has grown continually in recent financial years. The growth has been generated across all of the Group's geographical markets and products.

Financial statement presentation
These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and in accordance with the Maltese Companies Act 1995.

The accounting policies as adopted in the published results for the year ended 31 December 2015 have been consistently applied.

Where relevant, certain additional information has been presented in compliance with the Nasdaq Stockholm requirements.

Gross winnings revenue
Gross winnings revenue on Sports betting represents the net gain or loss from bets placed.

Gross winnings revenue from Casino and Games represents the net gain from bets placed and Poker Gross winnings revenue reflects the net income "rake" earned from completed poker games. All Gross winnings revenues are reported net of the cost of free bets. Free bets are bonuses granted or earned in connection with customer acquisition. Total Gross winnings revenue in 2015 increased to GBP 354.1 (2014: GBP 312.0) million.

Gross winnings revenue from Sports betting amounted to GBP 161.2 (2014: GBP 133.7) million for the full year 2015.Live betting accounted for 65.4 (2014: 64.8) per cent of turnover on Sports betting, excluding Free Bets, in 2015 and 50.4 (2014: 45.2) per cent of Gross winnings revenue on sports betting, excluding Free Bets, in 2015.

Other products (Casino and Games, Poker and Bingo) saw Gross winnings revenue amounting to GBP 192.9 (2014: GBP 178.3) million for the full year 2015.

Gross winnings revenue by market and business segment
The Unibet Group's business is organised into four main geographical areas: Nordic Region, Western Europe, CES (Central, Eastern and Southern Europe) and Other. For an analysis of Gross winnings revenue by market and business segment, refer to the table below.

Gross margin on sports betting
The gross margin for pre-game Sports betting before Free Bets in 2015 was 12.0 (2014: 13.4) per cent.

The gross margin for total Sports betting in 2015 before Free Bets was 8.4 (2014: 8.6) per cent, and after Free Bets was 7.2 (2014: 7.7) per cent.

Sports betting gross margins can vary from one quarter to the next, depending on the outcome of sporting events. However, over time these margins will even out.

Cost of sales
Cost of sales includes betting duties, marketing revenue share and other cost of sales. Betting duties for the full year 2015 amounted to GBP 35.0 (2014: GBP 23.6) million. The increase in betting duties is driven by an increase in both turnover and Gross winnings revenue in the year, along with an increase in the percentage of Gross winnings revenue from locally-regulated markets from 27 per cent at the end of 2014 to 34 per cent at the end of 2015. The Group holds local gambling licences in the UK, France, Belgium, Denmark, Germany (Schleswig-Holstein), Italy, Australia, Ireland, Romania and Estonia, as well as international gambling licences in Malta, Gibraltar and Alderney, and pays betting duties in all markets in accordance with applicable local laws.

The marketing-related revenue share costs within cost of sales amounted to GBP 19.7 (2014: GBP 19.6) million for the full year 2015. Other cost of sales amounted to GBP 66.1 (2014: GBP 47.7) million for the full year 2015.

Gross profit
Gross profit for 2015 amounted to GBP 233.3 (2014: GBP 221.1) million.

Marketing costs
During 2015, marketing costs were GBP 78.5 (2014: GBP 69.7) million. Active customers during the three-month period ending 31 December

Gross winnings revenue by market and business segment

	2015			2014		
GBP m	Sports betting	Other products	Total	Sports betting	Other products	Total
Nordic Region	**58.2**	**102.1**	**160.3**	53.5	97.4	150.9
Western Europe	**81.9**	**72.4**	**154.3**	65.5	59.1	124.6
Central, Eastern and Southern Europe	**12.1**	**16.7**	**28.8**	9.9	16.9	26.8
Other	**9.0**	**1.7**	**10.7**	4.8	4.9	9.7
Total	**161.2**	**192.9**	**354.1**	133.7	178.3	312.0

2015 were 921,150 (2014: 570,360). Active customers during the full year ending 31 December 2015 were 1.3 million compared to 1.2 million for the previous year, a result of strong year-on-year organic growth and the acquisitions which took place in the year.

Administrative expenses

During the full year 2015, ongoing administrative expenses were GBP 85.1 (2014: GBP 86.9) million.

This total includes GBP 11.8 (2014: GBP 15.0) million of depreciation and amortisation charges. These charges have decreased from the prior year primarily due to the disposal of Kambi during 2014. There is also an amortisation element included within items affecting year-on-year comparability as explained below.

Salaries and associated costs amounted to GBP 43.1 (2014: GBP 41.3) million for the full year 2015. These costs have increased from the prior year as a result of increasing staff numbers both organically and due to the acquisitions in the year.

Other administration expenses totalling GBP 30.2 (2014: GBP 30.6) million for the full year 2015 have decreased despite the increase in Gross winnings revenue demonstrating the focus on cost control as highlighted in the Strategic Report on page 15. Note 4 in the financial statements on page 60 provides more analysis of operating costs, including items affecting the year-on-year comparison of results.

Items affecting year-on-year comparison

The Group defines items affecting year-on-year comparison 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 comparison of the Group's results between years.

In 2015, items affecting year-on-year comparison included:

- Merger and acquisition costs associated with the acquisitions of iGame and Stan James Online amounting to GBP 0.7 million.
- Management incentive costs of GBP 0.9 million relating to the acquisitions of iGame and Stan James Online.
- The net impact of the acquisition of the remaining part of the real money Bonza social gaming business, being a GBP 0.6 million cost.
- A one-off payment to the Romanian tax authorities of GBP 1.6 million to cover the settlement of prior period betting duties, interest, penalties and fees in order to secure a licence to operate in the recently re-regulated Romanian market.
- The amortisation of acquired intangible assets of GBP 2.2 (2014: GBP 1.8) million for the year. This is the charge on assets acquired as part of business combinations. This is included as part of the Group's total amortisation charge shown in Note 11 to the consolidated financial statements.

EBITDA and profit from operations

Earnings before interest, tax and depreciation and amortisation (EBITDA) for the full year 2015 were GBP 77.0 (2014: GBP 115.7) million.

Profit from operations for the full year 2015 was GBP 63.0 (2014: GBP 98.9) million.

Each year EBITDA and profit from operations are impacted by items affecting comparability, as detailed above for 2015. In 2014, these metrics were primarily impacted by the disposal of the Group's shares in Kambi to Unibet Group plc's shareholders which resulted in a net gain of GBP 35.3 million.

Finance costs

Finance costs for 2015 were GBP 0.9 (2014: GBP 0.2) million. The increase in 2015 reflects the cost of funding the iGame and Stan James Online acquisitions, as the Unibet Group utilised part of the borrowing facilities available to it (see Note 18, page 69).

Profit after tax

Profit after tax for the full year 2015 was GBP 55.7 (2014: GBP 93.4) million.

Development and acquisition costs of intangible assets

In the full year 2015, development expenditure of GBP 9.8 (2014: GBP 10.4) million, was capitalised. The key elements of capitalised development costs during 2015 are local licensing requirements, customer experience improvements, data analytics and information mining.

Expenditure of GBP 1.3 (2014: GBP 1.3) million was capitalised in the year with regard to other intangible assets.

In 2015, GBP 51.9 million was capitalised as a result of business combinations. Of this total, GBP 3.6 million was capitalised development costs and GBP 48.3 million was in relation to other intangible assets,

Balance sheet

The Unibet Group's strong balance sheet reflects both the Group's growth and its ability to manage working capital.

A significant asset on the balance sheet is goodwill. The goodwill balance increased following the acquisitions of the MrBookmaker Group of companies in 2005, Maria Holdings Group in December 2007, Guildhall Media Invest in 2008, the Solfive Group in 2011, Betchoice Corporation Pty Ltd and the business and certain operating assets of Bet24 in 2012, and Stan James Online and the iGame Group in 2015.

Goodwill and certain intangible assets recognised in connection with these acquisitions are denominated in currencies other than GBP and have therefore been translated at the closing exchange rate as required by IAS 21. This translation adjustment decreased the carrying value of goodwill by GBP 3.0 million in 2015 (2014: GBP 6.9 million) and the carrying value of other intangible assets decreased by GBP 0.2 million (2014: GBP 2.1 million). These translation adjustments were credited to the currency translation reserve.

Certain non-current assets of the Group relate to capitalised IT development costs. Other non-current assets include computer software, computer hardware, fixtures and fittings, loan to the joint venture, convertible bond and acquired domain names.

The non-cash current assets on the balance sheet relate only to other receivables, prepayments and taxation. The movements in the tax balances in the consolidated balance sheet are influenced by the timing of dividend payments within the Group. Significant liabilities on the balance sheet include trade and other payables and customer balances (see Notes 16 and 17 on page 68).

Financing and cash flow

The net cash inflow for 2015 was GBP 19.8 (2014: GBP 17.0) million, increasing the total cash balance at the end of 2015 to GBP 83.4 (2014: GBP 67.0) million.

The Group continues to demonstrate the ability to generate strong operating cash flows and a total of GBP 79.3 (2014: GBP 76.1) million in cash was generated from operating activities during 2015. Operating cash flow before movements in working capital amounted to GBP 77.2 (2014: GBP 78.2) million for the full year.

In May 2015, the Unibet Group paid out a dividend of GBP 46.7 million to shareholders. At 31 December 2015, GBP 56.7 (2014: GBP nil) million of the Revolving Credit Facility was utilised. The facility has a maximum value of EUR 120 million and terminates in August 2018 (see Note 18 on page 69 for more information). The Group's ability to generate strong operating cash flows, together with the option to utilise the Revolving Credit Facility, gives flexibility for the Group to continue to consider a range of strategic opportunities.

CONSOLIDATED INCOME STATEMENT

GBP m	Note	Year ended 31 December 2015	Year ended 31 December 2014
Gross winnings revenue	3	**354.1**	**312.0**
Betting duties	3	**-35.0**	-23.6
Marketing revenue share	3	**-19.7**	-19.6
Other cost of sales	3	**-66.1**	-47.7
Cost of sales		**-120.8**	**-90.9**
Gross profit		**233.3**	**221.1**
Marketing costs	4	**-78.5**	-69.7
Administrative expenses	4	**-85.1**	-86.9
Underlying profit before items affecting comparability		**69.7**	**64.5**
M&A costs	4	**-0.7**	–
Management incentive costs relating to acquisitions	4	**-0.9**	–
Impact of Bonza acquisition	4	**-0.6**	-2.4
Settlement of prior period betting duties and licence costs	4	**-1.6**	–
Amortisation of acquired intangible assets	4	**-2.2**	-1.8
Adjustment to carrying value of contingent consideration	4	**–**	2.2
Net gain on disposal of Kambi	23	**–**	35.3
Net gain on disposal of associate	13	**–**	2.9
Foreign currency loss on operating items	4	**-0.7**	-1.8
Profit from operations	3	**63.0**	**98.9**
Finance costs	6	**-0.9**	-0.2
Finance income	7	**0.2**	0.6
Share of loss from associates	13	**-0.1**	-0.3
Profit before tax		**62.2**	**99.0**
Underlying income tax expense	8	**-6.5**	-5.9
Tax on disposal of Kambi	8	**–**	0.3
Income tax expense	8	**-6.5**	**-5.6**
Profit after tax		**55.7**	**93.4**

All the above amounts relate to continuing operations and are wholly attributable to owners of the parent.

KEY RATIOS

	Note	2015	2014[1]
Operating margin, per cent (Profit from operations/Gross winnings revenue for the year)		**18**	32
Return on total assets, per cent (Profit after tax/average of opening and closing assets for the year)		**16**	32
Return on average equity, per cent (EBIT/average of opening and closing equity for the year)		**30**	49
Equity: asset ratio, per cent		**53**	70
EBITDA margin, per cent		**22**	37
Net cash/EBITDA (rolling 12-month basis)		**0.597**	0.320
Employees at year end		**1,038**	652
Earnings per share, GBP	10	**0.244**	0.414
Fully diluted earnings per share, GBP	10	**0.239**	0.405
Number of shares at year end	21	**230,117,040**	228,303,600
Fully diluted number of shares at year end		**230,575,697**	232,254,907
Average number of shares	10	**228,237,047**	225,668,300
Average number of diluted shares	10	**232,806,853**	230,422,082

1 The 2014 ratios in the table above include the one-off gain on the disposal of Kambi and have been adjusted to show the impact of the 8:1 share split approved by the EGM on 18 December 2015.

