

# INTERIM FINANCIAL REPORT

Cinnober Financial  
Technology AB (publ)

1 January, 2018 – 30 September, 2018

Corporate Identity Number  
556548-9654

## THIRD QUARTER HIGHLIGHTS

- ➔ Net revenue amounted to SEK 89.8 million in Q3/18, a year-on-year increase of 4.9% and a quarter-on-quarter increase of 2.5%. A majority of the revenue growth in the quarter was explained by a positive foreign exchange impact. The underlying cost base amounted to SEK 101.8 million, a 10.0% reduction year-on-year and a 20.6% reduction quarter-on-quarter.
- ➔ Adjusted (underlying) EBITDA amounted to SEK -8.2 million, an improvement from the SEK -18.6 million reported in Q3/17 and the SEK -31.4 million reported in Q2/18. The Group's Core division had adjusted EBITDA of SEK 15.9 million in Q3/18 (representing a record quarter so far this decade), after reporting SEK 1.9 million and SEK 3.4 million in adjusted EBITDA in Q1/18 and Q2/18, respectively.
- ➔ Inflection towards profitability accelerated materially in Q3/18, and intense focus on cost control and self-funding remains. At 30 September 2018, Cinnober had SEK 92.4 million in cash compared to SEK 99.0 million at 30 June 2018.
- ➔ 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.
- ➔ On 14 September, 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 of the offer commenced on 29 October 2018 and expires on 14 December 2018, subject to any extensions. Completion of the offer is subject to customary conditions.
- ➔ Cinnober appointed Peter K. Lenardos as Group Chief Executive Officer on 13 August and Fredrik Nihlén as Group Chief Financial Officer on 4 September.
- ➔ After the end of the quarter, Cinnober announced on 5 November that Bitstamp, a leading cryptocurrency exchange, had selected Cinnober to deliver a trading system for cryptocurrencies. This is categorized as a medium-sized deal.\*

\* See commercial definitions on page 20.

FINANCIAL OVERVIEW	Q3	Q3	YoY	Q2	QoQ	9 months	9 months
Group	2018	2017	CHANGE	2018	CHANGE	2018	2017
Net sales (SEK million)	89.8	85.6	4.9%	87.6	2.5%	262.5	263.0
Total revenue (SEK million)	94.3	94.4	-0.1%	96.0	-1.7%	285.8	285.6
EBITDA (SEK million)*	-11.9	-18.6	-	-38.2	-	-84.1	-47.9
EBITDA margin (%)*	-13.2	-21.8	-	-43.6	-	-32.1	-18.2
Operating profit, EBIT (SEK million)	-15.0	-19.2	-	-41.3	-	-93.5	-49.9
Operating margin (%)	-16.7	-22.5	-	-47.1	-	-35.6	-19.0
Profit/loss for the period (SEK million)	-13.0	-19.9	-	-7.7	-	-53.6	-53.4
Earnings per share after dilution (SEK)**	-0.58	-0.89	-	-0.34	-	-2.39	-2.54
Cash flow from operating activities (SEK million)	-6.3	0.2	-	24.3	-	-50.2	-60.4
Total cash flow (SEK million)	-6.6	-7.7	-	12.2	-	-70.8	103.1
Net cash (+)/net debt (-) (SEK million)	92.4	189.2	-51.2%	99.0	-6.7%	92.4	189.2

\* Reported EBITDA, not representative of adjusted (underlying) EBITDA.

\*\* Recalculated following a share split of 3:1 in June 2017.



Comments by Peter K. Lenardos

## Group CEO

The third quarter for Cinnober has been full of activity, which has resulted in a 52% increase in our share price during the period.

For my second quarterly reporting as Cinnober's Group Chief Executive Officer, I am pleased to report that our efforts to refocus and streamline the Group are largely complete, resulting in a material inflection towards profitability. Nonetheless, our focus on cost control and self-funding remains constant. Our cash balance (SEK 92.4 million at 30 September 2018), together with continued active management of working capital and an anticipated decline in operating losses, means that we have no need for any external funding.

On 14 September, Cinnober announced a public cash offer to shareholders and warrant holders to transfer their shares and warrants in Cinnober to Nasdaq for a consideration of SEK 75 per Cinnober share and SEK 85 per Cinnober warrant. The acceptance period of the offer commenced on 29 October 2018 and expires on 14 December 2018, subject to any extensions. Completion of the offer is subject to customary conditions, and Nasdaq reserves the right to waive the conditions, either in whole or in part. Cinnober's Board of Directors deem the terms of the offer merit it being put forward to the shareholders and warrant holders of Cinnober to make their own decision on the offer. As previously announced, the Board of Directors unanimously recommends that the shareholders and warrant holders of Cinnober accept the offer. But, it is up to you – our shareholders and warrant holders – to decide.

**Cinnober's financial performance in the quarter improved.** Net revenue amounted to SEK 89.8 million in Q3/18, a year-on-year increase of 4.9% and a quarter-on-quarter increase of 2.5%. The underlying cost base (after adjusting for non-recurring and/or exceptional items of SEK 4.5 million) amounted to SEK 101.8 million, representing a 10.0% reduction year-on-year and a 20.6% reduction quarter-on-quarter. Thus, adjusted (underlying) EBITDA amounted to SEK -8.2 million, an improvement from the SEK -18.6 million reported in Q3/17 and the SEK -31.4 million reported in Q2/18. **The third quarter of 2018 represents the third consecutive quarter of our inflection towards profitability from the Q4/17 low point.**

On a divisional basis:

- The Group's Core division reported adjusted EBITDA of SEK 15.9 million in Q3/18 (representing a 17.5% margin), in contrast to the SEK 1.9 million and the SEK 3.4 million in adjusted EBITDA in Q1/18 and Q2/18, respectively. **It should be noted that, for our Core division, the third quarter of 2018 represented a record quarter so far this decade.**
- Simplitium's adjusted EBITDA amounted to SEK -9.4 million in Q3/18, after reporting SEK -13.4 million and SEK -8.5 million in Q1/18 and Q2/18, respectively.
- Minium remains in a period of investment. However, we have stabilised the level. In Q1/18, Minium had adjusted EBITDA of SEK -13.7 million, and this loss increased to SEK -18.0 million in Q2/18. In Q3/18, the adjusted EBITDA loss declined to SEK -14.7 million.

