



YEAR-END REPORT  
/

ORC GROUP HOLDING AB  
JANUARY 1 – DECEMBER 31, 2015

ORC

## CONTINUED GROWTH IN THE FOURTH QUARTER AND LAUNCH OF ITIVITI

	Oct 1, 2015 - Dec 31, 2015	Oct 1, 2014 - Dec 31, 2014	Jan 1, 2015 - Dec 31, 2015	Jan 1, 2014 - Dec 31, 2014
SEK THOUSANDS				
Operating revenue*	123,686	101,425	480,787	395,767
Operating expenses	-67,514	-54,827	-261,291	-216,472
<b>Adjusted EBITDA**</b>	<b>56,172</b>	<b>46,598</b>	<b>219,496</b>	<b>179,295</b>
Adjusted CAPEX***	-39,770	-28,928	-137,592	-113,612
<b>EBITDA-CAPEX</b>	<b>16,402</b>	<b>17,670</b>	<b>81,904</b>	<b>65,683</b>

\*) Operating revenue is adjusted with an add-back of the fair value adjustment of the carrying amount of deferred income in Tbricks upon acquisition, which has been carried out in accordance with IFRS.

\*\*) Adjusted EBITDA is defined as operating income after adjustment of operating expenses for amortization, depreciation and impairment losses, foreign exchange differences recognized in income pertaining to remeasurement of items in the balance sheet, non-recurring items and reversal of development costs not capitalized in the company's balance sheet. See table on page 3.

\*\*\*) Adjusted CAPEX is defined as investments in intangible assets and property, plant and equipment as reported in the cash flow statement, as well as reversal of development costs not capitalized in the company's balance sheet according to the above. See table on page 3.

- > Operating revenue for the period from October to December 2015 was SEK 123,686k (101,425), an increase of 22% compared to the same period of 2014. Adjusted for foreign exchange effects, revenue was up by SEK 12,261k, most of which is attributable to the acquisition of Tbricks. After adjustment for foreign exchange effects, revenue for the fourth quarter rose marginally compared to the previous quarter.
- > Adjusted EBITDA was SEK 56,172k (46,598) and adjusted EBITDA-CAPEX was SEK 16,402k (17,670). Operating expenses and CAPEX, adjusted for one-off effects, were higher than in the corresponding period of last year. This is explained by additional hardware and software expenses of SEK 5,600k that are mainly attributable to the investment in Managed Services and the development of Orc Analyst, a trading solution designed to ease mandatory compliance with MIFID II and other regulations. The remainder is explained by a weaker Swedish krona and higher operating expenses following the acquisition of Tbricks. Despite a 25% increase in the number of employees, personnel costs were only marginally higher than in the same period of last year. This is because the Group now has employees in St. Petersburg, where salary levels are typically lower, following the acquisition of Tbricks.
- > EBITDA-CAPEX for the period from October to December 2015 was SEK 16,402k, compared to SEK 32,970k in the third quarter of the year. The decrease is mainly attributable to seasonal effects that had a positive impact on personnel costs in the third quarter and the fact that travel costs and expenses for hardware and software were higher in the fourth quarter as a result of the above-mentioned MIFID II project.

### COMMENTS FROM CEO TORBEN MUNCH:

“The fourth quarter saw continued growth in our business, with new clients and significant sales momentum across all geographical regions. In particular, the APAC region performed well, reflecting an increasing interest in pan-Asian trading among existing and new clients. Our reliable and flexible platform enables clients to capitalize on this trend, while remaining compliant in a diverse and complex regulatory environment. A large proportion of the new sales is not yet reflected by revenue figures for the quarter, due to the lead time between order dates and recognition of revenue.

Looking back at 2015, we joined forces with two companies (Tbricks in January and CameronTec through our parent company in October), culminating in the launch of Itiviti in February 2016. We are entering this year with high expectations for our new combined offering, providing clients with a unique vehicle to capture market opportunities at a lower cost and with better performance.

The establishment of Itiviti as our new company and brand name is a logical step in the process of optimizing the marketing and delivery of products and services from the former Orc and CameronTec organizations. This combination is more than a sum of two parts, as it enables us to address new and exciting market segments and to serve a broader range of client needs.”



## ADJUSTED EBITDA AND CAPEX

SEK THOUSANDS	Oct 1, 2015 - Dec 31, 2015	Oct 1, 2014 - Dec 31, 2014	Jan 1, 2015 - Dec 31, 2015	Jan 1, 2014 - Dec 31, 2014
<b>Operating income</b>	<b>8,570</b>	<b>10,991</b>	<b>-131,410</b>	<b>41,117</b>
Reversal of foreign exchange differences	2,555	-3,638	4,000	-7,215
Reversal of amortization, depreciation and impairment losses	32,759	35,343	279,077	127,642
Reversal of development costs not capitalized as work performed by the company for its own use	5,766	3,603	27,234	16,660
Reversal of non-recurring items	4,452	299	26,795	1,091
Reversal of fair value adjustment	2,070	-	13,800	-
<b>Adjusted EBITDA</b>	<b>56,172</b>	<b>46,598</b>	<b>219,496</b>	<b>179,295</b>
<b>Specification of adjusted CAPEX</b>				
Investments in intangible assets	-29,284	-25,059	-101,910	-95,192
Investments in property, plant and equipment	-5,092	-266	-8,820	-1,760
Reversal of non-recurring items in CAPEX	372	-	372	-
Reversal of development costs not capitalized as work performed by the company for its own use	-5,766	-3,603	-27,234	-16,660
<b>Adjusted CAPEX</b>	<b>-39,770</b>	<b>-28,928</b>	<b>-137,592</b>	<b>-113,612</b>

The table above shows the differences between reported operating income and adjusted EBITDA, and between reported CAPEX and adjusted CAPEX.