More detailed definitions can be found on page 79. The notes on pages 51 to 76 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

GBP m	Year ended 31 December 2015	Year ended 31 December 2014
Profit for the year	**55.7**	93.4
Other comprehensive income		
Currency translation adjustments taken to equity	**-4.4**	-9.0
Total comprehensive income for the year	**51.3**	**84.4**

Profit and total comprehensive income relate to continuing operations and are wholly attributable to owners of the parent. The translation adjustment relates primarily to foreign currency retranslation of goodwill and acquired intangibles and the net investment in the subsidiaries, to the closing exchange rate for each year.

CONSOLIDATED BALANCE SHEET

GBP m	Note	As at 31 December 2015	As at 31 December 2014
Assets			
Non-current assets			
Goodwill	11	**172.0**	143.5
Other intangible assets	11	**85.9**	34.4
Investment in associate	13	**1.4**	1.5
Property, plant and equipment	12	**7.6**	4.3
Deferred tax assets	19	**7.1**	8.7
Convertible bond	24	**5.6**	5.9
Loan to joint venture	13	**–**	0.8
Other non-current assets	2A	**1.6**	–
		281.2	**199.1**
Current assets			
Trade and other receivables	15	**23.3**	14.3
Taxation recoverable		**11.6**	8.0
Cash and cash equivalents	29	**83.4**	67.0
		118.3	**89.3**
Total assets		**399.5**	**288.4**
Equity and liabilities			
Capital and reserves			
Share capital	21	**0.1**	0.1
Share premium	21	**81.5**	78.1
Currency translation reserve	21	**-1.4**	3.0
Reorganisation reserve	21	**-42.9**	-42.9
Retained earnings		**175.8**	164.6
Total equity attributable to the owners		**213.1**	**202.9**
Non-current liabilities			
Deferred tax liabilities	19	**3.4**	1.2
		3.4	**1.2**
Current liabilities			
Borrowings	18	**56.7**	–
Trade and other payables	16	**65.7**	32.9
Customer balances	17	**37.4**	30.0
Deferred income	14	**3.0**	2.0
Tax liabilities		**20.2**	19.4
		183.0	**84.3**
Total liabilities		**186.4**	**85.5**
Total equity and liabilities		**399.5**	**288.4**

The official closing middle rate of exchange applicable between the presentation currency and the euro issued by the European Central Bank as at 31 December 2015 was 1.362 (2014: 1.284).

The notes on pages 51 to 76 are an integral part of these financial statements.

The financial statements on pages 46 to 76 were authorised for issue by the Board of Directors on 11 March 2016 and were signed on its behalf by:

Anders Ström
Chairman and Director

Nigel Cooper
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GBP m	Note	Share capital	Share premium	Currency translation reserve	Reorganisation reserve	Retained earnings	Total
Balance as at 1 January 2014		0.1	74.4	12.0	-42.9	155.7	199.3
Comprehensive income							
Profit for the year		–	–	–	–	93.4	93.4
Other comprehensive income							
Foreign exchange differences on the translation of net equity investments in foreign enterprises		–	–	–	–	–	–
Translation adjustment on goodwill and intangibles	11	–	–	-9.0	–	–	-9.0
		–	–	-9.0	–	–	-9.0
Total comprehensive income		**–**	**–**	**-9.0**	**–**	**93.4**	**84.4**
Transactions with owners							
Share options – value of employee services	20	–	–	–	–	0.5	0.5
Deferred tax credit relating to share option scheme		–	–	–	–	0.4	0.4
Proceeds from shares issued	21	–	3.7	–	–	–	3.7
Disposal of treasury shares	21	–	–	–	–	2.2	2.2
Dividend paid	9	–	–	–	–	-31.1	-31.1
Distribution of Kambi	23	–	–	–	–	-56.5	-56.5
Total transactions with owners		**–**	**3.7**	**–**	**–**	**-84.5**	**-80.8**
At 31 December 2014		**0.1**	**78.1**	**3.0**	**-42.9**	**164.6**	**202.9**
Comprehensive income							
Profit for the year		**–**	**–**	**–**	**–**	**55.7**	**55.7**
Other comprehensive income							
Foreign exchange differences on the translation of net equity investments in foreign enterprises		**–**	**–**	**-1.2**	**–**	**–**	**-1.2**
Translation adjustment on goodwill and intangibles	11	**–**	**–**	**-3.2**	**–**	**–**	**-3.2**
		–	**–**	**-4.4**	**–**	**–**	**-4.4**
Total comprehensive income		**–**	**–**	**-4.4**	**–**	**55.7**	**51.3**
Transactions with owners							
Share options – value of employee services	20	**–**	**–**	**–**	**–**	**0.6**	**0.6**
Equity settled employee benefit plan	20	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Income tax relating to share option scheme		**–**	**–**	**–**	**–**	**1.0**	**1.0**
Proceeds from shares issued	21	**–**	**3.4**	**–**	**–**	**–**	**3.4**
Disposal of treasury shares	21	**–**	**–**	**–**	**–**	**0.3**	**0.3**
Dividend paid	9	**–**	**–**	**–**	**–**	**-46.7**	**-46.7**
Total transactions with owners		**–**	**3.4**	**–**	**–**	**-44.5**	**-41.1**
At 31 December 2015		**0.1**	**81.5**	**-1.4**	**-42.9**	**175.8**	**213.1**

The notes on pages 51 to 76 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

GBP m	Note	Year ended 31 December 2015	Year ended 31 December 2014
Operating activities			
Profit from operations		**63.0**	98.9
Adjustments for:			
Depreciation of property, plant and equipment	12	**2.9**	2.9
Amortisation of intangible assets	11	**11.1**	13.9
Loss on disposal of property, plant and equipment	4	**0.1**	0.2
Net gain on disposal of Kambi	23	**–**	-35.3
Impact of Bonza acquisition		**-0.3**	2.4
Net gain on disposal of associate		**–**	-2.9
Adjustment to fair value of contingent consideration		**–**	-2.4
Share-based payments	20	**0.6**	0.5
Equity settled employee benefit plan	21	**0.3**	–
Foreign exchange on dividend		**-0.5**	–
Increase in trade and other receivables		**-7.9**	-4.7
Increase in trade and other payables, including customer balances		**15.8**	7.7
Cash flows from operating activities		**85.1**	**81.2**
Income taxes paid net of tax refunded		**-5.8**	-5.1
Net cash generated from operating activities		**79.3**	**76.1**
Investing activities			
Acquisition of subsidiaries, net of cash acquired		**-56.3**	–
Investment in associate	13	**–**	-0.6
Proceeds from sale of associate		**–**	3.8
Convertible bond subscription	24	**–**	-6.0
Interest received		**0.2**	0.2
Interest paid		**-0.3**	-0.2
Purchases of property, plant and equipment	12	**-5.9**	-2.4
Purchase of Bingo.com domain	11	**–**	-5.1
Development and acquisition costs of intangible assets	11	**-11.1**	-11.7
Loans granted to joint venture		**–**	-1.0
Net cash used in investing activities		**-73.4**	**-23.0**
Financing activities			
Dividend paid	9	**-46.7**	-31.1
Disposal of treasury shares	21	**0.3**	2.2
Proceeds of issue of new shares for share options	21	**3.4**	3.7
Proceeds from borrowings		**56.9**	16.3
Repayment of borrowings		**–**	-15.9
Net cash generated from/(used in) financing activities		**13.9**	**-24.8**
Net cash transferred on disposal of Kambi	23	**–**	-11.3
Net increase in cash and cash equivalents		**19.8**	**17.0**
Cash and cash equivalents at the beginning of the year		**67.0**	**54.9**
Effect of foreign exchange rate changes		**-3.4**	-4.9
Cash and cash equivalents at the end of the year	29	**83.4**	**67.0**

The notes on pages 51 to 76 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1: Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), applicable interpretations issued by the IFRS Interpretations Committee (IFRS IC) and the Maltese Companies Act 1995.

The consolidated financial statements have been prepared under the historical cost convention, subject to modification where appropriate by the revaluation of financial assets and liabilities at fair value through profit or loss. The individual parent financial statements have been prepared separately.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2B.

(a) New and amended standards and interpretations effective from 1 January 2015 and adopted by the Group

The Group has applied the following standards and amendments for the first time for the financial year commencing 1 January 2015:

- Annual Improvements to IFRSs: 2010-2012 Cycle and 2011-2013 Cycle.

The Group also elected to adopt the following two amendments early:

- Annual Improvements to IFRSs 2012-2014 Cycle
- Disclosure Initiative: Amendments to IAS 1.

As these amendments merely clarify the existing requirements, they do not affect the Group's accounting policies or any of the disclosures within the consolidated financial statements.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2015 and not early adopted

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2018.

IFRS 16, "Leases", sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 is effective from 1 January 2019. A company can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from contracts with customers. IFRS 16 completes the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related Interpretations. The Group is yet to assess IFRS 16's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2019.

IFRS 15, "Revenue", replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application i.e. without restating the comparative period. IFRS 15 is effective from 1 January 2018. The Group is yet to assess the impact of IFRS 15 on the its financial statements other than to clarify that any impact will be limited to Poker Gross winnings revenue as all other Gross winnings revenue is measured under IAS 39.

There are no other IFRS or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Group's consolidated financial statements.

2A: Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Unibet Group plc (the Company) and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the ability to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. 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. All intercompany transactions and balances between Group companies are eliminated on consolidation.

Subsidiaries are consolidated, using the purchase method of accounting, from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 through the income statements. Acquisition-related costs are expensed as incurred.

All associate entities and joint ventures are accounted for by applying the equity accounting method. The Group's policy surrounding associates and joint ventures is outlined on page 54 and they are discussed further on pages 67 and 68.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2A: Summary of significant accounting policies continued

Items affecting comparability

The Group defines items affecting comparability as those items which, by their size or nature in relation to both the Group and individual segments, 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.

Items affecting comparability include, to the extent they are material, merger and acquisition transaction costs, gains or losses on the disposal of assets, impairments (or subsequent reversal) of the carrying value of assets, amortisation of acquired assets, changes in carrying value of contingent consideration, one-off licence and betting duty costs and foreign currency gains and losses on operating items.

Revenue recognition

The Group provides online gaming services across the following: Sports betting, Casino and Games, Poker and other products.

Gross winnings revenue on Sports betting is defined as the net gain or loss from bets placed after the cost of promotional bonuses within the financial period. Where it is not probable that open sports bets at the end of the financial period will be settled, the associated Gross winnings revenue is deferred and presented at fair-value as deferred income on the balance sheet.

Within Casino & Games the Group defines Gross winnings revenue as the net gain from bets placed after the cost of promotional bonuses in the financial period.

The Group considers Gross winnings revenues on Sports betting and Casino and Games to be derivative financial instruments.

Poker Gross winnings revenue reflects the net income ("rake") earned from poker games completed after the cost of promotional bonuses within the financial period.

Other Gross winnings revenues include those from Bingo and other products. Bingo Gross winnings revenues are recognised as the net gain from bets placed after the cost of promotional bonuses in the financial period. Other product revenues represent gaming services provided within the financial period.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers, who are responsible for allocating resources and assessing the performance of the operating segments, have been identified as the Chief Executive Officer and the Executive Committee who, subject to authorisation by the Board, make strategic decisions.

Leases

The Group's leases are currently all operating leases (leases in which a significant portion of the risks and rewards of ownership are retained by the lessor). Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease (net of any incentive received from the lessor).

Foreign currencies

The Group operates in Malta and in a number of international territories. The presentation currency of the consolidated financial statements is GBP since that is the currency in which the shares of the Company are denominated.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, being the functional currency.

Transactions in currencies other than the presentation currency of the Company are initially recorded at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in the net profit or loss for the year. Gains and losses arising on operations are recognised within items affecting comparability.

Gains and losses related to financing, including unrealised gains and losses arising on the retranslation of borrowings, are recognised within finance costs or finance income where the financing has not been matched to the currency of a specific acquisition. Where financing has been required in a specific currency to complete an acquisition, the Group considers the borrowing to be a hedging instrument and any gains and losses arising on the retranslation are transferred to the Group's currency translation reserve.