When I became CFO in June 2018 (prior to my appointment as CEO in August 2018), we believed our underlying EBITDA loss would be greater than the amount reported in 2017. We now believe the 2018 underlying EBITDA loss will be lower than the amount reported in 2017. Thus, the Group is making substantial progress toward achieving our financial goals. Further, **given Cinnober's financial performance in the third quarter together with our progress so far in the fourth quarter, we reiterate our guidance to achieve a positive underlying EBITDA contribution in 2019, and a 20% underlying EBITDA margin in 2020. Our confidence in achieving these targets has increased.**

I would like to conclude by thanking our employees, customers, shareholders and other key stakeholders for their support. I remain deeply honoured to be CEO of Cinnober, a company that is the only independent provider of world-class trading and clearing technology to marketplaces and clearinghouses globally.

**Peter K. Lenardos**  
Group Chief Executive Officer

8 November 2018, Stockholm

# Business Summary

QUARTERLY SUMMARY	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Group	2018	2018	2018	2017	2017	2017	2017	2016	2016
Net sales (SEK million)	89.8	87.6	85.1	85.7	85.6	91.8	85.6	98.4	83.3
Total revenue (SEK million)	94.3	96.0	95.5	99.3	94.4	99.2	92.0	103.0	88.9
EBITDA (SEK million)*	-11.9	-38.2	-34.1	-42.8	-18.6	-28.2	-1.0	9.7	8.3
EBITDA margin (%)*	-13.2	-43.6	-40.1	-50.0	-21.8	-30.8	-1.2	9.8	10.0
Operating profit, EBIT (SEK million)	-15.0	-41.3	-37.2	-43.6	-19.2	-28.8	-1.9	9.1	7.8
Operating margin (%)	-16.7	-47.1	-43.7	-50.9	-22.5	-31.3	-2.2	9.3	9.3
Profit/loss for the period (SEK million)	-13.0	-7.7	-33.0	-44.2	-19.9	-28.9	-4.6	5.9	5.3
Earnings per share after dilution (SEK)**	-0.58	-0.34	-1.47	-1.97	-0.89	-1.29	-0.22	0.28	0.26
Cash flow from operating activities (SEK million)	-6.3	24.3	-68.1	-13.3	0.2	-32.1	-28.6	71.4	-19.9
Total cash flow (SEK million)	-6.6	12.2	-76.4	-25.9	-7.7	-44.7	155.6	67.8	-22.2
Net cash (+)/net debt (-) (SEK million)	92.4	99.0	86.8	163.2	189.2	196.9	241.7	86.1	18.2

\* Reported EBITDA, not representative of adjusted (underlying) EBITDA.

\*\* Recalculated following a share split of 3:1 in June 2017.

## NET SALES

Consolidated net sales for the third quarter amounted to SEK 89.8 (85.6) million, an increase of 4.9%. The Core division reported net sales of SEK 90.7 (86.8) million, implying year-on-year growth of 4.5%. On a currency adjusted basis, Core's net sales declined by 2.3%. Net sales in Simplitium amounted to SEK 13.9 (7.8) million, an increase of 78.2% compared to last year. Revenue growth was positively impacted by a one-off reversal of a previously made bad debt write-off. Adjusted for this impact and on a currency adjusted basis, the year-on-year revenue growth in Simplitium was 13.0%.

## EBITDA

EBITDA for the quarter amounted to SEK -11.9 (-18.6) million, corresponding to an EBITDA margin of -13.2% (-21.8%). This improvement was primarily due to lowered other external expenses, which decreased year-on-year by 30.3% to SEK -34.2 (-49.0) million, partly because of the cost savings initiative announced in early May and a subsequent reduction of the number of consultants. Personnel expenses in the third quarter amounted to SEK -65.2 (-60.0) million and included staff redundancy costs amounting to SEK -3.5 million.

In addition to reported EBITDA, from Q2/18 Cinnober also reports an adjusted EBITDA figure. Adjusted EBITDA excludes one-off, non-recurring and exceptional items to give shareholders a better understanding of underlying profitability. Adjusting for one-off items affecting comparability totaling SEK 3.6 million in the third quarter (see table below), EBITDA amounted to SEK -8.2 million.

EBITDA ADJUSTMENTS (SEK million)	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
	<b>-0.7</b>	<b>6.8</b>	<b>3.6</b>

## OPERATING PROFIT, EBIT

Operating earnings, or EBIT, for the third quarter amounted to SEK -15.0 (-19.2) million, corresponding to an operating margin of -16.7% (-22.5%).

## PROFIT IN THE PERIOD

The loss for the quarter amounted to SEK -13.0 (-19.9) million. In Q3, an adjustment to the accounting of the Irisium transaction was made, resulting in a SEK 11.5 million higher gain than reported in Q2. The total gain, reported as profits from participations in Group companies, amounted to SEK 44.3 million, compared to SEK 32.8 million reported in Q2. Further, a correction of the reporting of currency exchange gain and losses related to long-term assets and liabilities between Group companies affected the result negative by SEK 4.6 million.

Earnings per share before and after dilution amounted to SEK -0.58 (-0.89) and SEK -0.58 (-0.89), respectively.

## OFFERING AND DEVELOPMENT BY BUSINESS AREA

### REVENUE AND PROFITABILITY BY BUSINESS AREA

(SEK million)	CINNOBER*		SIMPLITIUM		MINIUM		IRISIUM**		ELIMINATIONS/ ADJUSTMENTS		GROUP	
	Q3/18	Q3/17	Q3/18	Q3/17	Q3/18	Q3/17	Q3/18	Q3/17	Q3/18	Q3/17	Q3/18	Q3/17
Net sales	90.7	86.8	13.9	7.8	-	-	-	1.2	-14.8	-10.3	89.8	85.6
EBITDA***	12.2	5.6	-4.6	-4.4	-15.1	-8.8	-	-8.8	-4.4	-2.3	-11.9	-18.6
EBIT	11.7	5.1	-8.4	-4.5	-15.5	-8.8	-	-8.8	-2.9	-2.3	-15.0	-19.2
	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Net sales	271.3	283.0	31.8	20.4	-	-	6.0	2.1	-46.6	-42.6	262.5	263.0
EBITDA***	13.0	17.8	-28.0	-18.2	-46.9	-27.6	-14.8	-13.7	-7.4	-6.1	-84.1	-47.9
EBIT	11.2	16.2	-38.7	-18.6	-47.5	-27.6	-14.9	-13.7	-3.6	-6.1	-93.5	-49.9