**Adjusted EBITDA** is defined as reported operating income before amortization, depreciation and impairment losses adjusted for foreign exchange differences recognized in income, non-recurring items and reversal of development costs not capitalized as work performed for the company's own use.

>> Foreign exchange differences refer to translation of items in the balance sheet, such as trade receivables and cash and cash equivalents, to Swedish kronor based on the closing day rate of exchange.

>> All costs for Orc's product and development organization have been excluded, including the portion that is not capitalized as work performed for own use in the company's balance sheet. The same definition of EBITDA has been used in the terms of the senior secured bond that was placed in November 2012.

>> Non-recurring items refer to specific expenses or revenue that are not regularly recurring in operating activities.

>> Reversal of fair value adjustment refers to the add-back of the fair value adjustment of the carrying amount of prepaid income in Tbricks at the date of acquisition, which has been carried out in accordance with IFRS.

**Adjusted CAPEX** is defined as investments in intangible assets and property, plant and equipment as reported in the cash flow statement, as well as reversal of development costs not capitalized as worked performed for own use in the company's balance sheet. The reversed amount is thus regarded as an investment.

Over time, EBITDA-CAPEX is a good indicator of the operating cash flow. See also comments under Balance sheet and cash flow, page 6.

## EARNINGS

	Oct 1, 2015 - Dec 31, 2015	Oct 1, 2014 - Dec 31, 2014	Jan 1, 2015 - Dec 31, 2015	Jan 1, 2014 - Dec 31, 2014
SEK THOUSANDS				
System revenue	118,564	96,698	451,850	382,864
Professional Services	3,052	4,727	15,137	12,903
Other revenue	-	-	-	-
<b>Operating revenue</b>	<b>121,616</b>	<b>101,425</b>	<b>466,987</b>	<b>395,767</b>
Cost of goods sold	-4,386	-4,122	-19,217	-18,751
Other external expenses	-30,457	-20,486	-113,868	-76,913
Personnel costs	-66,024	-55,333	-266,164	-223,113
Work performed by the company for its own use and capitalized	23,135	21,212	83,929	84,554
Amortization, depreciation and impairment losses	-32,759	-35,343	-279,077	-127,642
Foreign exchange differences	-2,555	3,638	-4,000	7,215
<b>Operating expenses</b>	<b>-113,046</b>	<b>-90,434</b>	<b>-598,397</b>	<b>-354,650</b>
<b>Operating income</b>	<b>8,570</b>	<b>10,991</b>	<b>-131,410</b>	<b>41,117</b>
Financial income	16,808	40,738	23,061	40,995
Financial expenses	-17,504	-38,798	-58,208	-129,099
<b>Net financial items</b>	<b>-696</b>	<b>1,940</b>	<b>-35,147</b>	<b>-88,104</b>
<b>Income after financial items</b>	<b>7,874</b>	<b>12,931</b>	<b>-166,557</b>	<b>-46,987</b>
Income tax	2,075	-2,730	39,382	9,284
<b>Income for the period</b>	<b>9,949</b>	<b>10,201</b>	<b>-127,175</b>	<b>-37,703</b>
<b>Adjusted EBITDA</b>	<b>56,172</b>	<b>46,598</b>	<b>219,496</b>	<b>179,295</b>

### OCTOBER 1 – DECEMBER 31, 2015

Operating revenue for the period from October to December 2015 increased by SEK 20,191k compared to the same period of last year and amounted to SEK 121,616K (101,425). Adjusted for correction of the fair value of the acquired revenue in Tbricks of SEK 2,070k, the increase was SEK 22,261k, or 22%. Weakening of the Swedish krona, primarily against the US dollar, led to an increase in revenue of SEK 10,000k owing to foreign exchange effects in the fourth quarter of 2015 compared to the same quarter of last year, while the remaining increase of SEK 12,261k is explained by the acquisition of Tbricks. Professional Services declined somewhat compared to the same quarter of last year and resulted in revenue of SEK 3,052k (4,727). The decrease is mainly due to the fact that the migration from Orc Classic to Orc Tbricks has caused clients to hold off on ordering of add-on services.

Operating expenses for the period from October to December 2015, adjusted for amortization, depreciation and impairment, non-recurring items and foreign exchange effects, totaled SEK -73,280k (-58,430), up by SEK 14,850k compared to the same quarter of last year. Weakening of the Swedish krona, primarily against the US dollar, has aside from the eliminated foreign exchange remeasurements also resulted in higher operating expenses compared to the same quarter of last year of approximately SEK 3,660k. The increase in other external expenses is explained by higher travel expenses, IT-related expenses and other operating expenses following the acquisition of Tbricks. Bad debt losses amounted to SEK -900k in the quarter, compared to a decreased reserve of SEK 1,600k in the fourth quarter of 2014. The increase in personnel costs, adjusted for foreign exchange effects, is due partly to an increase in the average number of employees by 57 compared to same quarter of last year and partly to an increase in sales commissions. Finally, a discount for research and development of SEK 2,070k attributable to earlier quarters was recognized in December 2014. Because a greater share of the employees are based in St. Petersburg, the Group has strengthened its workforce with a limited impact on total personnel costs. The number of employees at the end of December 2015 was 269 (210).

