



Cinnober

GROUP

Q3 2018 Investor & Analyst Presentation

8 November 2018

Opening Remarks: Peter K. Lenardos, Group CEO

Appointed Group CEO on 13-Aug

Fredrik Nihlén appointed Group CFO
on 4-Sep

Net revenue: SEK 89.8 million

A YoY increase of 4.9% and a QoQ
increase of 2.5%

Underlying cost base: SEK 101.8 million

A 10.0% reduction YoY and a 20.6%
reduction QoQ

Adjusted EBITDA: SEK -8.2 million

An improvement from
SEK -18.6 million in Q3/17 and SEK
-31.4 million in Q2/18

Core division adj. EBITDA: SEK 15.9 million

A record quarter so far this decade

Cash balance: SEK 92.4 million

No need for external funding

Inflection towards profitability accelerated materially

Intense focus on cost control and self-
funding remains

Increased confidence in achieving guidance

Cinnober targets a positive underlying
EBITDA contribution in 2019 and aims to
achieve a 20% underlying EBITDA margin
in 2020

Bitstamp

On 5-Nov, Bitstamp selected Cinnober to
deliver a trading system for
cryptocurrencies



Nasdaq Offer for Cinnober

On 14-Sep, Nasdaq made a public cash offer to Cinnober's shareholders and warrant holders to acquire all outstanding shares and warrants for a consideration of SEK 75 per share and SEK 85 per warrant

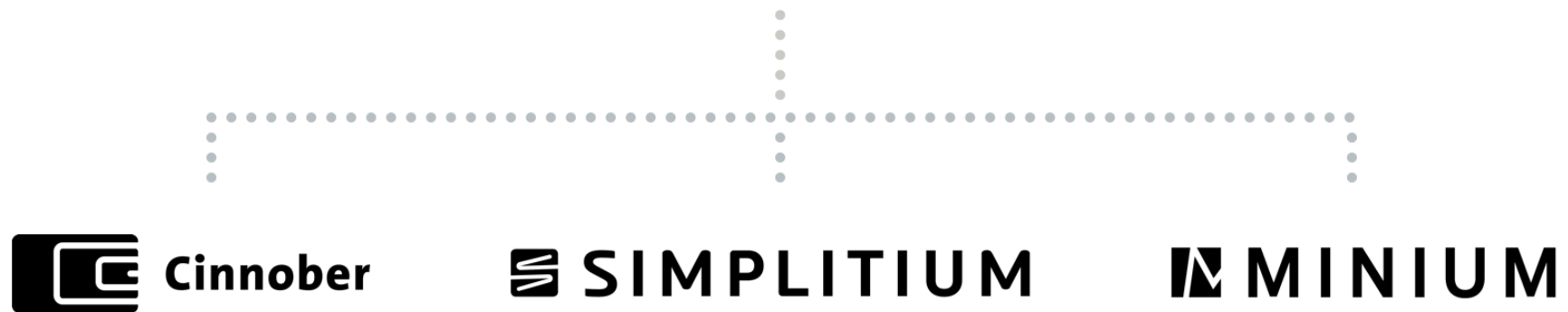
- The acceptance period commenced on 29-Oct and expires on 14-Dec, subject to any extensions
- Completion of the offer is subject to customary conditions; Nasdaq reserves the right to waive the conditions, either in whole or in part
- The Board of Directors unanimously recommends that the shareholders and warrant holders of Cinnober accept the offer
- **It is up to you - our shareholders and warrant holders - to decide**

CONDITIONS

- 90% acceptances
- Regulatory approvals, including from competition authorities
- No third party offer on more favourable terms
- No circumstances arise that have a material adverse effect on Cinnober
- No disruptive measures undertaken by Cinnober

Cinnober Group Structure

Cinnober Group



Wholly-Owned Business Areas

Cinnober Core: Exchange and real-time clearing technology

- The only independent provider of trading and clearing technology to marketplaces and clearinghouses globally
- Q3/18: the Stock Exchange of Thailand (SET) signed a new license agreement for a term of seven years
- After the end of the quarter, on 5-Nov, Bitstamp selected Cinnober to deliver a trading system for cryptocurrencies