### ADJUSTED EBITDA BY BUSINESS AREA

(SEK million)	CINNOBER*			SIMPLITIUM			MINIUM			IRISIUM**			ELIMINATIONS/ ADJUSTMENTS			GROUP		
	Q1 2018	Q2 2018	Q3 2018	Q1 2018	Q2 2018	Q3 2018	Q1 2018	Q2 2018	Q3 2018	Q1 2018	Q2 2018	Q3 2018	Q1 2018	Q2 2018	Q3 2018	Q1 2018	Q2 2018	Q3 2018
EBITDA	2.7	-1.9	12.2	-13.4	-10.0	-4.6	-13.7	-18.0	-15.1	-8.3	-6.5	-	-1.3	-1.7	-4.4	-34.1	-38.2	-11.9
Bad debt write-offs, net	-0.7	3.7	-	-	3.3	-4.3	-	-	-	-	-	-	-	-	4.3	-0.7	7.0	-
Irisium disposal advisory fees	-	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.7	-
Staff redundancy costs	-	-	2.7	-	0.4	0.4	-	-	0.4	-	-	-	-	-	-	-	0.4	3.5
Customer termination fee	-	-	-	-	-2.3	-	-	-	-	-	-	-	-	-	-	-	-2.3	-
One-off revenue correction	-	-	-	-	-	-0.8	-	-	-	-	-	-	-	-	-	-	-	-0.8
Nasdaq bid advisory fees	-	-	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0
Adjusted EBITDA	1.9	3.4	15.9	-13.4	-8.5	-9.4	-13.7	-18.0	-14.7	-8.3	-6.5	-	-1.3	-1.7	-0.1	-34.9	-31.4	-8.2

\* Includes parent company.

\*\* From 1 June 2018, Irisium is reported as an associated company.

\*\*\* Reported EBITDA, not representative of adjusted (underlying) EBITDA.

## CASH FLOW

Cash flow was negative in the amount of SEK -6.6 (-7.7) million. Cash flow from operating activities amounted to SEK -6.3 (0.2) million, burdened by the loss after financial items of SEK -10.4 million but positively impacted by a continued decrease in working capital in the third quarter of SEK 13.7 million.

## TRADING AND CLEARING TECHNOLOGY IS OUR CORE PRODUCT

The Cinnober business area comprises the Group's Core operations and offers mission-critical exchange and real-time clearing technology to trading venues and clearinghouses globally. Our solutions are known for their reliability, security and performance. Global competition and changing regulatory requirements impose increasingly high demands on our products' ability to swiftly meet the needs of our customers.

Cinnober delivers multi-asset class solutions that span the entire transaction chain, including price discovery, order matching, clearing, settlement, risk management, market data and index calculation. The underlying platform, TRADExpress, meets prevailing demands in terms of transaction volumes, flexibility and speed. Contracts with our customers are typically long-term in nature since we are providing technology that operates at the core of their businesses.

Cinnober is the only independent provider of trading and clearing technology to marketplaces and clearinghouses globally and has deployed its technology on all six continents. In addition to extending sales in existing markets, the Core business seeks expansion by leveraging existing technology to deliver new solutions in additional markets and asset classes (such as crypto-currencies).

- In the third quarter, the Stock Exchange of Thailand (SET) signed a new license agreement with Cinnober for a term of seven years. The license covers a multi-asset class trading platform for SET's equities and derivatives markets, including index calculation and data dissemination functionality, built on Cinnober's TRADExpress technology and the Scila market surveillance system. SET has operated successfully using Cinnober software since September 2012, with a track record of 100% uptime. During this period, the Thai exchange has strengthened its position in the market to become the most liquid equities exchange in the ASEAN region. In addition, derivatives trading volumes and open interest have grown steadily, while business from foreign investors has increased.
- During the second quarter, a new derivatives exchange and clearinghouse based in Singapore, Asia Pacific Exchange (APEX), launched its new market, powered by Cinnober's real-time clearing solution and the Irisium surveillance platform.
- In the first quarter of 2018, an existing client, the Dubai Gold & Commodities Exchange (DGCX), and its wholly-owned subsidiary, the Dubai Commodities Clearing Corporation (DCCC), which is the leading derivatives exchange and clearinghouse in the Middle East, upgraded their integrated trading and clearing solution from Cinnober to the latest version of the TRADExpress platform. The upgrade will enhance and speed up business development capabilities even further, and provide a more refined trade and market data protocol, leading to improved bandwidth usage.
- Also in the first quarter of 2018, Japan Exchange Group (JPX) went live with the clearing and risk systems, delivered by Cinnober, for exchange-traded derivatives. In early June, JPX completed the rollout of a new cross-asset risk system for all of its asset classes, including equities, exchange-traded derivatives, government bonds, interest rate swaps, and credit default swaps. The new risk system performs massive sets of calculations in real-time and allows efficient risk monitoring using a single

dashboard for over-the-counter (OTC) and exchange-traded instruments, across all of JPX's asset classes. The new system strengthens JPX in the competition for international trading participants, with industry best practice functions, automation of manual processes, and transparent risk management. JPX's new risk solution is based on Cinnober's TRADExpress CCP Risk, which is a cross-asset risk solution tailored specifically to the needs of central clearing counterparties (CCPs) and the challenges that have emerged in today's increasingly complex clearing landscape.

In addition to SET, APEX, DGCX and JPX mentioned above, other major existing Cinnober customers include the Australian Securities Exchange (ASX), B3 (which was established upon the merger of BM&FBOVESPA and Cetip), Johannesburg Stock Exchange (JSE), the London Metal Exchange (LME), and LME Clear.

## NEWER BUSINESS AREAS OUTSIDE OF OUR CORE OFFERING

Below we summarize our three other business lines – Simplitium (which focuses primarily on reporting and transparency solutions), Minium (which is developing real-time post-trade risk and clearing technology), and our Market Surveillance holdings (which comprises minority holdings in three companies).

