

# INTERIM FINANCIAL REPORT

Period January 1, 2017 – June 30, 2017

Cinnober  
Financial Technology AB

Corporate identity number  
556548-9654

- ➔ Net sales for the period amounted to SEK 177.4 million (SEK 149.2 million).
- ➔ The operating loss for the period amounted to SEK 30.6 million (loss SEK 7.4 million).
- ➔ The loss before tax for the period amounted to SEK 32.3 million (loss SEK 7.6 million).
- ➔ Earnings per share before dilution for the period amounted to a loss of SEK 1.49 (loss SEK 0.34).
- ➔ The proportion of recurring revenue for the period amounted to 70 percent (64 percent) of net sales.<sup>1</sup>
- ➔ Growth initiatives burdened operating earnings by SEK 37.8 million. During the period, a directed share issue of SEK 180 million was carried out to fund investment in a subsidiary within client clearing.
- ➔ The acquisition has been completed of UK-based market surveillance specialist company Ancoa, which initially weighed down earnings for the period by SEK 4.9 million.
- ➔ Medium-sized deal during the period with a new Asian marketplace for real-time clearing.<sup>2</sup>
- ➔ Several major system deployments during the year – including a new trading system in Australia deployed in the spring and preparations for the launch of the second phase in a major Brazilian clearing project next week.

<sup>1</sup> To improve comparability between the years, re-invoiced expenses have been excluded from net sales in the calculation of recurring revenues.

<sup>2</sup> See commercial definitions on p.15.

FINANCIAL OVERVIEW Group	Q2 2017 APR-JUN	Q2 2016 APR-JUN	6 MONTHS 2017	6 MONTHS 2016	12 MONTHS ROLLING
Net sales (SEK million)	91.8	72.9	177.4	149.2	359.1
EBITDA (SEK million)	-28.2	-7.9	-29.2	-6.2	-11.3
EBITDA margin (%)	-30.8	-10.9	-16.5	-4.2	-3.1
Operating profit (SEK million)	-28.8	-8.5	-30.6	-7.4	-13.7
Operating margin (%)	-31.3	-11.6	-17.3	-4.9	-3.8
Profit before tax (SEK million)	-29.3	-8.2	-32.3	-7.6	-15.9
Profit for the year (SEK million)	-28.9	-7.2	-33.5	-6.8	-22.4
Net margin (%)	-31.5	-9.8	-18.9	-4.5	-6.2
Earnings per share before/after dilution* (SEK)	-1.29 / -1.28	-0.37 / -0.36	-1.49 / -1.47	-0.34 / -0.34	-1.00 / -0.98
Net cash (+)/net debt (-) (SEK million)	196.9	40.5	196.9	40.5	196.9
Cash flow from operating activities (SEK million)	-32.1	-23.9	-60.7	6.8	-9.2
Return on equity (%)	-14.4	-36.6 <sup>1</sup>	-14.4	-36.6 <sup>1</sup>	-14.4

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

<sup>1</sup> Profit for the period was affected with non-recurring costs of SEK 36.8 million due to the impairment of shares in the companies Binary Event Networks Inc and Quadriserv Inc. Neither consolidated operating results nor cash and cash equivalents have been affected by the impairments.

## COMMENTS BY VERONICA AUGUSTSSON, CEO

Cinnober continues to expand with sales growth of 18.9 percent at the same time as planned expenses for our growth initiatives have significantly weighed down earnings. The growth initiatives, in the form of three subsidiaries, are being financed by our self-generated capital, along with a directed share issue of SEK 180 million carried out during the period.

Cinnober's efforts to expand the Group have intensified. Two new subsidiaries were established during the period to take advantage of the opportunities for our strong technology and brand to grow at the intersection of technology and financial



markets. The work with these subsidiaries, as well as the existing subsidiary Boat, is proceeding according to plan and has adversely impacted the Group's operating profit by a total of SEK 37.8 million during the period.