The quarter's depreciation, amortization and impairment losses of SEK -32,759k (-35,343) refer to amortization of client contracts and technology, capitalized costs for worked performed for own use relating to costs for Orc's software development, and amortization of client acquisition costs. Just over two thirds of the company's total development costs are capitalized in the consolidated balance sheet and are amortized over a period of 3-10 years. Non-recurring items amounting to SEK -4,824k (-299) consist mainly of one-off costs in connection with the rebranding of Orc's offering.

Operating income including non-recurring items amounted to SEK 8,570k (10,991) and net financial items totaled SEK -696k (1,940). Financial items include an unrealized foreign exchange difference of SEK 16,614k (-20,040) on the note loan, since the loan is denominated in euros and the reporting currency is SEK. Other financial expenses refer to interest and other expenses arising from Orc Group Holding AB's acquisition of Orc Group AB. The reported tax expense was SEK 2,075k (-2,730) and income for the period was SEK 9,949 (10,201).

#### **JANUARY 1 – DECEMBER 31, 2015**

Operating revenue for the year was SEK 466,987k (395,767), which is equal to an increase of 18%. Adjusted for correction of the fair value of the acquired revenue in Tbricks of SEK 13,800k, the increase was SEK 85,020k, or 21%. Weakening of the Swedish krona against the US dollar and the euro explains SEK 43,000k of the increase. The remaining increase of SEK 42,020k is primarily attributable to the acquisition of Tbricks. The share of revenue from Professional Services has continued to grow, despite a challenging fourth quarter, and amounted to SEK 15,137k (12,903).

Operating expenses amounted to SEK -598,397k (-354,650), of which the period's amortization, depreciation and impairment losses of SEK -279,077k (-127,642) account for most of the cost increase. In the first quarter of 2015, an impairment loss on development costs of SEK -148,000k was recognized in the carrying amount of technology attributable to Orc's platform. The impairment loss was recorded in connection with the decision to mainly develop products based on Tbricks' trading platform going forward. The remaining value of SEK 203,780k will be amortized on a straight-line basis over the period in which the Orc platform is expected to continue generating revenue. This period is currently estimated at 5 years. After this period, essentially all revenue is expected to be generated by the new platform. Amortization and depreciation of SEK -131,077k (-127,642) are mainly related acquisition values from Orc Group Holding AB's acquisition of Orc Group AB and Orc's acquisition of Tbricks. The increase of SEK 3,434k compared to the same period of last year is due primarily to the higher degree of work performed for own use and capitalized, amortizations on customer acquisition cost and the acquisition of Tbricks.

Operating expenses adjusted for amortization, depreciation and impairment losses, non-recurring items and foreign exchange effects totaled SEK -288,525k (-233,132), an increase of SEK 55,393k, or 24%. Weakening of the Swedish krona, primarily against the US dollar, has aside from the eliminated foreign exchange remeasurements also resulted in higher operating expenses in 2015 compared to the same period of last year of approximately SEK 22,700k. During the year the Group had bad debt losses of around SEK 4,000k compared to 2014 where the group had recovered bad debt losses of SEK 3,770k. Personnel costs have risen by SEK 8,400k, mainly due to higher costs for sales commissions and, to a lesser extent, an increase of 45 in the average number of employees compared to the same period of last year. But because around 70 of these are based in Russia, the Group's average salary cost per employee has decreased compared to the previous year. The remaining increase is explained mainly by an increase in other external expenses for travel and IT-related expenses following the acquisition of Tbricks, as well as the internal global conference held in the second quarter. Non-recurring items amounting to SEK -27,167k (-1,091) consist of restructuring costs primarily for employees and premises in connection with the rebranding of Orc.

Operating income including non-recurring items amounted to SEK -131,410k (41,117), net financial items to SEK -35,147k (-88,104) and income tax to SEK 39,382k (9,284). Net financial items included an unrealized foreign exchange difference of SEK 22,830k (-34,350) on the note loan. Income for the period was SEK -127,175k (-37,703).

## BALANCE SHEET AND CASH FLOW

SEK THOUSANDS	Dec 31, 2015	Dec 31, 2014
<b>ASSETS</b>		
Intangible assets	2,023,661	1,886,231
Property, plant and equipment	15,633	11,583
Financial assets	3,214	1,956
Deferred tax asset	9,348	393
<b>Total non-current assets</b>	<b>2,051,856</b>	<b>1,900,163</b>
Trade receivables	76,121	42,678
Prepaid tax	1,920	1,435
Other current assets	100,370	102,759
Cash and cash equivalents	134,960	100,131
<b>Total current assets</b>	<b>313,371</b>	<b>247,003</b>
<b>TOTAL ASSETS</b>	<b>2,365,227</b>	<b>2,147,166</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>1,445,793</b>	<b>1,262,161</b>
Deferred tax liability	140,069	153,784
Non-current liabilities	540,665	559,651
Other appropriations	1,314	1,136
<b>Total non-current liabilities</b>	<b>682,048</b>	<b>714,571</b>
Trade payables	12,351	11,810
Tax liabilities	6,333	5,270
Other current liabilities	218,702	153,354
<b>Total current liabilities</b>	<b>237,386</b>	<b>170,434</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,365,227</b>	<b>2,147,166</b>

Total assets at the end of the period amounted to SEK 2,365,227k (2,147,166), of which SEK 2,023,661k (1,886,231) consisted of intangible assets, primarily goodwill and other intangible assets arising in connection with Orc Group Holding AB's acquisition of Orc Group AB and Orc's acquisition of Tbricks. Trade receivables increased by SEK 33,443k and amounted to SEK 76,121k. The increase is attributable partly to the acquisition of Tbricks and partly to the payment of annual invoices by a couple of major clients after the end of 2015, compared to the previous year-end 2014. Cash and cash equivalents totaled SEK 134,960k (100,131).