The Group does not enter into forward contracts nor options to hedge its exposure to foreign exchange risks.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the exchange rate on the date of the transaction. Exchange differences arising on the translation of subsidiary reserves are classified as equity and transferred to the Group's currency translation reserve.

Translation differences relating to long-term non-trading inter-company balances are also included within the Group's currency translation reserve.

Goodwill and fair value adjustments arising on acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised within the Group's currency translation reserve.

Retirement benefit costs and pensions

The Group does not operate any defined benefit pension schemes for employees or Directors. Certain Group companies make contributions to defined contribution pension schemes for employees on a mandatory or contractual basis. The Group has no further payment obligations once the contributions have been paid. The Group does not provide any other post-retirement benefits.

Taxation

The tax expense represents the sum of the tax currently payable, and movements in the deferred tax provision.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax may be offset where appropriate.

Goodwill
Goodwill arising on an acquisition of a subsidiary undertaking is deemed to be the excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired.

Goodwill is carried at cost, less accumulated impairment losses.

Any contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Other intangible assets
Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss.

An internally-generated development intangible asset is recognised at cost only if all of the following criteria are met:
(i) An asset is created that can be identified (such as a database or software).
(ii) There is both an intention, the ability and the internal resource to use the asset.
(iii) It is probable that the asset created will generate future economic benefits.
(iv) The development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over three to five years. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

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

Intangible assets identified as a result of a business combination are dealt with at fair value in line with IAS 38, and are brought on to the consolidated balance sheet at the date of acquisition. Where they arise as a result of the acquisition of a foreign entity they are treated as assets of the acquired entity and are translated at the closing rate.

Acquired intangibles include brands, customer databases, development costs and trade names which are being amortised on a straight-line basis over three to five years, as the Directors believe this to be their useful economic life. The "Maria", "Stan James" and iGame collection of brands together with the Bingo.com domain are considered to have indefinite economic lives as allowed by the standard and are therefore not subject to amortisation. Instead they are subject to annual impairment tests, allocated to cash-generating units alongside goodwill.

Computer software
Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring in to use the specific software. These costs are amortised on a straight-line basis over their estimated useful life of three years. Computer software is carried at cost less accumulated amortisation and any recognised impairment losses. Costs associated with maintaining computer software are expensed as incurred.

Impairment of non-financial assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows: i.e. cash-generating units. Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2A: Summary of significant accounting policies continued

Associated companies and joint ventures

Associated companies are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights.

Joint ventures are all companies over which the Group has joint control, generally accompanying a shareholding of approximately 50 per cent of the voting rights.

Investments in associated companies and joint ventures have been reported according to the equity method. This means that the Group's share of income after taxes in an associated company or a joint venture is reported as part of the Group's income. Investments in such a company are reported initially at cost, increased, or decreased to recognise the Group's share of the profit or loss of the associated company after the date of acquisition.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company or joint venture.

Gains or losses on transactions with associated companies and joint ventures, if any, have been recognised to the extent of unrelated investors' interests in the associate or joint ventures.

Accounting policies of associate companies and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and the costs attributable to bring the asset to working condition for its intended use.

Depreciation is charged so as to write off the cost, less the estimated residual value, of the assets over their estimated useful lives, using the straight-line method, on the following bases:

- Office equipment, fixtures and fittings, 3-5 years
- Computer hardware, 3 years
- Buildings, 40 years or length of leasehold
- Land, not depreciated

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised within administrative expenses in the consolidated income statement.

The residual values of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

If any impairment is identified in the carrying value of an asset, it is written down to its recoverable amount.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. The Group determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include options on convertible loan instruments. If such a financial asset is acquired principally for the purpose of selling in the short term they are classified as current assets. If a financial asset is acquired with expected future cash flows or benefits over periods greater than 12 months they are classified as non-current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise trade and other receivables, cash equivalents, loan instruments of convertible loans and loans to joint ventures in the balance sheet.

Those loans and receivables with maturities greater than 12 months after the balance sheet date are classified as non-current assets. These comprise gaming and rental deposits.

Regular purchases and sales of financial assets are recognised on the trade-date, being the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Trade and other receivables
Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment that is required when there is objective evidence that the Group will not be able to collect all amounts due according to the original term of the receivables. Other receivables also include financial assets at fair value through 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 (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the assets' carrying value and the present value of estimated future cash flows, discounted at the original effective interest rate.

Financial liabilities
Financial liabilities are classified as financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The measurement of financial liabilities depends on their classification (i) financial liabilities at fair value through profit or loss are carried on the balance sheet at fair value with gains or losses recognised in the income statement; and (ii) financial liabilities measured at amortised cost are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other revenues and finance costs.

The Group derecognises a financial liability from its balance sheet when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

Trade, other payables and customer balances
Trade and other payables and customer balances, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Deferred income
Deferred income, representing revenue which can be measured reliably but where transactions have not closed at the balance sheet date, is recognised at fair value with gains or losses recognised in the income statement.

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

Borrowings and finance costs
Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest paid in the consolidated cash flow statement is presented within investing activities as opposed to financing activities, as the principal use of the borrowings to which they relate are to fund expansion of the business, such as via acquisition.

Share-based employee remuneration
The Group operates several equity-settled share-based compensation plans, under which Group companies receive services from employees as consideration for equity instruments (options or performance shares) in Unibet Group plc. The fair value of the employee services received in exchange for the grant of options or performance shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options or performance shares granted, including 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 share-based payments that are expected to vest. The total amount expensed is recognised over the vesting period of the share-based payments, which is usually three years.

The grant by the Company of options over its equity instruments or performance share awards to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the Company's financial statements.

At the end of each reporting period, the Group revises the estimates of the number of share-based payments that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When share-based payments are exercised, the Company may issue new shares. Proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

With respect of cash settled share-based payments, the Group measures goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognised in profit or loss for the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2A: Summary of significant accounting policies continued

Cash and cash equivalents, and finance income

Cash and cash equivalents includes cash in hand, deposits held at call with banks, payment solution providers and other short-term highly liquid investments with original maturities of three months or less.

Finance income is recognised on bank balances using the effective interest method as and when it accrues.

Dividend distribution

Dividends are recognised as a liability in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

2B: Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill and other intangible assets

The Group tests annually whether goodwill and other intangible assets have suffered any impairment, in accordance with the accounting policy stated on page 53. The recoverable amount of cash-generating units has been determined based on value-in-use calculations which require the use of estimates. See Note 11.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain during the ordinary course of business.

Legal environment

The Group operates in a number of markets in which its operations may be subject to litigation risks, as highlighted on pages 28 and 29. The Group routinely makes estimates concerning the potential outcome of such risks.

Valuation of intangible assets on acquisition

The Group exercises judgement in determining the fair value of acquired intangibles on business combinations. Such assets include brands, customer databases, domains and capitalised research and development. The judgements made are based on recognised valuation techniques such as the Relief from Royalty Method for brands, recognised industry comparative data and the Group's industry experience and specialist knowledge. See Note 11 for additional information.

2C: Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the Group's markets and seeks to minimise potential adverse effects on the Group's financial performance. Financial risk management is managed by the finance team reporting through the Chief Financial Officer to the Board of Directors. The Board of Directors supervises strategic decisions, including the management of the Group's capital structure.

Market risk

Market risk is the risk that the Group will lose money on its business due to 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 where 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.

To achieve the desired risk profile, the Group conducts proprietary trading with a small number of well-known companies.

The Chief Product Officer assesses risk levels for individual events as well as from a longer-term perspective. Independent employees make risk evaluations for the various regions.

In respect of betting on other products, the Group does not usually incur any significant financial risk, except for the risk of fraudulent transactions considered within credit risk overleaf.

Foreign currency exchange risk

The Group operates internationally and in addition to GBP sterling, is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the euro, Swedish krona, Norwegian kroner, Danish krone and Australian dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group's operating cash flows provide a natural hedge of operating currency risks, since deposits and pay-outs to customers in different territories are matched in the same currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. In addition, the Group reports in GBP sterling, which is the currency in which its own share capital is denominated, although it is incorporated and trading in Malta.

The spread of the Group's operations, including material revenue and expenses denominated in many different currencies, and taking into account the fact that customers can trade with the Group in currencies other than the currency of their territory of residence, makes it impractical to isolate the impact of single currency movements on the results from operations. During 2015 the rate of exchange of the euro weakened against GBP by 6.1 per cent (from a rate of EUR 1.284 per GBP to a rate of EUR 1.362 per GBP). The rate of exchange of the Swedish krona weakened by 3.8 per cent (from a rate of SEK 12.059 per GBP to a rate of SEK 12.521 per GBP). These movements in some of the Group's principal trading currencies contributed to the overall foreign exchange loss on operations as shown in Note 4 on page 60.

Additional foreign exchange disclosures are contained in Note 17 on page 68.

As an element of the Group's borrowings at the end of the financial year are denominated in EUR, there is a currency translation exposure related to that financial liability. Based on the exchange rate between the EUR and GBP at 31 December 2015, a 2% fall in the value of GBP against the EUR would give rise to an exchange loss of approximately GBP 0.7 million. Until such time as the loan becomes repayable such translation gains and losses are unrealised. Where the borrowings have been matched to the currency of an acquisition any such translation gains and losses are reflected in the Group's currency translation reserve.

However the Group does have access to a EUR 120 million loan facility with a leading international bank and at such time that the Group draws down on the facility a currency translation exposure related to that financial liability will arise. Any potential future translation gains and losses arising on the loan would be offset to the extent that the Group generates positive future cash flows in euros.

Interest rate risk
The Group's interest rate risk has been managed during the year through the negotiation of fixed rates above EURIBOR (or the relevant equivalent inter-banking lending rate) on the individual tranches of the bank borrowings.

The substantial majority of the Group's liquid resources are held in short-term accounts in order to provide the necessary liquidity to fund the Group's operations, so there is no significant exposure to interest rate risk in respect of the Group's interest-bearing assets and liabilities.

Credit risk
The Group manages credit risk on a Group-wide basis. The Group does not offer credit to any customers, with the exception of a select group of Australian customers in accordance with accepted commercial practice in the Australian market. Therefore the only exposure to credit risk in respect of its sports betting business arises in respect of the limited trading activities that it occasionally conducts with other parties in order to lay off its exposure. In respect of betting on other products, the Group works with a small number of partners and at any time may have a small degree of credit exposure.

The principal credit risk that the Group faces in its gaming operations comes from the risk of fraudulent transactions and the resulting chargebacks from banks and other payment providers. The Group has a fraud department that is independent of its finance function that investigates each case that is reported and also monitors the overall level of such transactions in connection with changes in the business of the Group, whether in terms of new markets, new products or new payment providers.

The Group also manages credit risk by using a large number of banking and payment solution providers. See Note 2F.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and availability of funding for the business. The Group ensures adequate liquidity through the management of rolling cash flow forecasts, the approval of investment decisions by the Board and the negotiation of appropriate financing facilities. As at 31 December 2015, the unused credit facility available to be drawn on was EUR 42.9 million (see Note 18 on page 69). The Group also monitored adherence to debt covenants that related to the Revolving Credit Facility in accordance with the conditions of those instruments, and has been fully compliant with such conditions.

Of the Group's total financial liabilities of GBP 161.3 (2014: 63.4) million, GBP 161.3 (2014: GBP 63.4) million mature in less than one year and GBP nil (2014: nil) mature in more than one year. The Group always maintains cash balances in excess of customer balances.

The table below analyses the Group's financial liabilities based on the remaining period at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. See also Notes 14 and 16 for further information on the Group's financial liabilities.

	At 31 December 2015			At 31 December 2014		
GBP m	Less than 1 year	Between 1-2 years	Between 2-5 years	Less than 1 year	Between 1-2 years	Between 2-5 years
Deferred income	**3.0**	–	–	2.0	–	–
Trade and other payables[1]	**64.2**	–	–	31.4	–	–
Customer balances	**37.4**	–	–	30.0	–	–
Borrowings	**56.7**	–	–	–	–	–

1 Including contingent consideration payable and excluding non-financial liabilities.

2D: Capital risk management
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure both to reduce the cost of capital and to provide appropriate funding for expansion of the business. The Group has a consistent record of positive operating cash flows as well as significant ability to manage the timing and extent of discretionary expenditure in the business.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

2E: Fair value estimation

The carrying value less impairment provision of trade and other receivables and trade and other payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

For further information on fair value estimates see Note 14 on page 68.