Net sales for the first quarter amounted to SEK 177.4 million, an increase of SEK 28.2 million (18.9 percent) compared with the same period in the preceding financial year. The consolidated operating loss was SEK 30.6 million. Over the period, the proportion of recurring revenue amounted to 70 percent of net sales. Cash flow from operating activities was negative in the amount of SEK 60.7 million during the period, and we had SEK 196.9 million in cash and cash equivalents at the end of the period.

The position in our traditional market remains strong. Operations focusing on exchanges and clearinghouses are growing and showed a profit of SEK 7.3 million for the period. This core business is long-term and stable with a market that remains positive with substantial interest in more efficient and improved technology.

To cope with high loads in various customer projects, alongside new initiatives, we have temporarily hired a number of external consultants, which has an adverse short-term effect on profitability. For the year as a whole, we expect improved profitability in the core operations driven by reduced consulting costs as well as project phases with higher margins.

In addition to the traditional core operations, we are still investing in future growth opportunities with a broad-based target group in the form of international financial institutions. Our London-based subsidiary Boat, which primarily provides reporting services for share transactions to banks and brokerages, has had good customer inflow during the period. Through the collaboration

with the London Stock Exchange, we have established a long-term leading role ahead of the new European regulations (MiFID II), which will require compliance as of January 3, 2018.

The investment in preparing for the new regulations has entailed development costs of SEK 15.3 million during the period, and Boat has been operating at a loss in the period. Development costs will decrease gradually during the last quarter of this year. At the same time, the business model entails 100 percent recurring revenue, and customers coming in now will quickly begin to fully utilize the service, generating increased sales starting in January.

A milestone in the Group's development is to, through a new subsidiary, commercialize our leading clearing technology for international banks. In March, a directed new issue was carried out to finance this subsidiary, for which expenses amounted to SEK 18.8 million during the period. The company, soon to be launched under its own name, has initiated a collaboration with a pilot customer, and intensive recruitment and efforts to cultivate this new market are being conducted.

There is a significant need among banks and their customers to modernize and streamline their processes and systems, including post-trade and risk management, and this market is larger than our traditional customer segment. The benefit to the banks lies in complying with regulatory requirements, while improving cost-efficiency and meeting future demands on their functionality and offering. Introducing modern real-time technology will be essential for the banks' future customer offerings and business development opportunities.

In May, UK-based market surveillance specialist company Ancoa was acquired. The company has about fifteen existing customers and the acquisition was carried out to further expand our offering to both banks and exchanges. The niche of market surveillance is strongly driven by increasing regulatory requirements and technology development, such as "machine learning". We are now working to standardize the offering and product. The acquisition is expected to begin to contribute positively to the Group's earnings in 2018. Ancoa had a negative impact of SEK 4.9 million on consolidated profit during the period.

The financial sector as a whole faces a variety of technical challenges, and IT investments will need to increase. This trend is also stimulated by expanded regulations, higher efficiency requirements and fierce competition.

Our business model, with a high percentage of recurring revenue and long-term contracts, provides financial security and visibility. The Group's offerings are well-positioned for the future needs of the market. Despite the planned costs for our growth initiatives, which we allow to impact our income statement, we expect to deliver continued growth and profitability in our core operations for 2017.

Stockholm, August 24, 2017  
**Veronica Augustsson**

# BUSINESS SUMMARY

This financial report covers the first six months of the 2017 financial year for the Group and the Parent Company. Consolidated net sales for the period January 1–June 30, 2017 amounted to SEK 177.4 million (149.2 million). The loss before taxes for the period amounted to SEK 32.2 million (loss SEK 7.6 million).

Cash flow for the period amounted to a positive SEK 110.9 million (loss SEK 17.3 million) and cash and cash equivalents amounted to SEK 196.9 million (SEK 40.5 million) at the end of the period.

## MARKET AND BUSINESS MODEL

Cinnober is a Swedish company, which since its inception has focused primarily on software sales to major exchanges and clearinghouses. A leading global position within the Company's traditional market niche has been built up completely on self-generated capital. In recent years, this position, based on technical innovation and in-depth customer relationships, has been further strengthened.

Income in the Company's traditional business is mainly distributed between income from customer-tailored projects and recurring licensing and support revenue. The business cycle for trading and clearing projects consists of three phases with long lead times. Profitability is highly dependent on what phase the customer projects are in.