Equity amounted to SEK 1,445,793k (1,262,161) and the equity/assets ratio at the end of the period was 61% (59). In January 2015 the Group received a shareholder contribution of SEK 308,159k in connection with the acquisition of Tbricks, which explains the increase in equity.

Non-current liabilities in the Group amounted to SEK 682,048k (714,571), a decrease of SEK 32,523k. Non-current liabilities include a note loan of SEK 540,665k (559,651), where the change is explained mainly by foreign exchange effects on the note loan. Other current liabilities amounted to SEK 218,702k (153,354) and consisted mainly of prepaid income from clients of SEK 142,541 (92 152). The increase is explained mainly by the acquisition of Tbricks but also by a higher share of clients invoiced before year-end 2015 compared to 2014.

Cash and cash equivalents for the period from January to December 2015 rose by SEK 34,829k, from SEK 100,131k to SEK 134,960k. Operating activities generated a cash flow of SEK 116,142k (126,865) after changes in working capital. The change in working capital of SEK 18,052k (18,989) is mainly attributable to additional prepaid income in connection with the acquisition of Tbricks, an increase in trade receivables and an increase in prepaid income due to a higher share of annual invoices that were invoiced before year-end 2015 compared to 2014. Cash flow from investing activities amounted to SEK -388,560k (-96,638) and consisted mainly of the acquisition of Tbricks of

SEK -277,133k, capitalized development costs of SEK -83,929k (-84,554) and client acquisition expenses of SEK -15,061k (-10,282). Cash flow from financing activities consist of a shareholder contribution of SEK 308,159k used to acquire Tbricks. As earlier, the Group had an unutilized overdraft facility of SEK 145,000k at the end of the period.

## FOREIGN EXCHANGE EFFECTS

Movements in foreign exchange rates affect Orc in several ways. Assets (primarily cash and trade receivables) and liabilities in foreign currency are remeasured at every balance sheet date and the value change is reported net as a separate item in the income statement. Orc's policy is to not continuously hedge operating cash flows in foreign currency. However, this policy is under continuous review and may be changed as needed. The note loan that was raised in November 2012 is deliberately denominated in euros in order to match interest expenses against operating revenue in the same currency.

Operating revenue and expenses are also affected by movements in foreign exchange rates, which have a direct impact on both the revenue and expense item. For the periods covered in this report, the net change that directly affects the income statement has been described above.

Of total operating revenue approximately 43% consists of euros, 37% of US dollars, 7% of Swedish kronor and the remaining 13% of other currencies, primarily Australian dollars and Sterling pounds. Operating expenses, excluding amortization, depreciation and impairment losses, consist of approximately 33% Swedish kronor, 18% US dollars, 17% Sterling pounds, 15% Hong Kong dollars, 7% rubels, 3% euros and 7% other currencies.

## FINANCIAL INSTRUMENTS

Orc's financial instruments consist mainly of trade receivables, cash and cash equivalents, trade payables, accrued supplier expenses and interest-bearing liabilities. The nature and size of the financial assets and liabilities have not changed significantly compared to those that applied in connection with the latest annual closing. In all material aspects, the fair values of the financial instruments are assessed to approximate their carrying amounts.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

In February 2016 Orc announced that Orc Group and CameronTec Group were uniting their offerings and launching these under the new shared name Itiviti AB. Orc Group Holdings AB's parent company Cidron Delfi Intressenter Holding AB owns the two companies, which are changing name to Itiviti AB.

## PARENT COMPANY

The Parent Company Orc Group Holding AB (publ) (556873-5913) is owned by Cidron Delfi Intressenter Holding AB (undergoing name change to Itiviti AB) (556871-8141), which is in turn ultimately owned by Nordic Capital Fund VII and by the management and employees in the Cidron Delfi Intressenter Holding AB Group.

Revenue in the Parent Company for the period from October to December 2015 amounted to SEK 1,142k (488). Operating income was SEK 83k (-1,024), net financial items totaled SEK 96,939k (59,735) and income after tax amounted to SEK 75,411k (45,787). Net financial items and income for the fourth quarter consist mainly of interest expenses on loans and financial expenses payable to the bank, as well as group contributions received of SEK 101,448k (105,234) and an unrealized foreign exchange difference of SEK 16,614k (-20,040) attributable to remeasurement of the note loan. Investments in property, plant and equipment and intangible assets for the period from October to December 2015 amounted to - (-). At December 31, 2015, the Parent Company had cash and cash equivalents of SEK 3,534k (1,773).

Equity in the Parent Company at the end of the period amounted to SEK 1,271,083k (932,185). The increase is attributable to a shareholder contribution of SEK 308,159k in connection with the acquisition of Tbricks. Non-current

and current liabilities amounted to SEK 832,709k (875,676) and have decreased mainly as a result of the foreign exchange difference on the note loan.