2F: Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Since the Group does not have significant trade receivables other than payment solution providers, the credit risk associated with its normal operations is principally in relation to fraudulent transactions as described in Note 2C on page 56.

The Group uses a large number of banks and payment solution providers both in order to provide maximum access to markets and convenience for customers and also to ensure that credit risk in banking relationships is spread.

The credit ratings of the Group's principal banking partners at 31 December 2015 and 2014, based on publicly reported Fitch ratings, are as follows:

GBP m	2015	2014
AA-	**2.7**	5.3
A+	**31.3**	28.6
A	**0.2**	1.5
A-	**0.2**	0.2
BBB+	**16.3**	10.9
Not rated	**32.6**	20.4
Other	**0.1**	0.1
Total cash and cash equivalents	**83.4**	**67.0**

The Group continually monitors its credit risk with banking partners and did not incur any losses during 2015 as a result of bank failures.

"Not rated" consists of payment solution providers where credit risk is managed by maintaining a spread of the Group's funds across a number of industry established providers.

The maximum exposure to credit risk for cash and cash equivalents, and trade and other receivables, is represented by their carrying amount.

3: Operating segments

Management has determined the operating segments based on the reports reviewed by the CEO and Executive Committee and provided to the Board, which are used to make strategic decisions.

Management considers the business primarily from a geographic perspective, emphasising the primary role of territory management in driving the business forward. Products are an important part of the Group's operational matrix but the product teams are considered as suppliers of products and services to the territory managers. This reflects the fact that products may be sourced both internally and externally from independent suppliers.

The reportable operating segments derive their revenues from online Sports Betting, Casino & Games, Poker and other betting operations.

The primary measure used by the CEO and Executive Committee to assess the performance of operating segments is gross profit, which is defined as Gross winnings revenue (net of bonuses), less cost of sales. This measurement basis excludes central overheads incurred in support of the integrated operating model applied by the Group in order to derive maximum operational efficiency.

The Group does not allocate such central operating and administrative expenses by segment since any allocation would be arbitrary. The measure also excludes the effects of equity-settled share-based payments, depreciation and amortisation, and finance costs and income.

The Group operates an integrated business model and does not allocate either assets or liabilities of the operating segments in its internal reporting.

3: Operating segments continued

The segment information provided to the CEO and the Executive Committee for the reportable segments during the year ended 31 December 2015 is as follows:

31 December 2015 GBP m	Nordic Region	Western Europe	Central, Eastern and Southern Europe	Other	Total
Gross winnings revenue	160.3	154.3	28.8	10.7	354.1
Betting duties	-5.3	-26.2	-1.4	-2.1	-35.0
Marketing revenue share	-8.3	-6.9	-3.2	-1.3	-19.7
Other cost of sales	-31.4	-25.9	-5.7	-3.1	-66.1
Gross profit	**115.3**	**95.3**	**18.5**	**4.2**	**233.3**
Marketing costs					-78.5
Administrative expenses					-85.1
Items affecting comparability					-6.7
Profit from operations					**63.0**

The segment information provided to the CEO and the Executive Committee for the reportable segments during the year ended 31 December 2014 is as follows:

31 December 2014 GBP m	Nordic Region	Western Europe	Central, Eastern and Southern Europe	Other	Total
Gross winnings revenue	150.9	124.6	26.8	9.7	312.0
Betting duties	-4.2	-17.3	-0.5	-1.6	-23.6
Marketing revenue share	-8.0	-7.7	-3.0	-0.9	-19.6
Other cost of sales	-25.1	-16.8	-4.4	-1.4	-47.7
Gross profit	**113.6**	**82.8**	**18.9**	**5.8**	**221.1**
Marketing costs					-69.7
Administrative expenses					-86.9
Items affecting comparability					34.4
Profit from operations					**98.9**

Product revenues

Gross winnings revenue by principal product groups:

GBP m	2015	2014
Sports betting	161.2	133.7
Casino & Games	171.6	149.8
Poker	7.6	8.4
Other	13.7	20.1
	354.1	**312.0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

4: Expenses by nature

GBP m	31 December 2015	31 December 2014
Betting duties	**35.0**	23.6
Marketing revenue share	**19.7**	19.6
Other cost of sales	**66.1**	47.7
Marketing costs	**78.5**	69.7
Administrative expenses		
Fees payable to statutory auditor	**0.6**	0.5
Operating lease rentals	**2.0**	2.3
Depreciation of property, plant and equipment	**2.9**	2.9
Amortisation of intangible assets	**8.9**	12.1
Loss on disposal of property, plant and equipment	**0.1**	0.2
Employee costs	**43.1**	41.3
Research and development expenditure	**12.6**	14.0
Other	**14.9**	13.6
Total administrative expenses	**85.1**	**86.9**
Items affecting comparability		
Merger and acquisition transaction costs	**0.7**	–
Management incentive costs relating to acquisitions	**0.9**	–
Impact of Bonza acquisition	**0.6**	2.4
Settlement of prior period betting duties and licence costs	**1.6**	–
Amortisation of acquired intangible assets	**2.2**	1.8
Adjustment to carrying value of contingent consideration	**–**	-2.2
Net gain on disposal of Kambi	**–**	-35.3
Net gain on disposal of associate	**–**	-2.9
Foreign exchange loss on operating items	**0.7**	1.8
Total items affecting comparability	**6.7**	**-34.4**

As explained within the accounting policy note on page 52, the Group defines items affecting comparability as those items which, by their size or nature in relation to both the Group and individual segments, 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 years.

In 2015, items affecting year-on-year comparison included:

- Merger and acquisition costs associated with the acquisitions of iGame and Stan James Online amounting to GBP 0.7 million.
- Management incentive costs of GBP 0.9 million relating to the acquisitions of iGame and Stan James Online.
- The final net impact for the year of GBP 0.6 million following the completion of the acquisition of the remaining part of the real money Bonza social gaming business. Prior to this acquisition, adjustments were made to the carrying value of the Unibet Group's loan to Bonza, whilst it was a joint venture.
- A one-off payment to the Romanian tax authorities of GBP 1.6 million to cover the settlement of prior period betting duties, interest, penalties and fees in order to secure a licence to operate in the recently re-regulated Romanian market.
- Amortisation of acquired intangible assets within items affecting comparability is the charge on IFRS 3 Business combination acquired assets over the useful economic life of the asset, and is included as part of the Group's total amortisation charge shown in Note 11 on page 63.

In addition to items seen in the current year, in 2014 items affecting year-on-year comparison included:

- Disposal of the Group's shares in Kambi to its shareholders. This resulted in a net gain on disposal of Kambi of GBP 35.3 million.
- An adjustment to the fair value of contingent consideration payable in relation to the acquisition of Betchoice in February 2012. This resulted in a non-recurring gain of GBP 2.2 million.
- Disposal of the Group's 15 million shares in Bingo.com for a consideration of USD 0.4 per share. This resulted in a net gain on disposal of GBP 2.9 million.

Fees payable to the statutory auditor can be broken down as follows:

GBP m	31 December 2015	31 December 2014
Annual statutory audit	**0.4**	0.4
Other assurance services	**0.2**	0.1
	0.6	**0.5**

Other assurance services includes the third quarter review and due diligence services in relation to the Stan James acquisition.

5: Employee costs

Employee costs can be broken down as follows:

GBP m	31 December 2015	31 December 2014
Wages and salaries	**34.7**	34.0
Share option charge – value of employee services (see Note 20)	**0.6**	0.5
Equity settled employee benefit plan	**0.1**	–
Social security costs	**6.1**	5.6
Pension costs	**1.6**	1.2
	43.1	**41.3**

The remuneration of the Directors and Executive Committee is disclosed on page 43.

Average employee numbers are provided as below:

Average number of employees for the year	31 December 2015	31 December 2014
Finance, administration and management	**200**	140
Marketing	**306**	248
Customer services	**148**	134
Trading	**10**	83
Research and development	**158**	111
	822	**716**

6: Finance costs

GBP m	31 December 2015	31 December 2014
Interest and fees payable on bank borrowings	**0.4**	0.2
Foreign exchange loss on dividend payment	**0.5**	–
	0.9	**0.2**

Foreign exchange gains or losses on operating activities are included within items affecting comparability.

7: Finance income

GBP m	31 December 2015	31 December 2014
Interest receivable on convertible bond and bank deposits	**0.2**	0.2
Foreign exchange gain on borrowings	**–**	0.4
	0.2	**0.6**

8: Income tax expense

GBP m	Note	31 December 2015	31 December 2014
Current tax:			
Income tax expense		**5.6**	12.6
Deferred tax:			
Deferred tax expense/ (credit)	19	**0.9**	-7.0
Total tax expense		**6.5**	**5.6**

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

Regarding the UK jurisdiction, as a result of the changes in the UK corporation tax rate to 19 per cent which was substantively enacted on 26 October 2015 and effective from 1 April 2017 and to 18 per cent which was substantively enacted on 26 October 2015 and effective from 1 April 2020, the relevant deferred tax balances have been remeasured.

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

GBP m	31 December 2015	31 December 2014
Profit before tax	**62.2**	99.0
Taxation at the basic income tax rate of 35% (2014: 35%)	**21.8**	34.6
Effects of:		
Tax recoverable (i)	**-12.2**	-12.8
Overseas tax rates	**-2.6**	-2.4
Items of income/ expenditure not taxable/ deductible (ii)	**1.1**	-12.3
Other	**-1.6**	-1.5
Tax expense	**6.5**	**5.6**

(i) The tax recoverable of GBP 12,184,000 (2014: 12,831,000) represents Malta tax refundable in accordance with applicable fiscal legislation on intra-Group dividends distributed during the year and the Malta tax that shall be recoverable upon distribution of unremitted earnings.

(ii) The comparative figure consists principally of the gain recognised upon the transfer of all the shares held in Kambi Group plc by way of a dividend distribution in kind which is exempt from tax in Malta.

The income tax credited directly to equity during the year is as follows:

GBP m	Note	31 December 2015	31 December 2014
Current tax credit in relation to:			
Share-based payments		**-1.2**	–
Deferred tax charge/ (credit) in relation to:			
Share-based payments		**0.2**	-0.4
Total income tax recognised directly in equity		**-1.0**	**-0.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

9: Dividend

GBP m	31 December 2015	31 December 2014
Dividend paid[1] GBP 0.205 per share (2014: GBP 0.1375 per share)	**46.7**	31.1

1 The dividend declared on 15 May 2015 was paid in SEK on 20 May 2015 based on foreign exchange rates on the declaration date. Due to differences in the exchange rates between 15 May and 20 May, the GBP equivalent of the total cash payment was GBP 47.4 million (2014: GBP 31.1 million).

The Board of Directors is proposing a final dividend in respect of the financial year ending 31 December 2015 of GBP 0.235 per ordinary share/SDR, which will absorb an estimated GBP 54.0 million of shareholders' funds. If approved at the AGM on 17 May 2016, the dividend will be paid on 24 May 2016 to shareholders who are on the Euroclear Sweden register on 19 May 2016.

The Board has reviewed the projected cash requirements for 2016 and is proposing a dividend equal to 77 per cent of the Group's free cash flow for 2015. This is in line with the dividend policy to distribute surplus cash.

10: Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

GBP m	31 December 2015	31 December 2014[1]
Earnings		
Earnings for the purposes of basic earnings per share	**55.7**	93.4
Earnings for the purposes of diluted earnings per share	**55.7**	93.4
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**228,237,047**	225,668,300
Effect of dilutive potential ordinary shares – Share options	**4,569,806**	4,753,782
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**232,806,853**	230,422,082
Earnings per share GBP		
Basic earnings per share	**0.244**	0.414
Fully diluted earnings per share	**0.239**	0.405

1 To aid comparability, as required by IAS 33, the number of ordinary shares as at 31 December 2014 has been adjusted to reflect the 8:1 share split approved by the EGM on 18 December 2015. Accordingly the number of ordinary shares as at 31 December 2014 does not agree to that shown on the consolidated balance sheet.