Simplitium: Reporting and transparency services

- Solutions improve efficiency and transparency across the financial services industry
- Refocused on TRADEcho, ModEx (good momentum) and LBMA-i (soft launched planned for November with full launch in January)
- Continue to focus on streamlining and improving efficiency at Simplitium; still expect that Simplitium will achieve a positive underlying EBITDA result in 2019

Minium: Real-time post-trade risk and clearing technology

- Offers real-time clearing and risk management solutions and services to banks and brokers
- Modernising and streamlining client clearing and providing improved risk management to the banking sector
- Pursuing a second client for risk offering and a pilot client for post-trade offering
- On track to deliver the Marex Spectron risk management system in phases, starting in Q4/18



Market Surveillance Minority Holdings

KRM22 (7.3% stake) [London]

- Invested £1.2MM in the IPO of KRM22 plc during Q2/18 representing an ownership stake of just over 9.7% at the time
- KRM22 is a London-listed investment company that invests in, and acquires stakes in, selected technology companies with a focus on risk management software to the capital markets sector
- During Q3/18, KRM22 undertook a capital raise to fund acquisitions; Cinnober did not participate in this capital raise
- The capital raise diluted our shareholding to our current holding of 7.3% (from 9.7%)
- KRM22's share price remains above its IPO price

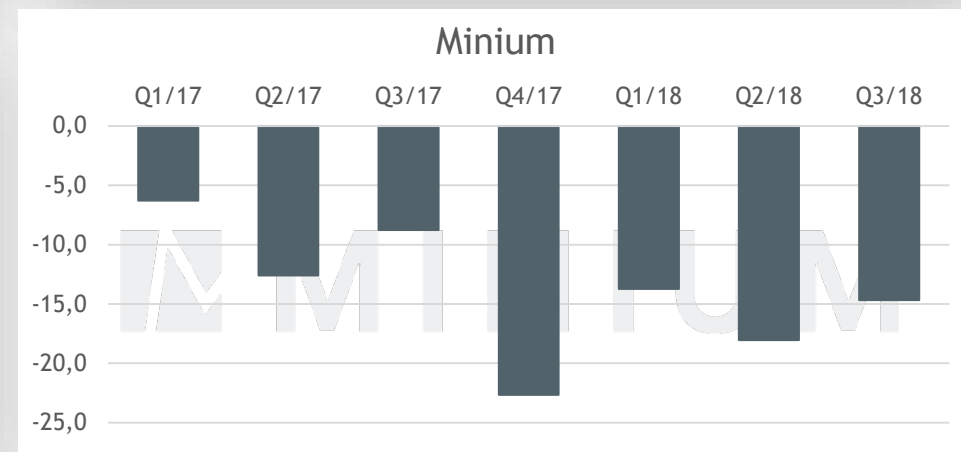
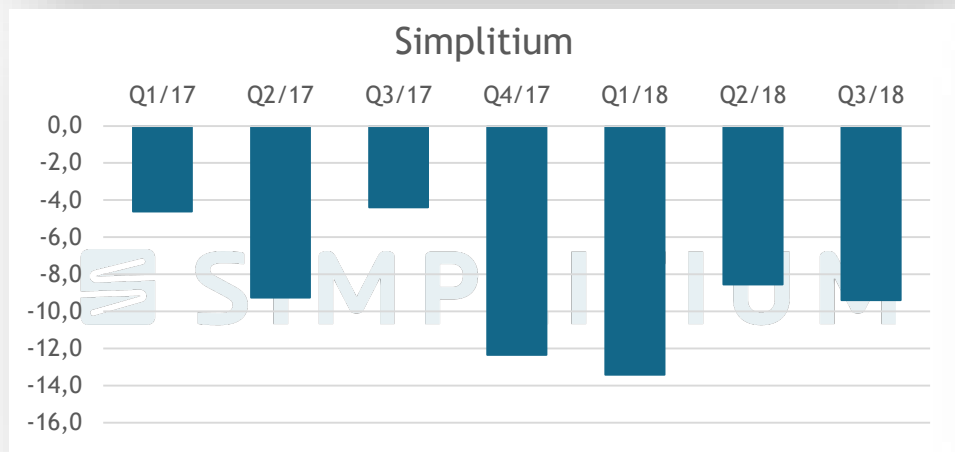
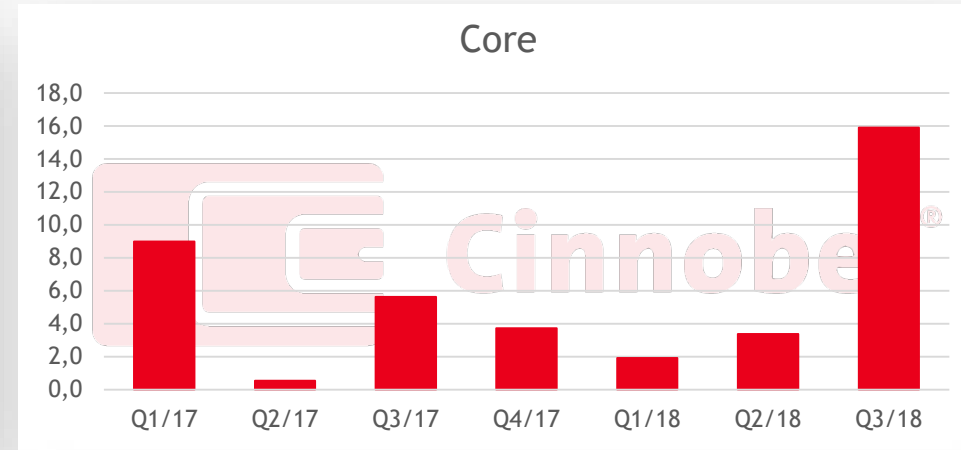
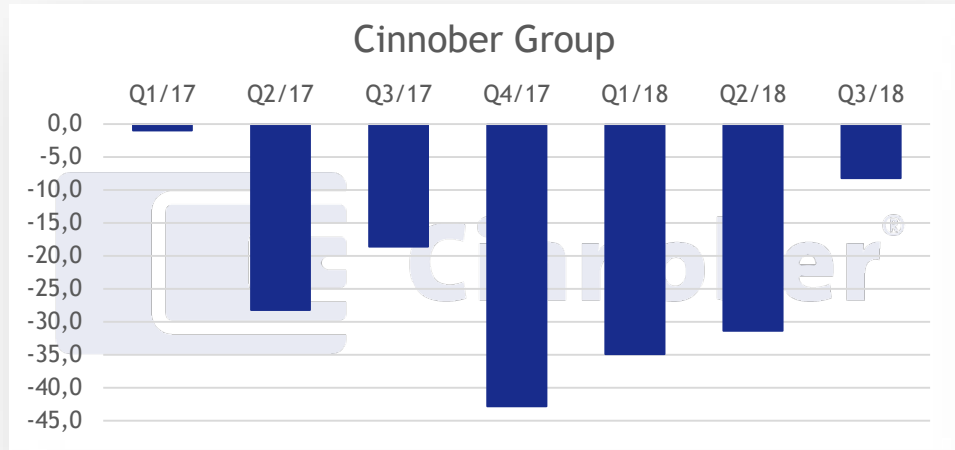
Irisium (40.0% stake) [London]

- Sold 60% to KRM22 for £2.6MM (with further potential upside) in Q2/18
- Irisium is a real-time market surveillance solution which offers market operators a seamless path from the detection of market abuse to presentable evidence
- Holding unchanged during Q3/18

Scila (27.9% stake) [Stockholm]

- Scila offers market surveillance solutions mainly for exchanges
- Holding unchanged during Q3/18