In phase one, the sales phase, customers are processed and these activities incur costs that are charged to the income statement. In phase two, the project phase, the technology is customized and implemented. In phase three, the operating phase, Cinnober provides support and maintenance of the system solution. Additional development and refinement are performed based on customers' specific needs. This third phase includes recurring license, operation and support revenue, with generally higher margins.

The Company's ambition is to generate shareholder value through growth, increased profitability and strengthened cash flow. Part of this is to expand the offering to encompass a broader target group by adapting the technology to also suit banks and brokerages. During the period, the efforts to broaden the Cinnober Group continued with the establishment of two new subsidiaries.

The traditional core operations are consistently based on long-term business relationships. The decision to invest in Cinnober's technology is normally incumbent on the customer company's management because the systems to be procured are typically mission critical and long-term solutions involving significant investment. Major customers who purchase business-critical systems from Cinnober often demand that contracts include change-of-control clauses. Currently, there are seven such clauses, which is indicative of Cinnober's importance as a partner.

## FIVE-YEAR SUMMARY — 6 MONTHS

Group	06-30-2017	06-30-2016	06-30-2015 <sup>1</sup>	06-30-2014 <sup>1</sup>	06-30-2013 <sup>2</sup>
Net sales (SEK million)	177.4	149.2	139.8	146.0	154.9
Operating profit (SEK million)	-30.6	-7.4	1.5	2.8 <sup>3</sup>	4.0 <sup>4</sup>
Profit before tax (SEK million)	-32.3	-7.6	2.1	1.8 <sup>3</sup>	1.8 <sup>4</sup>
Profit for the period (SEK million)	-33.5	-6.8	0.3	2.7 <sup>3</sup>	2.4 <sup>4</sup>
Operating margin (%)	-17.3	-4.9	1.1	1.9 <sup>3</sup>	2.6 <sup>4</sup>
Net margin (%)	-18.9	-4.5	0.2	1.8 <sup>3</sup>	1.5 <sup>4</sup>
Earnings per share before/after dilution (SEK)	-1.49 / -1.47	-0.34 / -0.34	0.02 / 0.02	0.14 / 0.13	0.12 / 0.11
Equity (SEK million)	237.8	71.7	119.5	119.5	130.8
Equity per share* (SEK)	10.60	3.65	6.08	6.08	6.66
Equity ratio (%)	58.5	36.2	51.8	60.3	56.7
Quick ratio (%)	214.2	140.4	166.5	196.5	189.5
Net cash (+)/net debt (-) (SEK million)	196.9	40.5	31.1	20.6	37.7

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

<sup>1</sup> In connection with the Group's transition to the K3 accountancy regulations, foreign exchange gains and losses from operations are reported under Other operating revenue and Other operating expenses respectively. Re-invoiced expenses are reported gross as revenue (Net sales) and corresponding expenses (Other external expenses). The period has been restated in accordance with K3.

<sup>2</sup> Restatement according K3 has not been made for this period.

<sup>3</sup> Operating profit for the period January 1, 2014 – September 30, 2014 includes a reversal of negative goodwill, affecting operating profit favorably by SEK 1.0 million.

<sup>4</sup> Operating profit for the period January 1, 2013 – September 30, 2013 includes a reversal of negative goodwill, affecting operating profit favorably by SEK 4.9 million.

# BUSINESS SUMMARY (CONT.)

## PROJECTS AND SALES

### Exchange and clearing technology

In the first six months of the year, a newly established Asian marketplace has chosen Cinnober as its provider for a sophisticated clearing solution. The name of the customer is being kept confidential at the customer's request. The signed agreement includes a customized clearing solution, including license fees and future support, and the contract is assessed as a medium-sized deal for Cinnober.

During the period, two major trading systems for leading stock exchanges have been brought into production. At the end of March, the Australian Securities Exchange (ASX) brought its new trading system for the Australian derivatives market into production. Shortly thereafter, the London Metal Exchange (LME) launched a new version of its LMEselect trading system. LME is Cinnober's oldest existing customer relationship, with the first system having been ordered in 2003.