The nominal value per share is GBP 0.000625.

11: Intangible assets

GBP m	Note	Goodwill	Other intangible assets Development costs	Computer software	Customer database	Brands and other	Total
Cost							
At 1 January 2014		150.4	67.7	9.7	12.2	19.0	108.6
Additions		–	10.4	1.3	–	5.1	16.8
Disposals		–	–	-0.4	–	–	-0.4
Disposal of Kambi		–	-18.7	-0.5	–	–	-19.2
Currency translation adjustment		-6.9	-0.5	-0.3	-0.5	-2.0	-3.3
At 31 December 2014		143.5	58.9	9.8	11.7	22.1	102.5
Additions		**–**	**9.8**	**1.3**	**–**	**–**	**11.1**
Additions – through business combinations		**31.2**	**3.6**	**0.1**	**15.3**	**32.9**	**51.9**
Fair value adjustments		**0.3**	**–**	**–**	**–**	**-0.2**	**-0.2**
Disposals		**–**	**-1.6**	**-0.6**	**–**	**–**	**-2.2**
Currency translation adjustment		**-3.0**	**-0.1**	**-0.1**	**-0.2**	**-0.4**	**-0.8**
At 31 December 2015		**172.0**	**70.6**	**10.5**	**26.8**	**54.4**	**162.3**
Accumulated amortisation							
At 1 January 2014		–	48.4	6.3	10.4	3.5	68.6
Charge for the year	4	–	10.7	1.6	1.6	–	13.9
Disposals		–	–	-0.4	–	–	-0.4
Disposal of Kambi		–	-12.4	-0.4	–	–	-12.8
Currency translation adjustment		–	-0.3	-0.2	-0.5	-0.2	-1.2
At 31 December 2014		–	46.4	6.9	11.5	3.3	68.1
Charge for the year	4	**–**	**8.2**	**1.4**	**1.5**	**–**	**11.1**
Disposals		**–**	**-1.6**	**-0.6**	**–**	**–**	**-2.2**
Currency translation adjustment		**–**	**-0.1**	**-0.1**	**-0.3**	**-0.1**	**-0.6**
At 31 December 2015		**–**	**52.9**	**7.6**	**12.7**	**3.2**	**76.4**
Net book value							
At 31 December 2015		**172.0**	**17.7**	**2.9**	**14.1**	**51.2**	**85.9**
At 31 December 2014		143.5	12.5	2.9	0.2	18.8	34.4

Goodwill balances related to acquisitions and other intangible assets were subject to foreign currency adjustments as shown in the above table and explained within the Group's accounting policies outlined in Note 2A on page 53.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

11: Intangible assets continued

Goodwill, brands and domains arising on business combinations, together with any material separately acquired brands or domains are not subject to amortisation, but are reviewed annually or more frequently if events require for impairment, as described below. The amortisation periods for all other classes of intangible assets are outlined in Note 2A on page 53.

Impairment review

Goodwill

Goodwill is allocated by management to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units to which goodwill is monitored are reviewed for appropriateness each year and are outlined below:

CGU	GBP m	Description
Group operations	126.5	Following the acquisitions of the MrBookmaker Group in 2005, the Maria Group in 2007, Guildhall Media Invest in 2008, and Bet24 in 2012, the activities and customers of the acquired businesses have been integrated into the existing businesses of the Unibet Group and the combined businesses are now managed on a unified basis. Management considers the combined business to be one cash-generating unit, as the originally purchased businesses are no longer separately identifiable.
Solfive	4.7	The acquisition of Solfive (acquired 12 December 2011) has continued to operate on a substantially separate basis at 31 December 2015 as a result of regulatory requirements. It is therefore considered to be a separate cash-generating unit at the year end.
Betchoice	9.4	The acquisition of Betchoice (acquired 29 February 2012) has continued to operate on a substantially separate basis at 31 December 2015 as a result of regulatory requirements. It is therefore considered to be a separate cash-generating unit at the year end.
iGame	25.6	The acquisition of iGame (acquired 16 September 2015) has continued to operate on a substantially separate basis at 31 December 2015 as a result of the proximity of the acquisition to the year end, it is therefore considered to be a separate cash-generating unit.
Stan James Online	5.8	The acquisition of Stan James Online (acquired 30 September 2015) has continued to operate on a substantially separate basis at 31 December 2015 as a result of the proximity of the acquisition to the year end, it is therefore considered to be a separate cash-generating unit.
Total	**172.0**	

The total goodwill of GBP 172.0 million was tested for impairment on a value-in-use basis, based on the budget approved by the Board and extrapolated projections allocated to the above cash-generating units of the Group. These calculations used post-tax cash flow projections based on actual 2015 trading performance, extrapolated forward using growth rates and assumptions consistent with the Group's experience and industry comparatives.

Based on the Group's impairment review, there is no indication of impairment on any of the separate cash-generating units. In carrying out their assessment of the goodwill, the Board believe there are no cash-generating units where reasonably possible changes to the underlying assumptions exist that would give rise to impairment, with the exception of the Betchoice acquisition. In relation to the Betchoice acquisition, if the forecast growth rate in revenue is not achieved or becomes unrealistic in future years and is not compensated by savings in planned marketing and operating costs, then an impairment charge may arise.

The key assumptions used by management in the value-in-use calculations to support the overall impairment assessment as approved by the Board were as follows:

	Group operations	Solfive	Betchoice	iGame	Stan James online
EBITDA margin/per cent	17.8 – 24.7	2.8 – 8.4	0.0 – 18.6	34.1 – 42.3	2.6 – 8.5
Effective tax rate applicable to operating income/per cent	7.5	7.5	-	7.5	7.5
Risk adjusted discount rate/per cent	10.0	10.0	10.0	12.0	11.0
Long-term growth rate/per cent	2.0	2.0	2.0	2.0	2.0

Brands and other intangible assets
Other intangible assets that have indefinite useful lives and are subject to annual impairment reviews include significant brands acquired through business combinations and key trading domains either acquired through business combinations or separately purchased.

As with goodwill, the brands and other intangible assets are allocated by management to cash-generating units for the purpose of impairment testing. The cash-generating units to which other intangibles are monitored are reviewed for appropriateness each year and are outlined below:

Intangible asset	CGU	GBP m	Description
Maria brand and Bingo.com domain	Group operations	18.2	The Maria business, the brand and the Bingo.com domain are an integrated part of the wider business and have therefore been allocated to the same Group operations cash-generating unit.
iGame brands	iGame	23.3	The iGame brands are part of the iGame acquisition and have therefore been allocated to the iGame cash-generating unit.
Stan James brand	Stan James Online	6.2	The Stan James brand is part of the Stan James acquisition and has therefore been allocated to the Stan James cash-generating unit.
iGame domains	iGame	2.8	The iGame domains are part of the iGame acquisition and have therefore been allocated to the iGame cash-generating unit.
Total		**50.5**	

The total other intangible assets of GBP 50.5 million was tested for impairment on a value-in-use basis, based on the budget approved by the Board and extrapolated projections allocated to the above cash-generating units of the Group. These calculations used post-tax cash flow projections based on actual 2015 trading performance, extrapolated forward using growth rates and assumptions consistent with the forecasts included in industry reports.

Based on management's review, there is no indication of impairment on any of the separate cash-generating units. In carrying out their assessment of the goodwill, the Directors believe there are no cash-generating units where reasonably possible changes to their assumptions exist that would give rise to impairment.

The key assumptions used by management in the value-in-use calculations to support the overall impairment assessment as approved by the Board were as follows:

	Maria brand & Bingo.com domain	iGame brands	Stan James brand	iGame domains
EBITDA margin/per cent	17.8 – 24.7	34.1 – 42.3	2.6 – 8.5	34.1 – 42.3
Effective tax rate applicable to operating income/per cent	7.5	7.5	7.5	7.5
Risk adjusted discount rate/per cent	10.0	12.0	11.0	10.0
Long-term growth rate/per cent	2.0	2.0	2.0	2.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

12: Property, plant and equipment

GBP m	Note	Land & buildings	IT hardware	Office equipment, fixtures & fittings	Total
Cost					
At 1 January 2014		0.4	12.8	6.0	19.2
Additions		–	2.2	0.2	2.4
Disposals		–	-1.2	–	-1.2
Disposal of Kambi		–	-2.4	-1.3	-3.7
Foreign exchange translation difference		–	-0.8	-0.2	-1.0
At 31 December 2014		0.4	10.6	4.7	15.7
Additions		**–**	**5.1**	**0.8**	**5.9**
Additions – through business combinations		**–**	**0.2**	**0.4**	**0.6**
Disposals		**–**	**-3.4**	**-0.7**	**-4.1**
Reclassifications		**–**	**0.4**	**-0.4**	**–**
Foreign exchange translation difference		**–**	**-0.3**	**-0.1**	**-0.4**
At 31 December 2015		**0.4**	**12.6**	**4.7**	**17.7**
Accumulated depreciation					
At 1 January 2014		–	8.5	3.8	12.3
Charge for the year	4	–	2.4	0.5	2.9
Disposals		–	-1.0	–	-1.0
Disposal of Kambi		–	-1.6	-0.6	-2.2
Foreign exchange translation difference		–	-0.5	-0.1	-0.6
At 31 December 2014		–	7.8	3.6	11.4
Charge for the year	4	**–**	**2.4**	**0.5**	**2.9**
Disposals		**–**	**-3.4**	**-0.6**	**-4.0**
Reclassifications		**0.1**	**0.3**	**-0.4**	**–**
Foreign exchange translation difference		**–**	**-0.2**	**–**	**-0.2**
At 31 December 2015		**0.1**	**6.9**	**3.1**	**10.1**
Net book value					
At 31 December 2015		**0.3**	**5.7**	**1.6**	**7.6**
At 31 December 2014		0.4	2.8	1.1	4.3

13: Subsidiaries and associated companies

Details of the Group's principal subsidiaries at 31 December 2015 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership and voting power %
Unibet Alderney Limited	Alderney	100%
Global Entertainment (Antigua) Limited	Antigua	100%
Betchoice Corporation Pty Limited	Australia	100%
Unibet Australia Pty Limited	Australia	100%
Global IP and Support Services LP	British Virgin Islands	100%
iG Entertainment Limited	British Virgin Islands	100%
Stan James IP Limited	British Virgin Islands	100%
iGame Estonia OU	Estonia	100%
Solfive SAS	France	100%
SPS SAS	France	100%
SJU Limited	Gibraltar	100%
Firstclear Limited	Great Britain	100%
UGP Limited	Great Britain	100%
Unibet (London) Limited	Great Britain	100%
Social Gambling (Channel Islands) Limited	Guernsey	100%
Unibet Italia SRL	Italy	100%
Global Leisure Partners Limited	Malta	100%
iGame Bids Limited	Malta	100%
iGame Holding plc	Malta	100%
iGame Malta Limited	Malta	100%
Maria Holdings Limited	Malta	100%
Moneytainment Media Limited	Malta	100%
Plus One Dreams Limited	Malta	100%
SPS Betting France Limited	Malta	100%
Unibet (Belgium) Limited	Malta	100%
Unibet (Denmark) Limited	Malta	100%
Unibet (Estonia) Limited	Malta	100%
Unibet (Germany) Limited	Malta	100%
Unibet (Holding) Limited	Malta	100%
Unibet (International) Limited	Malta	100%
Unibet (Italia) Limited	Malta	100%
Unibet Services Limited	Malta	100%
Unibet Support Services Limited	Malta	100%
Wild Card Consulting Limited	Malta	100%
North Development AB	Sweden	100%
PR Entertainment AB	Sweden	100%

On 16 September 2015, Unibet Group entered into an agreement to acquire 100 per cent of the issued share capital of iGame Holding plc and its subsidiaries. Further information relating to the acquisition of iGame is provided in Note 22 on pages 73 and 74.