Adjusted EBITDA by Business Area

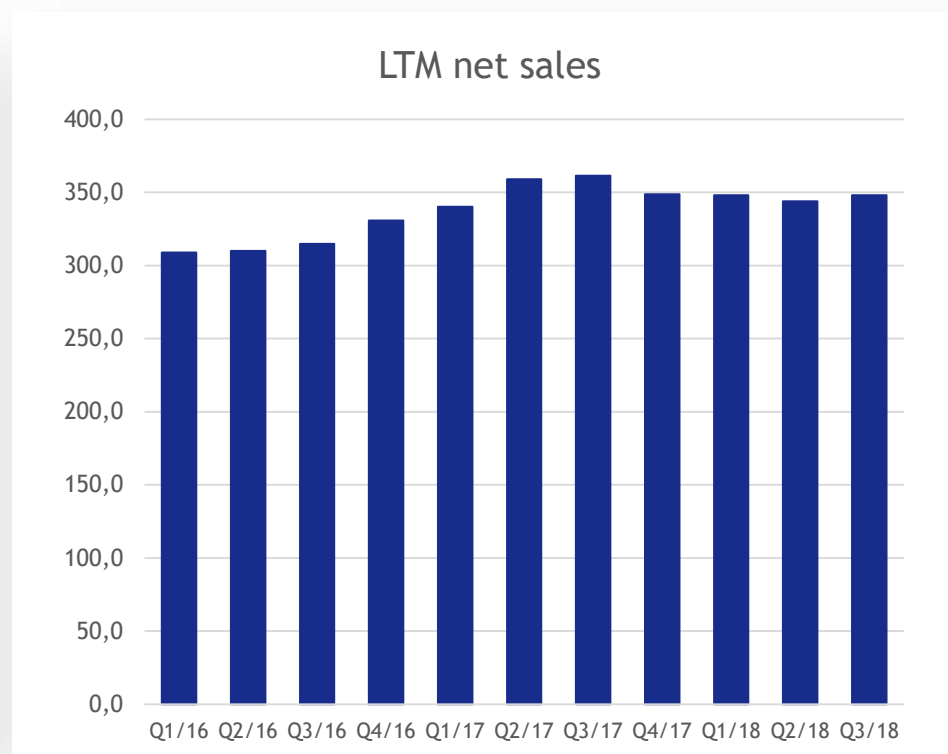
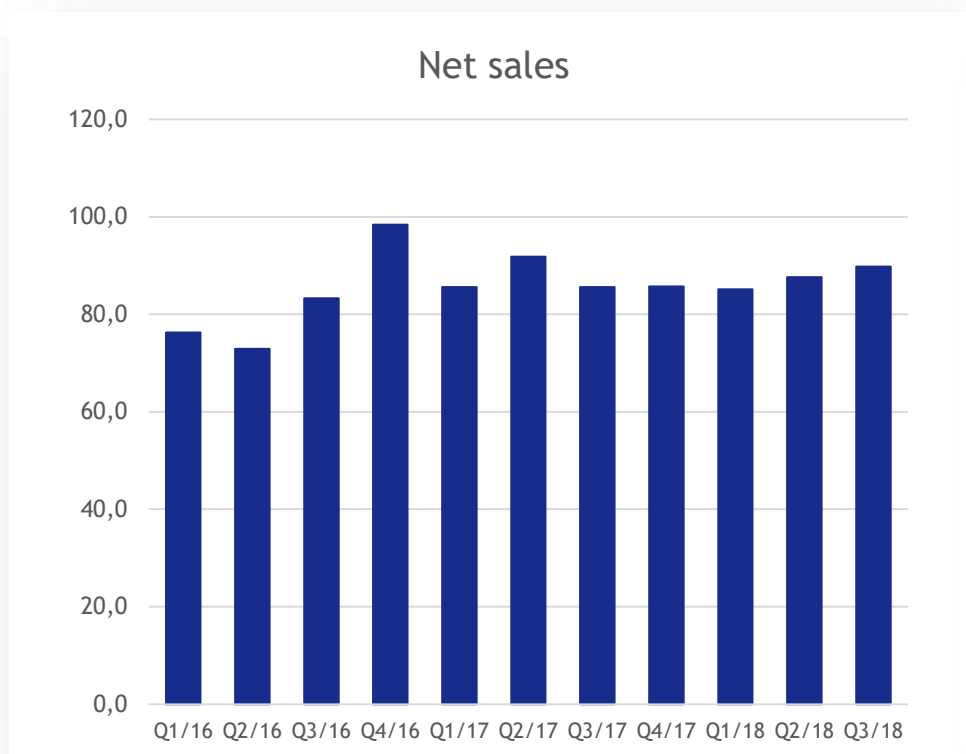