All customer projects currently in progress are proceeding as planned, with the two largest at the time of writing being the clearing and risk projects for Japan Exchange Group (JPX) and B3 (formerly BM&FBOVESPA). Regarding the latter, a launch is planned, within a week from now, of phase two of the internationally very large Brazilian clearing project, including the stock markets.

### Subsidiary

Efforts to broaden the customer base into new segments, primarily major banks and brokerages, are important from a strategic point of view. During the period, these growth initiatives, in the form of three different subsidiaries, adversely affected the Group's operating profit by a total of SEK 37.8 million.

For banks and brokerages, time and resources are invested in mainly two types of offers: reporting services and client clearing. In both of these areas, Cinnober can offer unique solutions, based on successful technology.

Through the subsidiary Boat, banks and brokerages are offered the opportunity to report share transactions occurring outside the exchange, in accordance with the pan-European regulatory framework MiFID I. On January 3, 2018, the new regulation MiFID II will enter into effect, requiring that trade in a large number of other asset classes must be reported.

Together with the London Stock Exchange, Boat has launched the TRADEcho service, Europe's premier one-stop shop for reporting these types of transactions. TRADEcho is well-positioned ahead of the major shift that the introduction of MiFID II will entail, and the offer has received a positive response from the market. More than 250 major customers have now signed on to continuously use the service for their future MiFID II reporting.

Large parts of the subsidiary's technology platform and organization are now in place, ready for this market development. Most of the development costs have now been incurred, amounting to SEK 15.3 million during the period. The remaining development of MiFID II will be completed in the current financial year. At the same time, the income effects of customer inflow will be evident once the new regulation is introduced.

One particularly significant growth initiative is the commercialization of Cinnober's leading clearing technology to international financial institutions. There are already extensive needs among banks and their customers to modernize and streamline their processes and systems, including post-trade and risk management. Among other things, new technology is needed to meet regulatory requirements and achieve significant cost savings. The introduction of a higher degree of real-time technology will also provide a clear competitive advantage and business development opportunities for the banks that embrace this paradigm shift.

The assessment is that the need for advanced clearing and risk technology will continue to increase at banks and brokerages, and this market is larger than Cinnober's traditional market. Sales of these services are focused in a separate subsidiary. The potential is substantial and the level of ambition high with current efforts focusing on recruitment and launch plans, through which collaboration with a first pilot customer was initiated during the summer.

The subsidiary will initially incur major costs before it starts to generate revenue and, accordingly, a directed share issue of SEK 180 million was carried out in the period. This will be solely for building the new subsidiary's business, and the Group's earnings will be adversely affected by this growth initiative. During the first six months of the year, this new subsidiary had an adverse impact of SEK 18.8 million on consolidated operating profit.

In May, Cinnober acquired UK-based market surveillance specialist company Ancoa. The business, with about fifteen existing customers, has been taken over and now operates as a subsidiary of Cinnober Financial Technology AB. The acquisition extends the Group's offering to banks as well as exchanges and regulators. This new subsidiary is expected to be able to contribute positively to the Group's earnings as of the coming financial year. During the period, however, the company had an adverse impact of SEK 4.9 million on the Group's earnings.

## INVESTMENTS/PRODUCT DEVELOPMENT

To safeguard a long-term leading position, resources are continuously invested in the ongoing development of the product and service portfolio. In earlier years, 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 to the market. The

same applies to the comprehensive initiative undertaken to develop the client clearing technology. Cinnober owns the intellectual property rights to all these systems.

During the year, Cinnober has capitalized development costs 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 Boat will offer the market under the TRADEcho brand together with London Stock Exchange.

On June 30, 2017, the Group's balanced expenses for development work and similar efforts amounted to SEK 27.4 million, and are related to the software platform developed in-house.

## ACCOUNTING PRINCIPLES

This Interim Report was prepared in accordance with the Swedish Accounting Standards Board's recommendation BFAR 2007:1 and the Swedish Annual Accounts Act. No changes in accounting principles have occurred since the last Annual Report.