### Reporting and transparency: Simplitium

Simplitium delivers specialist solutions to solve complex challenges within financial services, servicing some of the largest banks, investment firms and insurance companies in the world. Simplitium's services improve efficiency and transparency across the financial services industry, providing clients with independent, pragmatic and proven solutions which help them meet both regulatory demands and complex business challenges. Simplitium continues to support investment firms in meeting their regulatory transparency obligations through TRADEcho but has also expanded its service portfolio beyond this. The active business lines within Simplitium are:

- **TRADEcho:** a one-stop shop for MiFID II transparency services, helping firms meet the pre- and post-trade reporting obligations required by MiFID II. The service is provided in partnership with the London Stock Exchange [Target market: buy- and sell-side firms as well as asset managers].
- **ModEx:** a catastrophe risk modelling platform for the insurance and reinsurance industry, operated on the open source Oasis Loss Modelling Framework [Target market: insurance and reinsurance firms].
- **LBMA-i:** a trade transparency service for the London Bullion Market Association that collects trades from the LBMA membership and publishes aggregated and anonymized trade data to the market. The LBMA-i market



data service (to be launched in 2018) will create a more accurate picture of the size and shape of the market. This will increase the transparency, liquidity and efficiency of the OTC precious metals market. [Target market: LBMA members and any market participant relying on accurate market data in the OTC market for precious metals].

We continue to focus on streamlining and improving efficiency at Simplitium. We still expect that Simplitium will achieve a positive underlying EBITDA result in 2019.

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

Minium was established in 2017 to offer real-time clearing and risk management solutions and services to international banks and brokers, building on Cinnober's existing technology and expertise. Minium's solution seeks to modernize and streamline client clearing services and provide improved risk management to the banking sector. This is an area that is continuously faced with new regulations, tougher capital and liquidity requirements, and high spending resulting from the use of legacy IT infrastructure.

Minium has considerable growth potential and its target market is several times larger than Cinnober's core target market. Minium targets banks and brokers who collectively spend over \$2 billion per year on risk and post-trade systems. While our initial focus is on delivering a risk solution, we build our software on re-usable modules which means that we are already creating the base of our cleared derivatives post-trade offering at the same time.

Minium's offering facilitates efficient use of capital and operational improvements through the delivery of a cloud-based solution that supports all global asset classes. Minium's solution provides international banks and brokerages, and their customers, with a comprehensive, real-time view of their risk exposure towards different markets.

Minium is on track to deliver the Marex Spectron risk management system in phases, starting in Q4 2018. The solution will allow Marex, a leading global broker of financial instruments in the commodities sector, to enhance its monitoring of counterparty risk in real time across multiple asset classes. Marex will leverage Minium's real-time risk management solution to consolidate several legacy systems it currently uses into a single platform with additional key features, including initial margin and valuation replication over 24 global CCPs with the ability to perform simulations in a number of scenarios. We see this deal as an important milestone and a testament to our commitment to provide innovative technology solutions that deliver productivity gains and enhanced transparency. Minium continues to pursue further clients for its risk offering, in addition to a pilot customer for its post-trade offering.

### **Market surveillance holdings: KRM22, Irisium, Scila**

Our market surveillance holdings cater to a large and growing market for trade surveillance services, primarily for banks, brokerages, exchanges, asset managers and regulators. The trade surveillance systems market is predicted to grow from \$600 million in 2017 to \$1.45 billion by 2022, representing average annual growth of almost 20%, according to a study from ReportBuyer.

During the second quarter of 2018, Cinnober invested £1.2 million in the initial public offering (IPO) of KRM22 plc, 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. KRM22 completed its initial public offering on London Stock Exchange Group-owned AIM in London on 30 April. KRM22 is listed under the ticker "KRM" and went public at 100p per share.

During the third quarter of 2018, 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%. KRM22's share price remains above its IPO price.

At the end of the third quarter, Cinnober continues to own 40.0% of Irisium and 27.9% of Scila. Irisium, based in London, is a real-time market surveillance solution which offers market operators a seamless path from the detection of market abuse to presentable evidence. Scila, based in Stockholm, offers market surveillance solutions mainly for exchanges. The Group's reported earnings from participations in associated companies in the third quarter amounted to SEK 0.1 million and include Cinnober's share of Scila's and Irisium's earnings in the second quarter of 2018.

### **INVESTMENTS/PRODUCT DEVELOPMENT**

To safeguard a long-term leading position, resources are continuously invested in the ongoing development of the product and service portfolio. Previously, Cinnober has not capitalized the substantial expenses that have been incurred to develop the market-leading trading and real-time clearing systems that the company currently offers. The same applies to the comprehensive initiative undertaken to develop the client clearing technology. Cinnober owns the intellectual property rights to all these systems.

Effective from 2016 until 30 June 2018, Cinnober capitalized development expenses for an intangible fixed asset developed in-house. The asset is related to the software platform for reporting transactions, in accordance with changed regulatory requirements, that Simplitium offers the market under the TRADEcho brand together with London Stock Exchange Group.

On 30 September 2018, the Group's capitalized expenses for development and similar work amounted to SEK 42.9 (40.9) million related to the TRADEcho software platform developed in-house. The asset is being amortized over a period of five years starting in 2018.

## EMPLOYEES

As of the second quarter 2018, Cinnober has changed the manner it reports employment figures and going forward will disclose the number of "working permanent employees", which includes permanent employees only (not temporary employees such as summer interns and project employees) and excludes employees that are absent due to parental leave, long-term sick leave, or are otherwise off-duty.

As of 30 September 2018, the number of working permanent employees amounted to 293, a decrease from 307 as at 30 June 2018. The number of contractors amounted to 19 and remained unchanged compared to the second quarter. Thus, working permanent employees plus contractors decreased quarter-on-quarter from 326 to 312.

## PARENT COMPANY

In the first quarter of 2018, a majority of the operational personnel in the core operations (exchange and clearing technology) were transferred from the Parent Company to a wholly-owned subsidiary. Costs attributable to these employees have since been invoiced from the subsidiary to the Parent Company.

The Parent Company's net sales for the third quarter of 2018 amounted to SEK 91.9 (86.8) million and profit for the quarter amounted to SEK 7.8 (3.9) million. As at 30 September 2018, the company had 25 employees (212).

## SIGNIFICANT EVENTS AFTER THE END OF THE QUARTER

Cinnober announced on 5 November that Bitstamp, a leading cryptocurrency exchange, had selected Cinnober to deliver a trading system for cryptocurrencies. This is categorized as a medium-sized deal (see Commercial definitions on page 20).

## ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Annual Accounts Act. No changes in accounting principles have occurred since the last Annual Report.

## CURRENCY EXPOSURE

The Group primarily earns revenue in EUR and USD (and increasingly in GBP), while the majority of its cost base is in SEK and GBP. Accordingly, exchange-rate fluctuations impact the consolidated income statement and balance sheet. The Group occasionally uses currency forward contracts to hedge parts of its exposure from foreign currencies. Hedge

accounting is applied when currency futures are utilized. Currency futures are reported "off balance sheet." As of the report date, there were no currency forward contracts outstanding and, accordingly, no unreported and unrealized exchange rate gains or losses.

Foreign exchange movements positively impacted revenue in Q1, Q2 and Q3 by SEK 7.0 million, SEK 7.5 million and SEK 9.1 million, respectively. The majority of the effect relates to revenues invoiced in foreign currency exchanged to SEK and revaluation of foreign currency denominated receivables and payables to SEK. On the cost side, Cinnober experienced an increasingly detrimental impact to our cost base from foreign exchange movements. In Q1, foreign currency movements increased the cost base by SEK 1.5 million, which increased to SEK 5.2 million in Q2 and increased further to SEK 8.5 million in Q3. The effect on the cost side is explained by revaluation of foreign receivables and payables to SEK. The net effect on EBITDA has decreased throughout 2018 (because the impact on net revenue and the cost base have both increased throughout 2018), but the impact is still positive. In Q1/18, foreign currency positively impacted EBITDA by SEK 5.5 million. In Q2/18, the positive impact on EBITDA declined to SEK 2.3 million and declined further to SEK 0.6 million in Q3/18.

## RISKS

Cinnober's operations are affected by a number of factors, some of which are under the company's control while others are not. The business is affected by operational risks such as project risks, competition, recruitment, trends among major customers and bad debt losses. Market risks include business cycle risks, whereas financial risks primarily include currency exchange risks.

Cinnober's growth initiatives Simplitium and Minium are at various start-up phases and, as such, are exposed to the above risks to a greater extent than the core operations. New products and services are offered to the market under these initiatives, entailing increased business-related risks. The fact that these initiatives generate losses during the start-up phase also entails greater financing and liquidity risks.

Additional information can be found in the published Annual Report for 2017 (p. 26-27), which is available via <https://group.cinnober.com/investors/reports-and-presentations>.

## SHARE DATA

As per 30 September, 2018, the company's capital stock totaled SEK 7,477,035 (7,477,035), consisting of 22,431,105 shares (22,431,105). The average number of shares during the quarter was 22,431,105 (22,431,105).

The company's shares are traded on the Nasdaq First North exchange (CINN, ISIN code: SE0010023556, LEI code:

529900596KTN6Q8T7576). On the record date of 19 June, 2017, a split of 3:1 was made, which meant that each share was divided into 3 shares. The quota value per share was changed from SEK 1 per share to SEK 0.33 per share (the average number of shares during the comparative period above has been recalculated to reflect this).

During the quarter, 4,802,340 shares were traded. The latest price paid, on 28 September 2018, was SEK 80.00. On 14 September, 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.

Stockholm, 8 November, 2018

Cinnober Financial Technology AB (publ)

**Nils-Robert Persson, Chairman of the Board**

**Cecilia Lager**

**Peter Lenti**

**Helena Westin**

**Bo Mattsson**

**Peter K. Lenardos, CEO**

Questions regarding this interim report should be addressed to:

Peter K. Lenardos, CEO  
Telephone +46 (0)8 – 503 047 00  
peter.lenardos@cinnober.com



# Auditors review report

## INTRODUCTION

We have reviewed the interim report for Cinnober Financial Technology AB (publ) for the period January 1 - September 30, 2018. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 8 November, 2018

Deloitte AB

Svante Forsberg  
Authorized Public Accountant

## CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in thousands of SEK	July - September		January - September	
	2018	2017	2018	2017
Net sales	89 787	85 569	262 495	262 951
Capitalised work on own account	-	5 815	6 183	17 290
Other operating income	4 529	3 059	17 135	5 328
	<b>94 316</b>	<b>94 443</b>	<b>285 813</b>	<b>285 569</b>
<b>Operating expenses</b>				
Other external expenses	-34 150	-49 000	-133 646	-141 671
Personnel expenses	-65 207	-60 014	-226 069	-186 722
Other operating expenses	-6 932	-4 026	-10 292	-7 720
Profit from participations in associated companies	115	-43	45	2 660
<b>Operating profit before depreciation/amortization</b>	<b>-11 858</b>	<b>-18 640</b>	<b>-84 149</b>	<b>-47 884</b>
Depreciation/amortization and impairment of equipment and intangible assets	-3 158	-587	-9 304	-1 978
<b>Operating profit, EBIT</b>	<b>-15 016</b>	<b>-19 227</b>	<b>-93 453</b>	<b>-49 862</b>
<b>Profit from financial items</b>				
Interest income and similar income items	-4 886	418	2 073	700
Interest expenses and similar expense items	-2 035	-793	-2 413	-2 700
Profit from participations in Group companies	11 545	-	44 341	-
<b>Profit after financial items</b>	<b>-10 392</b>	<b>-19 602</b>	<b>-49 452</b>	<b>-51 862</b>
<b>Profit before tax</b>	<b>-10 392</b>	<b>-19 602</b>	<b>-49 452</b>	<b>-51 862</b>
Tax on profit for the period*	-2 588	-261	-4 185	-1 518
<b>Net profit for the period</b>	<b>-12 980</b>	<b>-19 863</b>	<b>-53 637</b>	<b>-53 380</b>
<b>Attributable to the Parent Company's shareholders</b>	<b>-12 980</b>	<b>-19 863</b>	<b>-53 637</b>	<b>-53 380</b>
<b>*Note regarding tax on profit for the year:</b>				
Current tax:	-2 031	-789	-4 260	-2 957
Deferred tax:	-557	528	75	1 439
<b>Total reported income tax:</b>	<b>-2 588</b>	<b>-261</b>	<b>-4 185</b>	<b>-1 518</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