Orc Group Holding AB has no significant related party transactions other than transactions with group companies, as well as board fees and a loan to the Parent Company Cidron Delfi Intressenter Holding AB, which was converted to equity in November 2014. All transactions with related parties are carried out on market-based terms. In all material aspects, the nature and size of related party transactions during the period are the same as those that applied in 2014.

## ACCOUNTING POLICIES

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Annual Accounts Act. The Annual Accounts Act and RFR 2, Accounting for Legal Entities, are applied in the Parent Company. For both the Group and the Parent Company, the accounting policies are the same as those applied in the latest annual report unless otherwise stated below.

### NEW AND CHANGED ACCOUNTING STANDARDS IN 2015

None of the standards and statements that have been published by the IASB and are effective for annual periods beginning on or after January 1, 2015, have had any material impact on the financial statements of the Group.

In the third quarter of 2015, Orc decided to change its accounting policy for treatment of recognized commissions. The commission expenses that arise on the date of sale and are directly attributable to the acquisition of the client contract will be recognized in the balance sheet as an intangible assets. Contracts are signed with clients for a fixed period (normally 12 months), and will be amortized on a straight-line basis over the fixed period. The investment of paid commission expenses will be recognized as CAPEX in the cash flow statement. The reason for the change is to better reflect the cost for acquisition of future revenue in the Group. See table on page 16 for details.

### SIGNIFICANT ACCOUNTING POLICIES

Below is a brief description of how the accounting policies are applied for a few key items in Orc's income statement and balance sheet. For more detailed information about Orc's significant accounting policies, see the most recently published annual report.

#### SYSTEM REVENUE

The Group's total revenue consists mainly of revenue from the sale of software licenses, which are billed in advance most often quarterly. Revenue is then recognized over the period to which the billing refers, but at the exchange rates applicable on the billing date.

#### GOODWILL

The useful life of goodwill is indefinite and the carrying amount of goodwill should therefore be tested for impairment at least annually according to the principles described in the annual report. Orc determines the value of goodwill based on forecasted future cash flows for the cash-generating units.

#### CAPITALIZED DEVELOPMENT COSTS

Orc's principle is to capitalize development costs attributable to separately identifiable projects that result in either new products or significant improvements in existing products and technology, and that can be expected to generate future economic benefits. Capitalized development costs are amortized on a straight-line basis over their estimated useful lives of 3 to 10 years from the date on which the asset is ready to use or from the quarter after capitalization has taken place. The amortization period of 3 to 10 years is based on an assessment of the useful lives of the products developed by Orc over the years.

#### INTANGIBLE ASSETS

Orc's intangible assets other than goodwill or capitalized development costs are amortized over a period of 7 to 10 years, depending on the nature and estimated useful life of the asset.

#### THE GROUP'S SALES BY GEOGRAPHICAL AREA

Orc's operations are divided into one segment and the geographical markets EMEA (incl. Sweden), Americas and APAC.



## **SIGNIFICANT RISKS AND UNCERTAINTIES**

The most significant risks in Orc's operations have been assessed to lie in the company's ability to predict market needs and thereby adapt its technical solution to these, the ability to recruit and retain skilled employees, risks related to the IT infrastructure, foreign exchange risks and the risk for bad debt losses.

The ongoing uncertainty in the global financial markets is associated with a risk for continued cancellations of existing client contracts, lower sales of new client contracts and increased credit risks. Another significant risk factor to be taken into account is the risk for reduced liquidity in the global derivatives markets, which would most likely have a negative impact on Orc's clients and could therefore also affect staff reductions, new sales and credit risks. Orc's ability to meet its payment obligations is dependent on sufficient liquidity. Profitable operations with healthy cash flows are essential for good liquidity. Another key factor is access to operating credits and various long-term financing solutions. Should access to credits cease, this could have a negative impact on Orc's solvency and financial position.

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

SEK THOUSANDS	Oct 1, 2015 - Dec 31, 2015	Oct 1, 2014 - Dec 31, 2014	Jan 1, 2015 - Dec 31, 2015	Jan 1, 2014 - Dec 31, 2014
System revenue	118,564	96,698	451,850	382,864
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Other revenue	-	-	-	-
<b>Operating revenue</b>	<b>121,616</b>	<b>101,425</b>	<b>466,987</b>	<b>395,767</b>
Cost of goods sold	-4,386	-4,122	-19,217	-18,751
Other external expenses	-30,457	-20,486	-113,868	-76,913
Personnel costs	-66,024	-55,333	-266,164	-223,113
Work performed by the company for its own use and capitalized	23,135	21,212	83,929	84,554
Amortization, depreciation and impairment losses	-32,759	-35,343	-279,077	-127,642
Foreign exchange differences	-2,555	3,638	-4,000	7,215
<b>Operating expenses</b>	<b>-113,046</b>	<b>-90,434</b>	<b>-598,397</b>	<b>-354,650</b>
<b>Operating income</b>	<b>8,570</b>	<b>10,991</b>	<b>-131,410</b>	<b>41,117</b>
Financial income	16,808	40,738	23,061	40,995
Financial expenses	-17,504	-38,798	-58,208	-129,099
<b>Net financial items</b>	<b>-696</b>	<b>1,940</b>	<b>-35,147</b>	<b>-88,104</b>
<b>Income after financial items</b>	<b>7,874</b>	<b>12,931</b>	<b>-166,557</b>	<b>-46,987</b>
Income tax	2,075	-2,730	39,382	9,284
<b>Income for the period</b>	<b>9,949</b>	<b>10,201</b>	<b>-127,175</b>	<b>-37,703</b>
<b>Other comprehensive income that can be subsequently reclassified to the income statement</b>				
Translation differences	135	2,946	2,648	7,653
<b>Other comprehensive income</b>	<b>135</b>	<b>2,946</b>	<b>2,648</b>	<b>7,653</b>
<b>Comprehensive income for the period</b>	<b>10,084</b>	<b>13,147</b>	<b>-124,527</b>	<b>-30,050</b>
Income for the period attributable to owners of the Parent Company	9,949	10,201	-127,175	-37,703
Comprehensive income for the period attributable to owners of the Parent Company	10,084	13,147	-124,527	-30,050