## CURRENCY EXPOSURE

The Company hedges parts of its flow exposure from non-recurring income in foreign currencies through currency futures. Hedge accounting is applied. Currency hedged accounts receivable and other receivables in foreign currencies are reported at agreed forward rates. Currency hedged agreed and expected future sales revenues in foreign currency are settled at forward rates as they occur. As of the report date, there are no unreported and unrealized exchange rate gains or losses.

## RISKS

Cinnober's operations are affected by a number of factors, some of which are under the Company's control while others are not. For an IT-focused company like Cinnober, operations are affected by operations-related risks, such as project risks, competition, recruitment, trends among major customers and customer losses. Market-related risks include business cycle risks. Financial risks primarily include currency exchange risks.

Additional information can be found in the published Annual Report for 2016 (p. 21), which is available via [www.cinnober.com/financial-reports](http://www.cinnober.com/financial-reports).

## EMPLOYEES

At the end of the report period, the Group had 331 (262) employees and 35 (21) contracted consultants.

## SHARE DATA

As of June 30, 2017, the Company's capital stock totaled SEK 7,477,035 (6,549,120), consisting of 22,431,105 shares (6,549,120).

The Company's shares are traded on Nasdaq First North. (CINN, ISIN Code: SE0010023556, LEI Code: 529900596KTN6Q8T7576). On the record date June 19, 2017, a 3:1 share split was conducted, which meant that each share was divided into three shares. The quotient value per share was changed from SEK 1 per share to SEK 0.33 per share.

During the past quarter, 1,055,520 shares were traded and the latest price paid was SEK 87.75, on June 30, 2017.

Stockholm, August 24, 2017.

Cinnober Financial Technology AB (publ)

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

**Patrik Enblad**

**Cecilia Lager**

**Peter Lenti**

**Staffan Persson**

**Helena Westin**

**Veronica Augustsson, CEO**

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This interim report has not been reviewed by the company's auditors.

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SUCCESSFUL  
YEARS IN AN  
EVER-CHANGING  
MARKET

FAST2MARKET

PRODUCT-BASED  
& CUSTOMIZED

TRADEXPRESS FOR  
BUSINESS-CRITICAL SOLUTIONS



EXTREMELY  
FAST  
SYSTEMS

DISRUPTIVE TECHNOLOGIES



REAL  
TIME  
SOLUTIONS

BLOCK  
CHAIN



NEW REGULATIONS GENERATE NEW OPPORTUNITIES

G20 MANDAT

DODD  
FRANK  
USA

MIFID II  
EU

EMIR  
EU

MIFIR  
EU

BASEL III  
EU

= TECHNOLOGY NEEDS  
(MORE ON-EXCHANGE AND CLEARING)

QUALITY & 100% UP-TIME



CINNOBER  
LIVES THROUGH  
DIVERSITY

40

NATIONALITIES  
AT CINNOBER

OFTEN  
SUPPLIES  
THE HEART OF  
THE CUSTOMER'S  
OPERATIONS



WITHOUT  
SYSTEMS,  
NO EXCHANGE  
OR CLEARINGHOUSE



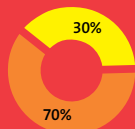
FROM DAY ONE,  
DEVELOPED  
FOR MULTI-ASSET  
AND CUSTOMIZATION

WORLD CLASS SWEDISH  
FINTECH COMPANY



DISTRIBUTION OF  
REVENUES IN Q1 2017

PROJECT-RELATED  
RECURRING



EXCHANGES AND CLEARINGHOUSES

- AUSTRALIAN SECURITIES EXCHANGE
- B3 (FORMERLY BM&FBOVESPA)
- DUBAI GOLD & COM. EXCHANGE
- EQUILEND
- EURONEXT
- JAPAN EXCHANGE GROUP
- JOHANNESBURG STOCK EXCHANGE
- LONDON METAL EXCHANGE
- NYSE
- STOCK EXCHANGE OF THAILAND