On 30 September 2015, Unibet Group acquired the online gambling business of Stan James Group plc. Further information relating to the acquisition of Stan James Online is provided in Note 22 on pages 74 and 75.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

13: Subsidiaries and associated companies continued

Bonza

On 31 July 2015, the Group purchased the outstanding shareholding in Bonza Gaming, its social gaming joint venture from its co-investor Plumbee Limited. Following the purchase the Bonza business was integrated with the Group's wider business. The purchase resulted in a one-off net cost of GBP 0.6 million.

At 31 December 2014, the carrying value of the loan to Bonza Gaming was GBP 0.8 million.

The movements in the Group's interests in associates are shown below:

GBP m	2015	2014
Carrying value at 1 January	**1.5**	2.2
Investment in associate	**–**	0.6
Share of associates' losses	**-0.1**	-0.3
Disposal of associate	**–**	-1.0
Carrying value at 31 December	**1.4**	**1.5**

Bingo.com

On 31 December 2014, the Group sold its investment of 15 million shares in Bingo.com Limited for a consideration of USD 0.4 per share. On disposal the investment represented a holding of 21.2 per cent and had a carrying value of GBP 1.0 million. The sale resulted in a net gain on disposal of GBP 2.9 million.

Relax Gaming

On 9 December 2014, the Unibet Group acquired a further 10 per cent of Relax Holding Limited, a specialist Poker software provider, bringing its total investment to 35 per cent. The cost of the investment was EUR 0.8 (GBP 0.6) million.

14: Financial instruments

The carrying value of the Group's financial assets and financial liabilities approximated to their fair values at the year end. At 31 December 2015, other receivables of GBP 13.3 (2014: GBP 9.7) million were considered to be fully performing. Because of the nature of the Group's business, the Group does not carry any provision for impairment of receivables, with the exception of betting on credit which is strictly limited to a select group of Australian customers in accordance with accepted commercial practice in the Australian market. The Group does not hold any collateral as security for its receivables.

The Group's financial assets consist of loans and receivables, except for assets at fair value through profit and loss of GBP 0.3 (2014: GBP 0.6) million. Financial assets at fair value through profit and loss consist of the embedded option on the convertible bond of GBP 0.3 million (2014: GBP 0.6 million). The Group's financial liabilities consist of other financial liabilities, except for liabilities at fair value through profit and loss of GBP 17.5 (2014: GBP 2.0) million. Financial liabilities at fair value through profit and loss consist of deferred income relating to unsettled bets at balance sheet date of GBP 3.0 (2014: GBP 2.0) million and the contingent consideration payable on the acquisition of the iGame Group of GBP 14.5 (2014: GBP Nil) million.

IFRS 13 requires management to identify a three-level hierarchy of financial assets and liabilities at fair value. As noted above, the financial assets at fair value are immaterial and the financial liabilities at fair value have been measured using inputs based on unobservable market data (defined as level three by IFRS 13). A reasonable change in assumptions would not give rise to a material change in value.

15: Trade and other receivables

GBP m	31 December 2015	31 December 2014
Due within 1 year:		
Other receivables	**13.3**	9.7
Prepayments and accrued income	**10.0**	4.6
	23.3	**14.3**

16: Trade and other payables

GBP m	31 December 2015	31 December 2014
Due within 1 year:		
Trade payables	**9.3**	7.5
Other taxation and social security	**1.5**	1.5
Other payables	**19.9**	2.9
Accruals	**35.0**	21.0
	65.7	**32.9**

17: Customer balances

Customer balances of GBP 37.4 (2014: 30.0) million are repayable on demand, subject to the terms and conditions as described on the Group's websites.

The following table shows the split by currency of customer balances:

	31 December 2015	31 December 2014
EUR	**47%**	52%
SEK	**12%**	14%
NOK	**7%**	9%
DKK	**6%**	7%
USD	**5%**	5%
GBP	**14%**	6%
AUD	**4%**	4%
Other	**5%**	3%
	100%	**100%**

Certain third-party suppliers used by the Group in its non-sports betting operations use either EUR or USD as their standard currency and therefore the above analysis does not represent the spread of customer balances by territory.

The Group's operating cash flows provide a natural hedge of operating currency risks, since deposits and pay-outs to customers in different territories are matched in the same currency.

18: Borrowings

GBP m	31 December 2015	31 December 2014
Due within 1 year:		
Bank borrowings	**56.7**	–
Total borrowings	**56.7**	–

Bank borrowings

In August 2015, the Unibet Group agreed a new Revolving Credit Facility held with a leading international bank, with a maximum value of EUR 120 million. As at 31 December 2015, the balance of the facility utilised was GBP 56.7 million.

The borrowings are denominated in both GBP and EUR. The GBP portion has a fixed interest rate of 0.75 per cent above LIBOR. The EUR portion has a fixed interest rate of 0.75 per cent above EURIBOR. The borrowings are unsecured. The Revolving Credit Facility terminates on 31 August 2018. The fair value of the bank borrowings was GBP 56.7 (2014: GBP Nil) million at 31 December 2015.

The Revolving Credit Facility is subject to financial undertakings, principally in relation to debt service ratio and limitations in respect of permitted business acquisitions and disposals. At 31 December 2015 the Unibet Group was in compliance with these undertakings. The Unibet Group anticipates continued full compliance and that if the facility is further utilised in future, it will be repaid in accordance with contracted terms at any such time.

19: Deferred tax

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 year:

GBP m	Note	Unremitted earnings	Property, plant and equipment	Unrealised exchange differences	Tax losses	Intangible assets	Other	Total
At 1 January 2014:								
Deferred tax liability		–	–	0.1	–	0.8	0.9	**1.8**
Deferred tax asset		–	-0.3	-0.1	-1.3	–	-0.4	**-2.1**
(Credit)/charge to income for the year	8	-5.0	-0.1	0.6	-1.9	-0.1	-0.5	**-7.0**
Balance sheet movement for the year		–	–	–	–	–	-0.4	**-0.4**
Release of deferred tax upon Kambi de-consolidation		–	0.1	0.1	0.1	–	–	**0.3**
Transfer to currency translation reserve		–	–	–	0.1	-0.1	–	**–**
At 31 December 2014:								
Deferred tax liability		–	–	0.7	–	0.5	0.6	**1.8**
Deferred tax asset		-5.0	-0.3	–	-3.0	–	-1.0	**-9.3**
Charge/(credit) to income for the year	8	1.8	0.1	-0.3	-0.8	0.2	-0.1	**0.9**
Movement for the year in relation to acquisitions		–	–	–	–	1.5	0.5	**2.0**
Charge directly to equity		–	–	–	–	–	0.2	**0.2**
Transfer to currency translation reserve		0.5	–	–	0.2	–	–	**0.7**
At 31 December 2015:								
Deferred tax liability		**–**	**–**	**0.4**	**–**	**2.2**	**1.4**	**4.0**
Deferred tax asset		**-2.7**	**-0.2**	**-0.1**	**-3.6**	**–**	**-1.1**	**-7.7**

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 assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

19: Deferred tax continued

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

GBP m	31 December 2015	31 December 2014
Deferred tax liabilities	**3.4**	1.2
Deferred tax assets	**-7.1**	-8.7
Net assets	**-3.7**	**-7.5**

At 31 December 2015 the Group had unutilised trading tax losses of GBP 38,015,000 (2014: GBP 37,778,000) and other unutilised tax losses of GBP 1,469,000 (2014: GBP 1,469,000) available for offset against future profits. The amount of unutilised trading tax losses and other unutilised tax losses at 31 December 2015 for which a deferred tax asset has been recognised is GBP 11,955,000 (2014: GBP 9,938,000), and GBP Nil (2014: GBP Nil), respectively. No deferred tax asset has been recognised in respect of the remaining unutilised trading tax losses and in respect of the other remaining unutilised tax losses due to insufficient evidence of their reversal in future periods.

The major component of trading tax losses for which no deferred tax asset has been recognised arose from unutilised trading tax losses acquired as part of the Solfive acquisition, for which there is insufficient evidence of reversal. These losses represent GBP 26,060,000 (2014: GBP 27,839,000) of the total unutilised trading tax losses disclosed above. There is no specific expiry date of the total remaining unutilised tax losses for which no deferred tax asset has been recognised.

The aggregate amount of other deductible temporary differences at 31 December 2015 for which deferred tax assets have been recognised is GBP 9,135,000 (2014: GBP 11,228,000). This includes a deductible temporary difference in respect of unexercised share options for the amount of GBP 1,948,000 (2014: GBP 2,560,000), whereby the deferred tax on the deductible temporary difference of GBP 1,143,000 (2014: GBP 2,009,000) has been credited directly to equity. A deferred tax asset has not been recognised for other deductible temporary differences of GBP 634,440 (2014: GBP 765,000).

20: Share-based payments

The Group operates a number of share-based payment schemes as set out within this note. During 2015, 249,493 (2014: 416,296) options within the schemes were exercised. The total charge for the year relating to employee share-based payment plans was GBP 0.6 million (2014: GBP 0.5 million), all of which related to equity-settled share-based payment transactions.

All employee long term incentive plan (LTIP)

In May 2015 the Unibet Group Board approved a change to the all-employee 100% cash settled incentive plan. The change enabled all Group employees at 26 May 2015 to elect to receive a fixed long term incentive bonus in shares instead of cash, in order to meet demand for wider employee share ownership.

The employees that elected to receive shares in the one-off election window ending June 2015, are to receive a fixed number of shares at the end of the performance period subject to the Group's overall performance.

In accordance with the change of a 100% cash settled incentive plan under IAS 19, the Group has recognised a share-based payment charge from June 2015 and reclassified the provision for the 100% cash settled scheme before June 2015 to equity. Accordingly as at 31 December 2015, GBP 0.3 million has been taken to equity.

Performance Share Plan (PSP)

The introduction of the Unibet Group plc Performance Share Plan was approved at the 2013 AGM under which future share based payments to senior management and key employees will be made. The PSP performance measures are non-market based conditions providing participants with a high degree of alignment to Company performance.

Grants of performance share rights are subject to achieving business performance targets over three financial years and continued employment. These targets are: Gross Contribution (Gross winnings revenue, less Cost of sales, less marketing costs), Free Cash Flow per Share and EBITDA. Grants made in each year will have targets measured on an aggregate basis between the full year of grant and the two successive years so that performance in each financial year will be important. Aggregated performance against the targets and the resulting allocation of PSP awards will be disclosed after the full year of vesting. Grants made under the Plan during 2015 will vest after 1 September 2018 and 6 November 2018. Performance share rights are issued in respect of new shares to be issued when the rights are exercised.

Executive Share Option Schemes (ESOS)

The Unibet Group plc ESOS was first introduced in December 2000 and revised in May 2004. Following the introduction of the PSP, no future share-based payments will be made under the ESOS. However the scheme will continue until all outstanding options have vested or lapsed.

The Company operates two ESOS schemes: the Unibet Group plc Unapproved Executive Share Option Scheme (the "Unapproved Scheme") and the Unibet Group plc Approved Executive Share Option Scheme (the "Approved Scheme") under which employees may acquire ordinary shares or SDRs.

The difference between the schemes is that the Unapproved Scheme does not comply with the relevant United Kingdom tax legislation while options granted under the Approved Scheme attract UK tax benefits. Under the Approved Scheme a participant may not hold HM Revenue and Customs (HMRC) approved options over more than GBP 30,000 worth of ordinary shares (valued at date of grant); alterations to key features of the Approved Scheme are subject to the prior approval of HMRC; the Directors can make, without shareholder approval, amendments to the Approved Scheme to obtain or maintain HMRC approval.

The ESOS schemes were established when the holding company of the Unibet Group was a company incorporated in the UK. Following the Scheme of Arrangement during 2006 which inserted a new Maltese company as the holding company for the Unibet Group, all employees holding share options were offered the opportunity to exchange those options for equivalent options to acquire shares of Unibet Group plc on substantially the same terms.