**CONSOLIDATED BALANCE SHEET**

SEK THOUSANDS	Dec 31, 2015	Dec 31, 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Goodwill	1,280,547	1,094,181
Other intangible assets	582,168	546,003
Capitalized development costs	160,946	246,047
Property, plant and equipment		
Equipment	15,633	11,583
Financial assets	3,214	1,956
Deferred tax asset	9,348	393
<b>Total non-current assets</b>	<b>2,051,856</b>	<b>1,900,163</b>
<b>Current assets</b>		
Trade receivables	76,121	42,678
Prepaid tax	1,920	1,435
Other current assets	100,370	102,759
Cash and cash equivalents	134,960	100,131
<b>Total current assets</b>	<b>313,371</b>	<b>247,003</b>
<b>TOTAL ASSETS</b>	<b>2,365,227</b>	<b>2,147,166</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	6,175	6,175
Other contributed capital	1,682,365	1,374,206
Reserves	2,378	-270
Retained earnings	-117,950	-80,247
Income for the period	-127,175	-37,703
<b>Total equity</b>	<b>1,445,793</b>	<b>1,262,161</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	140,069	153,784
Non-current liabilities	540,665	559,651
Other appropriations	1,314	1,136
<b>Total non-current liabilities</b>	<b>682,048</b>	<b>714,571</b>
<b>Current liabilities</b>		
Trade payables	12,351	11,810
Tax liabilities	6,333	5,270
Other current liabilities	218,702	153,354
<b>Total current liabilities</b>	<b>237,386</b>	<b>170,434</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,365,227</b>	<b>2,147,166</b>
<b>PLEGGED ASSETS AND CONTINGENT LIABILITIES</b>		
Pledged assets	2,183,050	1,839,150
Contingent liabilities	-	-

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the Parent Company

SEK THOUSANDS	Share capital	Other contributed capital	Reserves	Retained earnings incl. income for the period	Total
<b>Opening balance, January 1, 2015</b>	<b>6,175</b>	<b>1,374,206</b>	<b>-270</b>	<b>-117,950</b>	<b>1,262,161</b>
Income for the period	-	-	-	-127,175	-127,175
Other comprehensive income	-	-	2,648	-	2,648
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,648</b>	<b>-127,175</b>	<b>-124,527</b>
<b>Transactions with owners</b>					
Shareholder contribution	-	308,159	-	-	308,159
<b>Total transactions with owners</b>	<b>-</b>	<b>308,159</b>	<b>-</b>	<b>-</b>	<b>308,159</b>
<b>Closing balance, Dec 31, 2015</b>	<b>6,175</b>	<b>1,682,365</b>	<b>2,378</b>	<b>-245,125</b>	<b>1,445,793</b>

Attributable to owners of the Parent Company

SEK THOUSANDS	Share capital	Other contributed capital	Reserves	Retained earnings incl. income for the period	Total
<b>Opening balance, January 1, 2014</b>	<b>5,746</b>	<b>731,156</b>	<b>-7,923</b>	<b>-80,247</b>	<b>648,732</b>
Income for the period	-	-	-	-37,703	-37,703
Other comprehensive income	-	-	7,653	-	651,132
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>7,653</b>	<b>-37,703</b>	<b>613,429</b>
<b>Transactions with owners</b>					
Set-Off issue	429	643,050	-	-	-
<b>Total transactions with owners</b>	<b>429</b>	<b>643,050</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance, Dec 31, 2014</b>	<b>6,175</b>	<b>1,374,206</b>	<b>-270</b>	<b>-117,950</b>	<b>1,262,161</b>