Amounts in thousands of SEK	30 Sep 2018	30 Jun 2018	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i><b>Intangible assets</b></i>			
Capitalized expenditures for research and development and similar	42 873	46 111	40 922
Concessions, patents, licenses, trademarks and similar rights	-	-	6 663
	<b>42 873</b>	<b>46 111</b>	<b>47 585</b>
<i><b>Property, plant and equipment</b></i>			
Equipment, tools, fixtures and fittings	11 190	10 845	9 768
	<b>11 190</b>	<b>10 845</b>	<b>9 768</b>
<i><b>Financial assets</b></i>			
Participations in associated companies	17 390	17 275	6 304
Receivables from associated companies	13 731	13 772	-
Other long-term securities	14 339	14 339	118
Deferred tax asset	5 533	6 091	5 458
Other long-term receivables	1 768	1 795	1 757
	<b>52 761</b>	<b>53 272</b>	<b>13 637</b>
<b>Total non-current assets</b>	<b>106 824</b>	<b>110 228</b>	<b>70 990</b>
<b>Current assets</b>			
<i><b>Current receivables</b></i>			
Accounts receivable - trade	51 605	30 843	50 368
Receivables from associated companies	2 745	722	-
Current tax receivables*	18 573	18 284	16 734
Other receivables	6 643	11 859	17 279
Prepaid expenses and accrued income	44 271	60 729	46 011
	<b>123 837</b>	<b>122 437</b>	<b>130 392</b>
<i><b>Cash and bank balances</b></i>	<b>92 403</b>	<b>99 043</b>	<b>163 238</b>
<b>Total current assets</b>	<b>216 240</b>	<b>221 480</b>	<b>293 630</b>
<b>TOTAL ASSETS</b>	<b>323 064</b>	<b>331 708</b>	<b>364 620</b>

\* Of which, 18 327 (18 059/17 034) pertains to taxes deducted at source outside Sweden and that may be deducted against future Swedish corporation tax.

## CONDENSED CONSOLIDATED BALANCE SHEET

Amounts in thousands of SEK	30 Sep 2018	30 Jun 2018	31 Dec 2017
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Share capital (22 431 105 shares)	7 477	7 477	7 477
Other contributed capital	221 999	221 789	221 789
Other equity, including profit/loss for the period	-109 730	-91 571	-56 734
<b>Equity attributable to the Parent Company's shareholders</b>	<b>119 746</b>	<b>137 695</b>	<b>172 532</b>
<b>Total equity</b>	<b>119 746</b>	<b>137 695</b>	<b>172 532</b>
<i>Provisions</i>			
Deferred tax liability	111	113	106
	<b>111</b>	<b>113</b>	<b>106</b>
<i>Current liabilities</i>			
Accounts payable - trade	15 328	20 865	20 767
Liabilities to associated companies	-	7 350	7 110
Other liabilities	31 905	20 824	11 330
Accrued expenses and deferred income	155 974	144 861	152 775
	<b>203 207</b>	<b>193 900</b>	<b>191 982</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>323 064</b>	<b>331 708</b>	<b>364 620</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### *Equity attributable to the Parent Company's shareholders*

Amounts in thousands of SEK	Share capital	Other contributed capital	Other equity, inc. profit/loss for the year	Total equity attributable to the Parent Company's shareholders	Total equity
<b>Opening balance on 1 January, 2017</b>	<b>6 549</b>	<b>34 587</b>	<b>41 478</b>	<b>82 614</b>	<b>82 614</b>
Profit for the year			-97 572	-97 572	-97 572
Changes in the carrying amount of assets and liabilities:					
Translation difference			-640	-640	-640
Employee share-option program	236	12 611		12 847	12 847
<b>Total changes in value</b>	<b>236</b>	<b>12 611</b>	<b>-640</b>	<b>12 207</b>	<b>12 207</b>
Transactions with shareholders:					
New share issue	692	179 308		180 000	180 000
Issue costs		-4 717		-4 717	-4 717
<b>Total transactions with shareholders</b>	<b>692</b>	<b>174 591</b>	<b>-</b>	<b>175 283</b>	<b>175 283</b>
<b>Closing balance on 31 December, 2017</b>	<b>7 477</b>	<b>221 789</b>	<b>-56 734</b>	<b>172 532</b>	<b>172 532</b>

Share capital 22 431 105 shares with a quota value of SEK 0.33

Capital surplus has been reclassified from Other equity, including profit/loss for the year to Other contributed capital.

### *Equity attributable to the Parent Company's shareholders*

Amounts in thousands of SEK	Share capital	Other contributed capital	Other equity, inc. profit/loss for the period	Total equity attributable to the Parent Company's shareholders	Total equity
<b>Opening balance on 1 January, 2018</b>	<b>7 477</b>	<b>221 789</b>	<b>-56 734</b>	<b>172 532</b>	<b>172 532</b>
Profit for the period			-53 637	-53 637	-53 637
Changes in the carrying amount of assets and liabilities:					
Translation difference			641	641	641
Employee share-option program		210	-	210	210
<b>Total changes in value</b>	<b>-</b>	<b>210</b>	<b>641</b>	<b>851</b>	<b>851</b>
<b>Closing balance on 30 September, 2018</b>	<b>7 477</b>	<b>221 999</b>	<b>-109 730</b>	<b>119 746</b>	<b>119 746</b>

Share capital 22 431 105 shares with a quota value of 0.33 SEK

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of SEK	July - September		January - September	
	2018	2017	2018	2017
<b>Operating activities</b>				
Profit after financial items	-10 392	-19 602	-49 452	-51 862
Adjustments for non-cash items	-1 577	577	-11 473	48
Income tax paid	-8 053	-1 493	-4 721	-4 538
<b>Cash flow from operating activities before working capital changes</b>	<b>-20 022</b>	<b>-20 518</b>	<b>-65 646</b>	<b>-56 352</b>
<b>Cash flow from working capital changes</b>				
Increase (-)/Decrease (+) in current receivables	4 390	4 820	4 249	-38 146
Increase (+)/Decrease (-) in current liabilities	9 305	15 915	11 230	34 056
<b>Cash flow from operating activities</b>	<b>-6 327</b>	<b>217</b>	<b>-50 167</b>	<b>-60 442</b>
<b>Investing activities</b>				
Divestment of subsidiaries	-	-	19 882	-
Purchase of intangible assets	-	-5 238	-9 888	-22 862
Purchase of equipment	-1 111	-2 716	-5 035	-3 423
Dividends received	-	-	2 214	1 845
Aquisition of other long-term securities	-	-	-14 221	-118
Increase (-)/Decrease (+) in long-term receivables	588	-	-13 817	-
<b>Cash flow from investing activities</b>	<b>-523</b>	<b>-7 954</b>	<b>-20 865</b>	<b>-24 558</b>
<b>Financing activities</b>				
New share issue	-	-	-	175 283
Subscription of shares by exercising of warrants	210	-	210	20 419
Repurchased warrants	-	-	-13	-7 573
<b>Cash flow from financing activities</b>	<b>210</b>	<b>-</b>	<b>197</b>	<b>188 129</b>
<b>Cash flow for the period</b>	<b>-6 640</b>	<b>-7 737</b>	<b>-70 835</b>	<b>103 129</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>99 043</b>	<b>196 916</b>	<b>163 238</b>	<b>86 050</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>92 403</b>	<b>189 179</b>	<b>92 403</b>	<b>189 179</b>