Grants made under both the PSP and ESOS share-based payment arrangements are valued using the Black-Scholes option-pricing model. The fair value of grants and the assumptions used in the calculation are as follows:

Grant date	ESOS 16 Aug 2012	30 Sep 2013	30 Sep 2014	30 Jun 2015	PSP 5 Nov 2015
Average share price prior to grant GBP	16.29	–	–	–	–
Exercise price GBP	17.95	–	–	–	–
Number of employees	72	75	91	100	14
Shares under option	329,885	31,100	31,848	38,464	2,430
Vesting period (years)	3.50	3.50	3.50	3.50	3.50
Expected volatility %	24	16	23	18	25
Option life (years)	3.50	3.50	3.50	3.50	3.50
Expected life (years)	3.50	3.50	3.50	3.50	3.50
Risk-free rate %	1.50	–	–	–	–
Expected dividends expressed as dividend yield %	3.47	2.81	3.57	4.15	2.71
Fair value per option GBP	1.84	22.58	27.18	34.17	55.07

The expected volatility is based on the standard deviation of the Group's share price over a year, prior to the grant date. The risk-free rates of return applied to the ESOS grants 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 respective dates of each grant.

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

ESOS	2015 Number	2015 Weighted average exercise price GBP	2014 Number	2014 Weighted average exercise price GBP
Outstanding at 1 January	**267,241**	**17.87**	700,314	15.44
Exercised[1]	**-249,493**	**17.87**	-416,296	14.94
Granted	**–**	**–**	–	–
Lapsed	**-1,695**	**17.95**	-16,777	17.53
Outstanding at 31 December	**16,053**	**17.95**	267,241	17.87

1 In connection with the rules of the Company's share option scheme, the Board approved that the CEO's 2012 options were exercisable in November 2014.

PSP	2015 Number	2015 Weighted average exercise price GBP	2014 Number	2014 Weighted average exercise price GBP
Outstanding at 1 January	**61,315**	**–**	31,100	–
Exercised	**–**	**–**	–	–
Granted	**40,894**	**–**	31,848	–
Lapsed	**-4,390**	**–**	-1,633	–
Outstanding at 31 December	**97,819**	**–**	61,315	–

The grants under the PSP are at nil cost therefore the weighted average exercise price for rights outstanding at the beginning and end of the year, exercised granted and lapsed during the year is GBP Nil.

The weighted average remaining contractual life was 0 years for the ESOS (2014: 0.9 years) and 3.1 (2014: 2.8 years) years for the PSP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

20: Share-based payments continued

Dilution effects

6,085 options and performance shares lapsed or were cancelled during 2015 (2014: 18,410). If all share-based programmes are fully exercised, the nominal share capital of the Company will increase by a total maximum of GBP 569.36 (2014: GBP 1,642.78) by the issue of a total maximum of 910,976 ordinary shares (2014: 2,628,448 ordinary shares), corresponding to 0.39 per cent (2014: 1.14 per cent) of the capital and votes in the Company.

The principal terms of the ESOS and PSP schemes are set out below.

i) Unapproved ESOS

Responsibility for operation

The Unapproved Scheme is operated by the Directors of the Company, through the Remuneration Committee appointed by the Board, which consists mainly of Non-executive Directors of the Company.

Eligibility

Employees of the Company and any subsidiary companies are eligible to participate in the Unapproved Scheme. Non-executive Directors of these companies are not eligible to participate.

Grant of options

Options may be granted at the discretion of the Directors, or the Remuneration Committee, to selected employees at a senior level. Options are normally granted with a fixed exercise price equal to 110 per cent of the average closing share price in the five days prior to the date of grant. Options are not pensionable or transferable.

Option price

The option price must not be less than the market value of the ordinary shares or SDRs. For this purpose, market value means the weighted average of the market quotations on the five trading days immediately prior to the date of grant.

Individual limits

The Board of Directors will decide the maximum number of ordinary shares or SDRs, which may be granted under option to individual participants. At any given time, the number of ordinary shares or SDRs under subsisting options will not exceed the following:

- In the case of subsisting options held by the Chief Executive Officer of the Company, 2.75 per cent of the ordinary share capital of the Company.
- In the case of subsisting options held by the Executive Committee (including the Chief Executive Officer) of the Company and other participating companies, 3.75 per cent of the ordinary share capital of the Company.
- In the case of subsisting options held by the Executive Committee (including the Chief Executive Officer) of the Company and other participating companies, and all other employees, 5 per cent of the ordinary share capital of the Company.

Scheme limit

At any time, not more than 5 per cent of the issued ordinary share capital of the Company may be issued or be issuable under the Unapproved Scheme and all other employees' share schemes operated by the Company. This limit does not include options which have lapsed or been surrendered.

Exercise of options

Options will normally be exercisable in accordance with a vesting schedule set at the date of grant and will expire not later than the fifth anniversary of the date of grant. It is intended to grant options on the basis that they will become exercisable on the third anniversary of grant, for a period of one year, and expire on the fourth anniversary of grant. Exercise of options may take place only within prescribed exercise windows during the one-year exercise period. Exercise of an option is subject to continued employment.

The rules of the Unapproved Scheme allow the Directors to grant options on the basis that they will be exercisable only to the extent that certain performance conditions have been satisfied. Options may, however, be exercised early in certain circumstances. These include, for example, an employee leaving because of ill health, retirement, redundancy or death. On cessation of employment for other reasons, options will normally lapse.

Change of control, merger or other reorganisations

Options may generally be exercised early on a takeover, scheme of arrangement, merger or other corporate reorganisation. Alternatively, participants may be allowed or, in certain cases, required to exchange their options for options over shares in the acquiring company.

Issue of shares

Any ordinary shares issued on the exercise of options will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.

Variation in share capital

If there is a consolidation or reduction in the share capital of the Company, options may be adjusted as the Directors consider appropriate in order to ensure that the number of ordinary shares or SDRs comprised in an option and the option price equal the same proportion of the share capital as against the same option price as was the case before the variation took place.

Option programme	Number of options	Final exercise period	Exercise price per option SEK
38	15,148	1–15 Jun 2016	189
Total	**15,148**		

ii) Approved ESOS
The Approved Scheme is substantially the same as the Unapproved Scheme, except that it has been drafted to comply with the relevant United Kingdom tax legislation so that options granted under it will attract UK benefits. Options may be granted in respect of ordinary shares only.

Option programme	Number of options	Final exercise period	Exercise price per option SEK
37	905	1–15 Jun 2016	189
Total	**905**		

iii) PSP
Under the Performance Share Plan, shares awards are granted to employees of the Company and any subsidiary companies. These awards vest based on the successful completion of performance targets set by the Board. The awards are shares or SDRs and not options, therefore there is no exercise price associated with the awards. All other principal terms of the scheme including responsibility, exercise periods, changes of control, scheme and individual limits are consistent with those of the Unapproved ESOS.

21: Share capital and reserves

a) Share capital

GBP	2015	2014
Authorised:		
1,600,000,000 (2014: 200,000,000) ordinary shares of GBP 0.000625 (2014: 0.005) each	**1,000,000**	1,000,000
At 31 December	**1,000,000**	1,000,000
Issued and fully paid up:		
At 1 January – 28,537,950 (2014: 28,283,122) ordinary shares of GBP 0.005 each	**142,689**	141,415
Issue of share capital – 226,680 (2014: 254,828) shares of GBP 0.005 each	**1,134**	1,274
At 31 December – 230,117,040 (2014: 28,537,950) ordinary shares of GBP 0.000625 (2014: 0.005) each	**143,823**	**142,689**

At an Extraordinary General Meeting on 18 December 2015, the Unibet Group plc's shareholders approved a proposed 8:1 share split in order to increase the liquidity and better facilitate trading in Unibet Group plc SDRs. The share split was effective from 30 December 2015 and the first day of trading in the new SDRs was 4 January 2016.

During 2015, before the share split, 226,680 shares were issued by the Company at prices of SEK 166 and SEK 189 per share, as a result of the exercise of employee share options. The total proceeds of this issue of new shares was GBP 3,364,061 (SEK 42,770,208) of which GBP 1,133 was an increase in issued share capital and GBP 3,362,928 was an increase in share premium.

During 2014, 254,828 shares were issued by the Company at prices of SEK 152.3, SEK 140, SEK 166 and SEK 189 per share, as a result of the exercise of employee share options. The total proceeds of this issue of new shares was GBP 3,747,525 (SEK 42,764,622) of which GBP 1,274 was an increase in issued share capital and GBP 3,746,251 was an increase in share premium.

As at 31 December 2015, the total shares of 230,117,040 includes a balance of 500,408 shares that were bought back by the Company. When these shares are repurchased or subsequently sold, the impact is reflected within retained earnings.

During 2015, before the share split, 22,813 of the shares repurchased were used in connection with the exercise of share options by employees. The 22,813 shares were sold for net proceeds to the Company of GBP 318,910 (SEK 4,163,721) at the option prices of SEK 166 and SEK 189.

During 2014, 161,468 of the shares repurchased were used in connection with the exercise of share options by employees. The 161,468 shares were sold for net proceeds to the Company of GBP 2,177,307 (SEK 23,657,657) at the option prices of SEK 152.3, SEK 140, SEK 166 and SEK 189.

b) Share premium
Apart from the premium arising on the issue of new shares related to the share option scheme as described above, there was no movement in share premium in 2015 nor the previous year.

c) Reorganisation reserve
This reserve of GBP -42.9 million (2014: GBP -42.9 million) arises in the consolidated financial statements, as a result of the application of the principles of predecessor accounting to the Group reorganisation in 2006. The reorganisation reserve represents the differences between the share capital and non-distributable reserves of Unibet Group plc and the share capital and non-distributable reserves of the former Parent Company, UGP Limited. This reserve does not arise in the separate financial statements of the Parent Company and therefore has no impact on distributable reserves.

d) Currency translation reserve
This reserve of GBP -1.4 million (2014: GBP 3.0 million) is a non-distributable reserve.

22: Business combinations

iGame
On 7 August 2015, the Unibet Group entered into an agreement to acquire 100 per cent of the issued share capital of iGame Holding plc and its subsidiaries "iGame", a specialist online gambling operator incorporated in Malta. The acquisition gave the Group increased market share in strategic Nordic markets. The transaction was finalised on 16 September 2015, and the results of iGame have been consolidated since this date.

The initial acquisition price of GBP 43.3 million (EUR 59.0 million), was settled in full on 16 September 2015. In addition a cash payment of GBP 2.8 million (EUR 3.7 million) has been made to reflect iGame's net cash and working capital at 30 June 2015, which has been deemed cash consideration. Under the terms of the purchase agreement, this preliminary net cash and working capital adjustment was updated to reflect the actual working capital at completion. The additional payment of GBP 1.7 million, primarily reflects the increase in net cash acquired by the Group at completion compared to the balances at 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

22: Business combinations continued

Depending on the future trading results of iGame, an earn-out may also be payable. Earn-out payments may be payable based on iGame's results for the period up to 30 June 2016. The earn-out payments will be calculated on a multiple of 6.2 times EBITDA up to a cap of GBP 14.5 million (EUR 20 million) including an element for over-performance. The maximum earn-out has been included within the consideration based on estimated performance at the acquisition date. The estimated earn-out payable as at 31 December 2015 is GBP 14.5 million (EUR 20 million) and is shown as a current liability on the balance sheet.

The net assets of iGame at the date of acquisition were GBP 36.5 million (EUR 50.2 million), and accordingly, goodwill of GBP 25.8 million (EUR 34.9 million) has been recognised on the Group's balance sheet.

Since the acquisition date, iGame has contributed GBP 8.9 million of Gross winnings revenue and GBP 2.8 million of profit before tax. Had the iGame Group been consolidated from 1 January 2015, the consolidated income statement of the Group for the year ended 31 December 2015 would have shown Gross winnings revenue of GBP 366.0 million and profit before tax of GBP 65.1 million.

In line with relevant accounting standards, the figures outlined below are considered provisional.

The balance sheet of iGame at the date of acquisition is set out below:

GBP m	Carrying values pre-acquisition	Provisional fair value
Intangible assets	19.6	33.9
Property, plant & equipment	0.2	0.2
Trade and other receivables	3.6	3.6
Cash	4.9	4.9
Trade and other payables	-2.9	-3.1
Customer balances	-1.5	-1.5
Deferred tax liabilities	-0.1	-1.5
Net assets acquired	**NA**	**36.5**
Goodwill	**NA**	**25.8**
Consideration	**NA**	**62.3**

Goodwill represents immediate access to the iGame brands and customers within the Nordic and Central European markets.