Q3/18 Results: Net Revenue

Net revenue:
SEK 89.8 million

YoY:
Increased 4.9% from SEK
85.6 million in Q3/17

QoQ:
Increased 2.5% from SEK
87.6 million in Q2/18

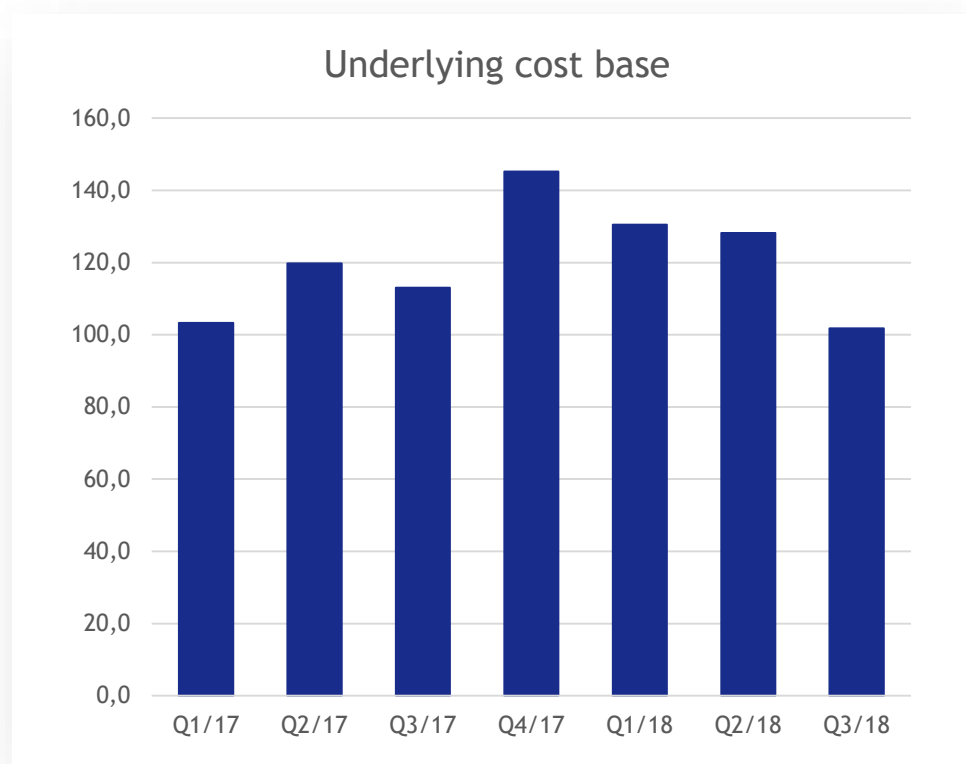


Cost Base Development

Underlying cost base:
SEK 101.8 million

YoY:
Declined by SEK 11.2
million, or 10.0%

QoQ:
Declined by SEK 26.4
million, or 20.6%



The cost base has been lowered by:

- Accounting for holiday pay with the third quarter experiencing the highest level of holidays taken by staff
- Lower personnel/consultant cost base due to active cost management
- Irisium disposed of at the end of May and is no longer fully consolidated



Adjusted EBITDA

- Cinnober continues to report an unadjusted and an adjusted (underlying) EBITDA figure
- **Q2/18 focus:** Balance sheet optimisation and clean-up
- **Q3/18 focus:** Operational restructuring and cost base reductions
- **Q4/18 focus:** Continued organisational efficiency and growth

EBITDA adjustments	Q1/18	Q2/18	Q3/18
Bad debt write-offs, net	-0.7	7.0	
Irisium disposal advisory fees	-	1.7	
Staff redundancy costs	-	0.4	3.5
Customer termination fee	-	-2.3	
One-off revenue correction			-0.8
Nasdaq bid advisory fees			1.0
	-0.7	6.8	3.6

In Millions of SEK

Adjusted EBITDA figure excludes one-off, non-recurring and exceptional items.