## CONDENSED PARENT COMPANY INCOME STATEMENT

Amounts in thousands of SEK	July - September		January - September	
	2018	2017	2018	2017
<b>Operating income</b>				
Net sales	91 921	86 844	274 731	282 972
Other operating income	3 553	2 871	14 258	5 071
	<b>95 474</b>	<b>89 715</b>	<b>288 989</b>	<b>288 043</b>
<b>Operating expenses</b>				
Other external expenses	-68 185	-42 243	-245 884	-141 511
Personnel expenses	-8 753	-38 166	-21 210	-125 109
Other operating expenses	-6 577	-3 893	-9 377	-6 841
<b>Operating profit before depreciation/amortization</b>	<b>11 959</b>	<b>5 413</b>	<b>12 518</b>	<b>14 582</b>
Depreciation/amortization and impairment of equipment and intangible assets	-352	-265	-1 224	-1 058
<b>Operating profit, EBIT</b>	<b>11 607</b>	<b>5 148</b>	<b>11 294</b>	<b>13 524</b>
<b>Profit from financial items</b>				
Profit from participations in Group companies	-	-	1 748	-
Profit from participations in associated companies	-	-	2 214	1 845
Interest income and similar income items	463	256	8 912	442
Interest expenses and similar expense items	-2 014	-703	-2 359	-2 559
<b>Profit after financial items</b>	<b>10 056</b>	<b>4 701</b>	<b>21 809</b>	<b>13 252</b>
<b>Profit before tax</b>	<b>10 056</b>	<b>4 701</b>	<b>21 809</b>	<b>13 252</b>
Tax on profit for the period*	-2 240	-757	-3 973	-2 830
<b>Profit for the period</b>	<b>7 816</b>	<b>3 944</b>	<b>17 836</b>	<b>10 422</b>
<b>*Note regarding tax on profit for the period:</b>				
Current tax:	-2 012	-784	-4 217	-2 913
Deferred tax:	-228	27	244	83
<b>Total reported income tax:</b>	<b>-2 240</b>	<b>-757</b>	<b>-3 973</b>	<b>-2 830</b>

## CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in thousands of SEK	30 Sep 2018	30 Jun 2018	31 Dec 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Property, plant and equipment</i>			
Equipment, tools, fixtures and fittings	5 441	5 815	5 991
	<b>5 441</b>	<b>5 815</b>	<b>5 991</b>
<i>Financial assets</i>			
Participations in Group companies	185 941	185 941	185 941
Receivables from Group companies	103 418	105 010	98 844
Participations in associated companies	14 699	14 699	2 610
Receivables from associated companies	13 731	13 772	-
Other long-term securities	14 339	14 339	118
Deferred tax	829	1 057	585
Other long-term receivables	25	25	91
	<b>332 982</b>	<b>334 843</b>	<b>288 189</b>
<b>Total non-current assets</b>	<b>338 423</b>	<b>340 658</b>	<b>294 180</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Accounts receivable - trade	39 069	28 908	49 134
Receivables from Group companies	103 214	84 929	49 354
Receivables from associated companies	2 745	-	-
Current tax receivables*	14 519	16 047	15 688
Other receivables	3 939	6 722	8 851
Prepaid expenses and accrued income	23 673	41 293	35 409
	<b>187 159</b>	<b>177 899</b>	<b>158 436</b>
<i>Cash and bank balances</i>	<b>79 765</b>	<b>69 635</b>	<b>46 578</b>
<b>Total current assets</b>	<b>266 924</b>	<b>247 534</b>	<b>205 014</b>
<b>TOTAL ASSETS</b>	<b>605 347</b>	<b>588 192</b>	<b>499 194</b>

\* Of which, 18 327 (18 059/17 034) pertains to taxes deducted at source outside Sweden and that may be deducted against future Swedish corporation tax.

## CONDENSED PARENT COMPANY BALANCE SHEET

Amounts in thousands of SEK	30 Sep 2018	30 Jun 2018	31 Dec 2017
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital (22 431 105 shares)	7 477	7 477	7 477
Statutory reserve	18 009	18 009	18 009
	<b>25 486</b>	<b>25 486</b>	<b>25 486</b>
<i>Non-restricted equity</i>			
Capital surplus	203 059	202 849	202 849
Profit brought forward	72 134	72 134	68 689
Profit for the period	17 836	10 020	3 445
	<b>293 029</b>	<b>285 003</b>	<b>274 983</b>
<b>Total equity</b>	<b>318 515</b>	<b>310 489</b>	<b>300 469</b>
<i>Current liabilities</i>			
Accounts payable - trade	10 265	10 477	15 103
Liabilities to Group companies	163 028	159 189	46 364
Liabilities to associated companies	-	7 350	7 110
Other liabilities	2 158	2 125	3 309
Accrued expenses and deferred income	111 381	98 562	126 839
	<b>286 832</b>	<b>277 703</b>	<b>198 725</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>605 347</b>	<b>588 192</b>	<b>499 194</b>