Consideration satisfied by:

GBP m	
Cash	47.8
Earn-out (estimated at the acquisition date)	14.5
	62.3

The intangible assets acquired as part of the acquisition of iGame can be analysed as follows:

GBP m	Provisional fair value
Software platform	1.5
Brands	23.1
Domain names	2.9
Customer database	6.4
	33.9

Acquisition related costs of GBP 0.1 million have been charged to administrative expenses.

Stan James Online

On 10 July 2015, the Group signed an agreement to acquire the online gambling business of Stan James plc together with full rights and ownership of the brand. Following completion of regulatory approval, legal completion of the transaction occurred on 30 September 2015. The acquisition gave the Group a significant step up in market share in the re-regulated UK market.

Since the acquisition date the Stan James Online business has contributed GBP 7.3 million of Gross winnings revenue and GBP 0.1 million of profit before tax. If the Stan James Online Group had been consolidated from 1 January 2015, the consolidated income statement of the Group for the year ended 31 December 2015 would have shown Gross winnings revenue of GBP 372.5 million and profit before tax of GBP 62.9 million.

In line with relevant accounting standards, the figures outlined below are considered provisional.

The agreed purchase price of GBP 19.0 million (less adjustments for cash and customer balances acquired) has been allocated to certain assets as set out below:

GBP m	Carrying values pre-acquisition	Provisional fair value
Intangible assets	20.4	16.1
Property, plant & equipment	0.2	0.2
Trade and other receivables	0.9	0.9
Cash	0.4	0.4
Trade and other payables	-4.1	-0.4
Customer balances	-3.6	-3.6
Net assets acquired	**NA**	**13.6**
Goodwill	**NA**	**5.4**
Consideration	**NA**	**19.0**

Goodwill represents immediate access to the Stan James Online brand and online customers within the UK market.

Consideration satisfied by:

GBP m	
Cash	16.0
Cash/working capital adjustments	3.0
	19.0

The intangible assets acquired as part of the acquisition of Stan James Online can be analysed as follows:

GBP m	Provisional fair value
Software platform	2.1
Brand	6.2
Customer database	7.8
	16.1

Acquisition related costs of GBP 0.4 million have been charged to admin expenses.

23: Disposal of subsidiary

Kambi

On 20 May 2014, it was decided at the Unibet Group plc AGM to distribute all shares in Kambi Group plc to Unibet Group plc shareholders. Following this decision Kambi was divested via a dividend in specie to the shareholders of Unibet Group plc on a one for one share basis. The disposal has been accounted for accordingly under IFRIC 17 "Distributions of Non-cash Assets to Owners" resulting in a GBP 35.3 million one-off, non-cash, net gain on disposal outlined in the table below:

GBP m	Fair value
Fair value of distribution to Unibet Group shareholders	56.5
Carrying value of Kambi	-19.7
FX recognition from reserves	-0.4
Direct costs of disposal	-2.0
Release of cash settled liability	0.9
	35.3

The carrying value of Kambi represented the net of total liabilities of GBP 10.7 million and total assets of GBP 30.4 million of which GBP 17.4 million represented cash and cash equivalents.

24: Convertible bond

In connection with the disposal of Kambi, the Group subscribed to a EUR 8.0 million (GBP 6.0 million) convertible bond issued by Kambi. The bond has an embedded contingent option to provide change of control protection to the Group. The option can only be exercised on the occurrence of limited trigger events. The fair value of the option at 31 December 2015 was GBP 0.3 million (2014: GBP 0.6 million).

25: Capital and other commitments

The Group has not entered into any contracted non-current asset expenditure as at 31 December 2015.

26: Operating lease commitments

The Group leases various offices under non-cancellable operating lease agreements. The leases have varying terms, including provision for rent reviews and for early termination. The total of future aggregate minimum lease payments under non-cancellable operating leases are as follows:

GBP m	31 December 2015	31 December 2014
No later than 1 year	**2.5**	1.5
Later than 1 year and no later than 5 years	**4.7**	2.3
Later than 5 years	**0.2**	–
	7.4	**3.8**

Operating lease payments represent rent payable by the Group on properties in Malta and other territories.

27: Related party transactions

For details of Directors' and Executive Committee remuneration please refer to the Remuneration Committee Report on pages 42 and 43.

During 2015, the Group entered into a contract with a company (Football United International Limited) of which Unibet Group's Board members, Anders Ström and Stefan Lundborg are both non-executive Board members. Under the terms of the contract, the Unibet Group can make use of football related podcasts, videos and content. Total services rendered and paid to Football United International Limited during 2015 was GBP 47,599.

28: Contingent liabilities

Currently the Group has not provided for potential or actual claims arising from the promotion of gaming activities in certain jurisdictions. Based on current legal advice the Directors do not anticipate that the outcome of proceedings and potential claims, if any, will have a material adverse effect upon the Group's financial position. Further details can be found in the General legal environment section on pages 28 and 29.

29: Cash and cash equivalents

There are no restricted cash balances included within the total cash and cash equivalents balance of GBP 83.4 million at 31 December 2015 (2014: GBP 67.0 million).

30: Reconciliation of EBITDA to profit from operations

GBP m	2015	2014
EBITDA	**77.0**	115.7
Depreciation	**-2.9**	-2.9
Amortisation	**-11.1**	-13.9
Profit from operations	**63.0**	**98.9**

The table above shows how EBITDA, which is a non-GAAP measure, is derived from the profit from operations reported in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

31: Reconciliation of adjusted operating cash flow and free cash flow to profit from operations

GBP m	Year ended 31 December 2015	Year ended 31 December 2014
Profit from operations	**63.0**	98.9
Adjustments for:		
Depreciation of property, plant and equipment	**2.9**	2.9
Amortisation of intangible assets	**11.1**	13.9
Loss on disposal of property, plant and equipment	**0.1**	0.2
Net gain on disposal of Kambi	**–**	-35.3
Impact of Bonza acquisition	**-0.3**	2.4
Net gain on disposal of associate	**–**	-2.9
Adjustment to carrying value of contingent consideration	**–**	-2.4
Share-based payments	**0.6**	0.5
Equity settled employee benefit plan	**0.3**	–
Foreign exchange on dividend	**-0.5**	–
Operating cash flow before movements in working capital	**77.2**	**78.2**
Movements in receivables	**-7.9**	-4.7
Movements in payables	**15.8**	7.7
Income taxes paid	**-5.8**	-5.1
Purchases of property, plant and equipment	**-5.9**	-2.4
Purchases of intangible assets	**-11.1**	-11.7
Purchase of Bingo.com domain[1]	**–**	-5.1
Acquisition of subsidiaries, net of cash acquired[1]	**-56.3**	–
Free cash flow	**6.0**	**56.9**

1 Free cash flow for the purposes of determining the dividend in 2015 includes share option proceeds, but excludes merger and acquisition activity and the settlement of prior period betting duties and licence costs.

The table above shows how adjusted operating cash flow, and free cash flow which are non-GAAP measures, are derived from the adjusted profit from operations reported in the consolidated income statement.

32: Subsequent events

On 16 January 2016 and 15 February 2016 , the Unibet Group repaid EUR 22 million and EUR 12 million of its borrowings respectively.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UNIBET GROUP PLC

Report on the Financial Statements for the year ended 31 December 2015

We have audited the accompanying consolidated financial statements of Unibet Group plc and its subsidiaries which comprise the consolidated balance sheet as at 31 December 2015 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 76.

Directors' Responsibility for the Financial Statements

As explained more comprehensively in the Statement of Directors' responsibilities for the financial statements on page 41 the Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the requirements of the Maltese Companies Act, 1995, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity'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 consolidated financial statements.

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the financial position of the Group and its subsidiaries as at 31 December 2015 and of their financial performance and their cash flows for the year then ended in accordance with IFRSs as adopted by the EU; and
- have been properly prepared in accordance with the requirements of the Maltese Companies Act, 1995.

Report on other Legal and Regulatory Requirements

We also have responsibilities under the Maltese Companies Act, 1995 to report to you if, in our opinion:

- The information given in the Directors' report is not consistent with the financial statements.
- Proper accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records.
- We have not received all the information and explanations we require for our audit.
- Certain disclosures of Directors' remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

Other Matters

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 179 of the Maltese Companies Act 1995 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We have reported separately on the parent company financial statements of Unibet Group plc for the year ended 31 December 2015.

Lucienne Pace Ross
Partner
11 March 2016

PricewaterhouseCoopers
78 Mill Street
Qormi
Malta

John Waters
Partner
11 March 2016

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
United Kingdom

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Unibet Group plc will be held at 10.00 CET on 17 May 2016, at Moderna Museet, Skeppsholmen, Stockholm in Sweden.

Right to participate

Holders of Swedish Depositary Receipts (SDRs) who wish to attend the AGM must be registered at Euroclear Sweden AB on 6 May 2016 and notify Skandinaviska Enskilda Banken AB (publ) of their intention to attend the AGM no later than 17.00 CET on 12 May 2016, by filling in the enrolment form provided at www.unibetgroupplc.com/AGM, "Registration form for AGM 2016". The form must be completed in full and delivered electronically.

Please note that conversions to and from SDRs and ordinary shares will not be permitted between 6 May and 17 May 2016.

Dividend

The Board of Directors proposes a dividend of GBP 0.235 (2014: 0.205) per share/SDR, which is approximately SEK 2.87 (2014: 2.68 paid out 28 May 2015) with the exchange rate 12.20 GBP/SEK at 9 February 2016 per ordinary share, to be paid to holders of ordinary shares and SDRs. If decided by the AGM, the dividend is expected to be distributed on 24 May 2016 and amounts to a total of GBP 54.0 (2014: 46.7) million, which is approximately 77 per cent of the Group's free cash flow for 2015. The Board has reviewed the projected cash requirements for 2016 and is proposing for this year to maintain the dividend above 50 per cent of free cash flow. This is in line with the dividend policy to distribute surplus cash.

Financial information

Unibet Group plc's financial information is available in Swedish and English. Reports can be obtained from the Unibet Group's website, **www.unibetgroupplc.com** or ordered by email at info@unibet.com. Distribution will be via email.

Annual reports can be ordered through the website, **www.unibetgroupplc.com** or ordered by email at info@unibet.com.

The Unibet Group will publish financial reports for the financial year 2016 on the following dates:

Interim Report January – March, on 27 April 2016
Interim Report January – June, on 27 July 2016
Interim Report January – September, on 2 November 2016
Full Year Report 2016, on 8 February 2017

DEFINITIONS

Average number of employees: Average number of employees for the year based on headcount at each month end.

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

Dividend per share: Dividend paid divided by the number of ordinary shares at the payment date.

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 year.

EBIT: Earnings before interest and taxation, equates to profit from operations.

EBIT margin: EBIT as a percentage of Gross winnings revenue.

EBITDA: Profit from operations before depreciation and amortisation charges.

Equity:assets ratio: Shareholders' equity as a percentage of total assets.

Equity per share: Total assets less total liabilities, divided by the number of ordinary shares at the balance sheet date.

Gross profit: Gross winnings revenue less cost of sales.

Gross winnings revenue: Gross winnings revenue (GWR) on Sports betting is defined as the net gain or loss from bets placed. Within Casino & Games, the Group defines GWR as the net gain from bets placed and Poker GWR reflects the net income ("rake") earned from poker games completed. GWR across all products is reported net of the cost of promotional bonuses.

Net cash: Total cash at the balance sheet date less customer balances.

Number of active customers: Number of active customers is defined as the total registered customers who have placed a bet with the Unibet Group either during the last three months or at any time during the year, depending on the reference.

Number of registered customers: Number of registered customers means the total number of customers on the Unibet Group's customer database.

Operating margin: Profit from operations as a percentage of Gross winnings revenue.

Profit margin: Profit after tax as a percentage of Gross winnings revenue.

Return on average equity: EBIT as a percentage of average equity.

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

Turnover: Amount of bets placed on sporting events and games.

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 effects of exercising all share options) during the year.

NOTES

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UNIBET GROUP

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WWW.UNIBETGROUPPLC.COM

Scan your smart phone or device here to view
the Unibet Group plc investor website.

UNIBET GROUP PLC ANNUAL REPORT AND ACCOUNTS 2015