**CONSOLIDATED CASH FLOW STATEMENT**

SEK THOUSANDS	Jan 1, 2015 - Dec 31, 2015	Jan 1, 2014 - Dec 31, 2014
<b>OPERATING ACTIVITIES</b>		
Operating income	-131,410	41,117
<b>Adjustments for non-cash items</b>		
Amortization, depreciation and impairment losses	279,077	127,642
Capital loss on the sale of non-current assets	295	631
Other non-cash items	3,662	-7,203
Interest received	128	262
Interest paid	-50,055	-48,533
Income tax paid	-3,607	-6,040
<b>Cash flow from operating activities before changes in working capital</b>	<b>98,090</b>	<b>107,876</b>
<b>CHANGES IN WORKING CAPITAL</b>		
Change in trade receivables	-24,456	24,281
Change in other operating receivables	14,589	-276
Change in trade payables	727	-189
Change in other operating liabilities	27,192	-4,827
<b>Cash flow from operating activities</b>	<b>116,142</b>	<b>126,865</b>
<b>INVESTING ACTIVITIES</b>		
Investments in intangible assets	-101,910	-95,192
Acquisition of subsidiaries	-277,133	0
Disposal of subsidiaries	-	101
Investments in property, plant and equipment	-8,820	-1,760
Change in financial assets	-697	213
<b>Cash flow from investing activities</b>	<b>-388,560</b>	<b>-96,638</b>
<b>FINANCING ACTIVITIES</b>		
Shareholder contribution	308,159	-
<b>Cash flow from financing activities</b>	<b>308,159</b>	<b>-</b>
<b>Change in cash and cash equivalent</b>	<b>35,741</b>	<b>30,227</b>
Cash and cash equivalents at beginning of period	100,131	69,305
Translation/foreign exchange different in cash and cash equivalents	-912	599
Cash and cash equivalents at the end of period	134,960	100,131

## THE GROUP'S SALES BY GEOGRAPHICAL AREA

	Oct 1, 2015	Oct 1, 2014	Jan 1, 2015	Jan 1, 2014
SEK THOUSANDS	- Dec 31, 2015	- Dec 31, 2014	- Dec 31, 2015	- Dec 31, 2014
Sweden	10,018	7,235	41,379	28,538
EMEA (excl. Sweden)	64,305	55,332	255,120	215,583
Americas	20,659	16,963	78,817	66,515
APAC	28,704	21,895	105,471	85,131
Fair value adjustment acc. to PPA	-2,070	-	-13,800	-
<b>Operating revenue</b>	<b>121,616</b>	<b>101,425</b>	<b>466,987</b>	<b>395,767</b>

## PARENT COMPANY INCOME STATEMENT

	Oct 1, 2015	Oct 1, 2014	Jan 1, 2015	Jan 1, 2014
SEK THOUSANDS	- Dec 31, 2015	- Dec 31, 2014	- Dec 31, 2015	- Dec 31, 2014
Operating revenue	1 142	488	3,375	2,297
Operating expenses	-1,059	-1 512	-4,574	-4,763
<b>Operating income</b>	<b>83</b>	<b>-1,024</b>	<b>-1,199</b>	<b>-2,466</b>
Financial income	118,062	105,234	124,278	105,235
Financial expenses	-21,123	-45,499	-83,318	-155,768
<b>Net financial items</b>	<b>96,939</b>	<b>59,735</b>	<b>40,960</b>	<b>-50,533</b>
<b>Income after financial items</b>	<b>97,022</b>	<b>58,711</b>	<b>39,761</b>	<b>-52,999</b>
Income tax expense	-21,611	-12,924	-9,021	11,649
<b>Income for the period</b>	<b>75,411</b>	<b>45,787</b>	<b>30,740</b>	<b>-41,350</b>
<b>Comprehensive income for the period</b>	<b>75,411</b>	<b>45,787</b>	<b>30,740</b>	<b>-41,350</b>

Income for the period attributable to owners of the Parent Company	75,411	45,787	30,740	-41,350
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Comprehensive income for the period attributable to owners of the Parent Company	75,411	45,787	30,740	-41,350
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**PARENT COMPANY BALANCE SHEET**

SEK THOUSANDS	Dec 31, 2015	Dec 31, 2014
<b>ASSETS</b>		
<b>Non-current assets</b>		
Financial assets		
Shares in group companies	2,008,604	1,700,446
Long term receivable to parent company	72,838	78,590
Deferred tax asset	25,711	34,732
<b>Total non-current assets</b>	<b>2,107,153</b>	<b>1,813,768</b>
<b>Current assets</b>		
Other current assets	3,957	2,956
Cash and cash equivalents	3,534	1,773
<b>Total current assets</b>	<b>7,491</b>	<b>4,729</b>
<b>TOTAL ASSETS</b>	<b>2,114,644</b>	<b>1,818,497</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Restricted equity		
Share capital	6,175	6,175
Non-restricted equity		
Share premium reserve	1,682,365	1,374,206
Retained earnings	-448,196	-406,846
Income for the period	30,740	-41,350
<b>Total equity</b>	<b>1,271,083</b>	<b>932,185</b>
<b>Non-current liabilities</b>		
Non-current liabilities	832,709	875,676
<b>Total non-current liabilities</b>	<b>832,709</b>	<b>875,676</b>
<b>Current liabilities</b>		
Other current liabilities	10,852	10,636
<b>Total current liabilities</b>	<b>10,852</b>	<b>10,636</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,114,644</b>	<b>1,818,497</b>
<b>PLEGGED ASSETS AND CONTINGENT LIABILITIES</b>		
Pledged assets	2,008,604	1,700,446
Contingent liabilities	-	-

## ACQUISITION OF SUBSIDIARIES

### SEK THOUSANDS

#### Purchase consideration at January 15, 2015

Shareholder contribution from Cidron Delfi Intressenter Holding AB	308,159
<b>Total purchase consideration</b>	<b>308,159</b>

Carrying amount of identifiable assets acquired and liabilities assumed

Technology	79,400
Trademarks/brands	8,700
Customer relationships	34,100
Deferred tax assets	6,153
Property, plant and equipment	1,381
Deferred income (fair value adjustment)	13,800
Current receivables	11,012
Cash and cash equivalents	31,026
Deferred tax liabilities	-29,920
Current liabilities	-33,860
<b>Total identifiable net assets</b>	<b>121,793</b>
Goodwill	186,366

## CHANGE OF ACCOUNTING POLICY – EXPENSES RELATING TO COMMISSIONS

In 2015 Orc has decided to change its accounting policy for expenses relating to commissions in connection with new sales to clients, see also under New and Changed Accounting Standards in 2015, page 8. The change will affect the following lines in the income statement and balance sheet.