## CONDENSED PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of SEK	<i>Restricted equity</i>		<i>Non-restricted equity</i>			Total equity
	Share capital	Statutory reserve	Capital surplus	Profit brought forward	Profit for the year	
<b>Opening balance on 1 January, 2017</b>	<b>6 549</b>	<b>18 009</b>	<b>15 648</b>	<b>45 242</b>	<b>23 447</b>	<b>108 895</b>
Allocation of the previous year's result				23 447	-23 447	-
Profit for the year					3 445	3 445
Changes in the carrying amount of assets and liabilities:						
Employee share-option program	236		12 611			12 847
<b>Total changes in value</b>	<b>236</b>	<b>-</b>	<b>12 611</b>	<b>-</b>	<b>-</b>	<b>12 847</b>
Transactions with shareholders:						
New share issue	692		179 308			180 000
Issue costs			-4 717			-4 717
<b>Total transactions with shareholders</b>	<b>692</b>	<b>-</b>	<b>174 591</b>	<b>-</b>	<b>-</b>	<b>175 283</b>
<b>Closing balance on 31 December, 2017</b>	<b>7 477</b>	<b>18 009</b>	<b>202 849</b>	<b>68 689</b>	<b>3 445</b>	<b>300 469</b>

Share capital 22 431 105 shares with a quota value of SEK 0.33

Amounts in thousands of SEK	<i>Restricted equity</i>		<i>Non-restricted equity</i>			Total equity
	Share capital	Statutory reserve	Capital surplus	Profit brought forward	Profit for the period	
<b>Opening balance on 1 January, 2018</b>	<b>7 477</b>	<b>18 009</b>	<b>202 849</b>	<b>68 689</b>	<b>3 445</b>	<b>300 469</b>
Allocation of the previous year's result				3 445	-3 445	-
Profit for the period					17 836	17 836
Changes in the carrying amount of assets and liabilities:						
Employee share-option program			210			210
<b>Total changes in value</b>	<b>-</b>	<b>-</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>210</b>
Transactions with shareholders:						
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance on 30 September, 2018</b>	<b>7 477</b>	<b>18 009</b>	<b>203 059</b>	<b>72 134</b>	<b>17 836</b>	<b>318 515</b>

Share capital 22 431 105 shares with a quota value of 0.33 SEK

## CONDENSED PARENT COMPANY CASH FLOW STATEMENT

Amounts in thousands of SEK	July - September		January - September	
	2018	2017	2018	2017
<b>Operating activities</b>				
Profit after financial items	10 056	4 701	21 809	13 252
Adjustments for non-cash items	196	448	2 487	1 317
Income tax paid	-217	-1 239	-1 756	-3 717
<b>Cash flow from operating activities before working capital changes</b>	<b>10 035</b>	<b>3 910</b>	<b>22 540</b>	<b>10 852</b>
<b>Cash flow from working capital changes</b>				
Increase (-)/Decrease (+) in current receivables	-11 041	-3 914	-33 866	-91 989
Increase (+)/Decrease (-) in current liabilities	9 127	66 582	88 107	87 130
<b>Cash flow from operating activities</b>	<b>8 121</b>	<b>66 578</b>	<b>76 781</b>	<b>5 993</b>
<b>Investing activities</b>				
Divestment of subsidiaries	-	-	19 882	-
Purchase of intangible assets	-	-	-	-25
Purchase of equipment	-62	-2 097	-758	-2 478
Aquisition of other long-term securities	-	-	-14 221	-
Increase (-)/Decrease (+) in long-term receivables	1 861	-	-18 470	-
Shareholder contributions, subsidiaries	-	-	-30 224	-174 591
<b>Cash flow from investing activities</b>	<b>1 799</b>	<b>-2 097</b>	<b>-43 791</b>	<b>-177 094</b>
<b>Financing activities</b>				
New share issue	-	-	-	175 283
Subscription of shares by exercising of warrants	210	-	210	20 419
Repurchased warrants	-	-	-13	-7 573
<b>Cash flow from financing activities</b>	<b>210</b>	<b>-</b>	<b>197</b>	<b>188 129</b>
<b>Cash flow for the period</b>	<b>10 130</b>	<b>64 481</b>	<b>33 187</b>	<b>17 028</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>69 635</b>	<b>34 341</b>	<b>46 578</b>	<b>81 794</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>79 765</b>	<b>98 822</b>	<b>79 765</b>	<b>98 822</b>

# Other Information

## FINANCIAL CALENDAR

Report on the fourth quarter 2018  
21 February, 2019.

## FINANCIAL INFORMATION

Cinnober's interim reports are published in English. The annual report is published in both English and Swedish. Interim and annual reports are available at: <https://group.cinnober.com/investors/reports-and-presentations>.

## PUBLICATION

This information is such that Cinnober Financial Technology AB (publ) is obliged to publish under the EU Market Abuse Regulation and the Securities Market Act.

This financial report was published on 8 November 2018 at 08.00 a.m. CET.

## FINANCIAL DEFINITIONS

**EBITDA** – Earnings before interest, taxes, depreciation and amortization.

**EBITDA margin** – EBITDA as a percentage of net sales.

**Adjusted (underlying) EBITDA** – EBITDA excluding one-off, non-recurring and exceptional items.

**Adjusted (underlying) EBITDA margin** – Adjusted (underlying) EBITDA as a percentage of net sales.

**Operating profit, EBIT** – Earnings before interest and taxes.

**Operating margin** – Operating profit, or EBIT, as a percentage of net sales.

**Net debt/Net cash** – Cash and cash equivalents and interest-bearing current and non-current receivables less interest-bearing current and non-current liabilities, including pension liabilities.

**Earnings per share** – Profit after tax attributable to shareholders of the Parent Company divided by the average number of shares, before and after dilution.

## COMMERCIAL DEFINITIONS

Cinnober operates primarily in a global niche as a systems provider for exchanges, clearinghouses, banks and brokerages. Agreements signed with exchanges and clearinghouses in the original core business generally pertain to software/systems, usually with a variety of adaptations to the customer's existing systems, support and operating organization. Development projects and customer relationships span over long periods, and almost always involve several phases with dependencies on other factors, sub-orders and options for additional systems or services. Therefore, it is often difficult to estimate and specify an exact order value when signing a contract for new business.

To help the market to assess the value of the deals won by Cinnober, the following definitions have been established.

**A major deal** is one for which the order value over a period of five years is estimated to exceed SEK 100 million.

**A smaller deal** is one for which the order value over a period of five years is estimated to be less than SEK 30 million.

**A medium-sized deal** is one for which the order value over a period of five years is estimated to be in between that of a smaller deal and a major one.





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