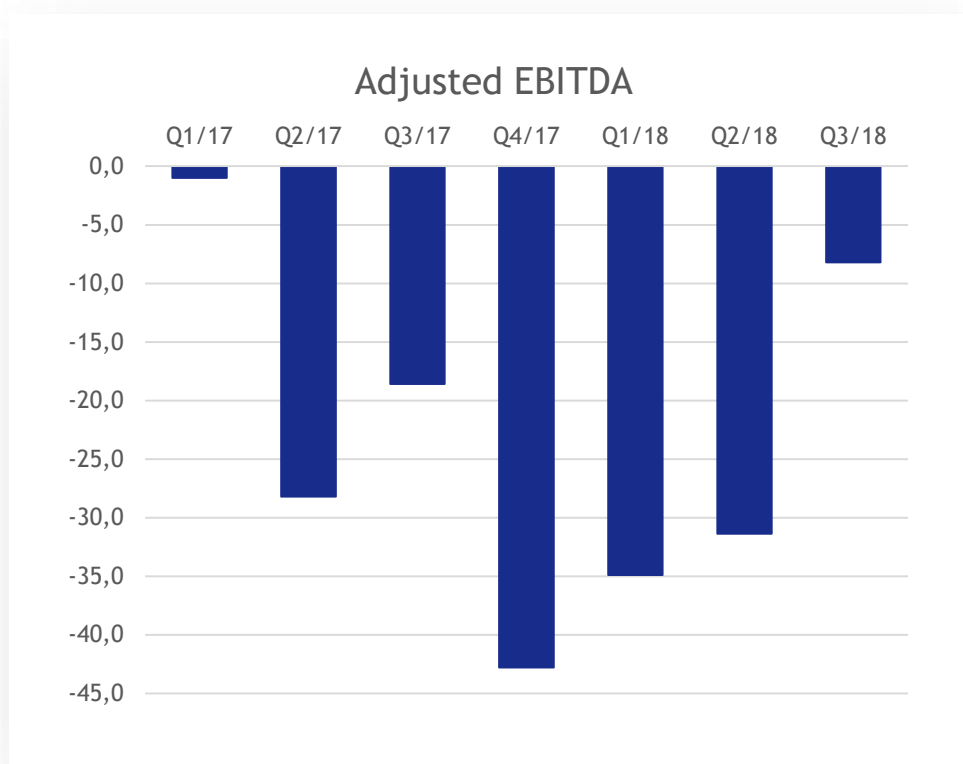


Q3/18 Results: Adjusted EBITDA

Adjusted EBITDA:
SEK -8.2 million

YoY:
Improved from SEK -18.6 million reported in Q3/17

QoQ:
Improved from SEK -31.4 million reported in Q2/18



- The journey towards profitability continues.
- As we indicated in Q2, our inflection towards profitability accelerated in Q3.



Q3/18 Results: Cash Balance/Funding

At 30-Sep 2018 we had SEK 92.4 million in cash on our balance sheet, compared to SEK 99.0 million at 30-Jun

Customer payments in Q3 of annual license and support and maintenance fees offset the funding of our operating losses during the quarter

We expect our cash balance to decline throughout the remainder of the year

Continued active management of working capital and declining operating losses will ensure sufficient funding

Update on guidance given with Q2/18 results

GUIDANCE

Expected our inflection towards profitability “to accelerate materially” (loss to narrow substantially) in Q3 and Q4 2018

Positive underlying EBITDA contribution in 2019

Target a 20% underlying EBITDA margin in 2020 (Cinnober 2020: 20% in 2020)

Hold a Capital Markets Day on the day of our Q3/18 results [8 November] at our Stockholm headquarters

UPDATE

Q3/18 shows the evidence of a substantial decline in our underlying EBITDA loss

Guidance reiterated

Guidance reiterated

On 26 September we issued an invitation to our Q3 results conference, in which we stated that “on 14 September Nasdaq announced a public offer to the shareholders in Cinnober Financial Technology. Because of this, the previously announced Capital Markets Day scheduled for 8 November will no longer take place”

Where we are today

In a strong product position, now our financial position should no longer be a concern. Best-in-class technology remains and is being more actively promoted

Discussion has shifted back to our technology, solutions and products and away from our financial state

Continued leadership position as a product innovator and as the only independent provider of technology and solutions to market infrastructure companies globally

Return to profitability will occur in 2019 while continuing to self-fund

- Intense focus on cost control and self-funding remains
- Cost base continues to decline
- Sales efforts continue and have intensified
- Optimise product offering and balance sheet holdings (minority interests)
- Make “streamline/ invest/ shut down/ invest” decision regularly on all product lines; actively manage product portfolio





Cinnober

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Questions?