SEK THOUSANDS	Oct 1, 2015 - Dec 31, 2015	Oct 1, 2014 - Dec 31, 2014	Jan 1, 2015 - Dec 31, 2015	Jan 1, 2014 - Dec 31, 2014
Personnel costs	5,058	3,491	15,061	10,282
Amortization, depreciation and impairment	-3,374	-2,134	-11,775	-6,824
Income tax	-370	-299	-723	-761
<b>Income for the period</b>	<b>1,314</b>	<b>1,057</b>	<b>2,563</b>	<b>2,697</b>

SEK THOUSANDS	31 Dec 2015	31 Dec 2014	31 Dec 2013
Other intangible assets	10,266	6,981	3,523
<b>Total assets</b>	<b>10,266</b>	<b>6,981</b>	<b>3,523</b>
Retained earnings	5,445	2,748	2,748
Income for the period	2,563	2,697	-
Deferred tax liabilities	2,258	1,536	775
<b>Total equity and liabilities</b>	<b>10,266</b>	<b>6,981</b>	<b>3,523</b>



**CONSOLIDATED KEY RATIOS**

	Oct 1, 2015	Oct 1, 2014	Jan 1, 2015	Jan 1, 2014
SEK THOUSANDS	- Dec 31, 2015	- Dec 31, 2014	- Dec 31, 2015	- Dec 31, 2014
Operating revenue	121,616	101,425	466,987	395,767
Operating income	8,570	10,991	-131,410	41,117
Operating margin	7%	11%	-28%	10%
Net financial items	-696	1,940	-35,147	-88,104
Income for the period	9,949	10,201	-127,175	-37,703
Profit margin	8%	10%	-27%	-10%
Total assets	2,365,227	2,147,166	2,365,227	2,147,166
Cash and cash equivalents	134,960	100,131	134,960	100,131
Interest-bearing liabilities	540,665	559,651	540,665	559,651
Equity	1,445,793	1,262,161	1,445,793	1,262,161
Net debt	405,705	459,520	405,705	459,520
Equity/assets ratio	61%	59%	61%	59%

**STATEMENT OF ASSURANCE**

This year-end report has not been examined by the company's auditors.

Stockholm, February 18, 2016  
Orc Group Holding AB

TORBEN MUNCH  
CEO

## About Orc

Orc is a global market leader in electronic trading technology for listed derivatives. Successful trading desks depend on Orc to deliver unrivaled next-generation derivatives trading and electronic execution solutions, which they require to stay ahead of the competition.

Dedicated to long-term partnerships and continuous innovation that delivers results, Orc serves the needs of leading trading firms, market makers, banks and brokers worldwide. With 200 customer sites in more than 30 countries, access to over 150 trading venues and offices in each of the world's key financial centers, Orc offers true global capabilities.

Combining our technology and financial industry expertise, including a solid understanding of regulatory issues, Orc also provides expert advice and services that help reduce complexity and cost, while enabling clients to stay fully focused on their core trading activities.

In October 2015, Orc joined forces with CameronTec, the global standard in financial messaging infrastructure, to the most powerful trading and connectivity technology offering for capital markets.

Orc Group Holding AB is owned by Cidron Delfi Intressenter Holding AB (undergoing name change to Itiviti AB), which is majority-owned by Nordic Capital Fund VII.

For more information visit: [orc-group.com](http://orc-group.com)

## STATUTORY DISCLOSURE

The information in this year-end report is subject to the disclosure requirements of Orc Group Holding AB under the Swedish Securities Exchange and Clearing Operations Act and the Financial Instruments Trading Act. The information was released for publication on February 18, 2016, 8:00 a.m. CET.

## CONTACT INFORMATION

### CEO Torben Munch

Phone: +46 8 506 477 35

### CFO Tony Falck

Phone: +46 8 506 477 24

A teleconference (in English) will be held on February 18, 2016, at 3:00 p.m. CET.

For more information, see the invitation at [orc-group.com](http://orc-group.com), The Company, Press, News & press.

## FINANCIAL INFORMATION

Can be ordered from:  
Orc Group, Investor Relations,  
Box 7742, 103 95 Stockholm  
Telefon: +46 8 506 477 00  
Fax: +46 8 506 477 01  
E-post: [ir@orc-group.com](mailto:ir@orc-group.com)

All financial information is posted on [orc-group.com](http://orc-group.com) immediately after publication.

## FINANCIAL CALENDAR

May 12, 2016    Q1 2016 Interim report

**Orc Group Holding AB (publ)**  
**Corporate ID no. 556873-5913**  
**Kungsgatan 36**  
**Box 7742**  
**SE-103 95 Stockholm**  
**Phone: +46 8 506 477 00**  
**Fax: +46 8 506 477 01**  
**[info@orc-group.com](mailto:info@orc-group.com)**  
**[orc-group.com](http://orc-group.com)**

N.B. The English text is a translation of the original Swedish version. In case of discrepancy between the Swedish and English texts, the Swedish version shall prevail.