BANKS

- GOLDMAN SACHS
- BARCLAYS
- BNP PARIBAS



STOCKHOLM

236

EST 1998

UMEÅ

80

EST 2012

LONDON

48

EST 2011

NEW YORK

2

EST 2001



# FINANCIAL OVERVIEW

## CONSOLIDATED INCOME STATEMENT

Amounts in thousands of SEK	01-01-2017- 06-30-2017	01-01-2016- 06-30-2016
<b>Operating income</b>		
Net sales	177 382	149 205
Capitalised work on own account	11 475	10 834
Other operating income	2 269	4 208
	<b>191 126</b>	<b>164 247</b>
<b>Operating expenses</b>		
Other external expenses	-92 671	-61 288
Personnel expenses	-126 708	-106 623
Other operating expenses	-3 694	-3 369
Profit from participations in associated companies	2 703	803
<b>Operating profit before depreciation/amortization</b>	<b>-29 244</b>	<b>-6 230</b>
Depreciation/amortization and impairment of equipment and intangible assets	-1 391	-1 153
<b>Operating profit</b>	<b>-30 635</b>	<b>-7 383</b>
<b>Profit from financial items</b>		
Interest income and similar income items	282	1 572
Interest expenses and similar expense items	-1 907	-1 819
<b>Profit after financial items</b>	<b>-32 260</b>	<b>-7 630</b>
<b>Profit before tax</b>	<b>-32 260</b>	<b>-7 630</b>
Tax on profit for the year*	-1 257	854
<b>Net profit for the year</b>	<b>-33 517</b>	<b>-6 776</b>
<b>Attributable to the Parent Company's shareholders</b>	<b>-33 517</b>	<b>-6 776</b>
<b>* Note regarding tax on profit for the year:</b>		
Current tax:	-2 168	-1 083
Deferred tax:	911	1 937
<b>Total reported income tax:</b>	<b>-1 257</b>	<b>854</b>

## CONSOLIDATED BALANCE SHEET

Amounts in thousands of SEK	06-30-2017	06-30-2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Capitalized expenditures for research and development and similar	27 439	10 950
Concessions, patents, licenses, trademarks and similar rights	6 609	-
	<b>34 048</b>	<b>10 950</b>
<i>Property, plant and equipment</i>		
Equipment, tools, fixtures and fittings	4 040	4 827
	<b>4 040</b>	<b>4 827</b>
<i>Financial assets</i>		
Participations in associated companies	3 261	1 747
Other long-term securities	118	-
Deferred tax asset	4 172	2 685
Other long-term receivables	421	694
	<b>7 972</b>	<b>5 126</b>
<b>Total non-current assets</b>	<b>46 060</b>	<b>20 903</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Accounts receivable - trade	30 104	36 169
Current tax receivables*	23 989	31 485
Other receivables	15 205	9 124
Prepaid expenses and accrued income	94 119	60 056
	<b>163 417</b>	<b>136 834</b>
<i>Short-term investments</i>		
<i>Cash and bank balances</i>	<b>196 916</b>	<b>40 469</b>
<b>Total current assets</b>	<b>360 333</b>	<b>177 303</b>
<b>TOTAL ASSETS</b>	<b>406 393</b>	<b>198 206</b>

\* Of which, 24 568 (32 788) pertains to taxes deducted at source outside Sweden and that may be deducted against future Swedish corporation tax.



## CONSOLIDATED BALANCE SHEET

Amounts in thousands of SEK	06-30-2017	06-30-2016
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
Share capital (22 431 105 shares)	7 477	6 549
Other contributed capital	18 567	18 567
Other equity, including profit/loss for the period	211 771	46 633
<b>Equity attributable to the Parent Company's shareholders</b>	<b>237 815</b>	<b>71 749</b>
<b>Total equity</b>	<b>237 815</b>	<b>71 749</b>
<i>Provisions</i>		
Deferred tax liability	317	212
	<b>317</b>	<b>212</b>
<i>Current liabilities</i>		
Accounts payable - trade	24 628	13 054
Other liabilities	9 810	7 286
Accrued expenses and deferred income	133 823	105 905
	<b>168 261</b>	<b>126 245</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>406 393</b>	<b>198 206</b>

## CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of SEK	01-01-2017- 06-30-2017	01-01-2016- 06-30-2016
<b>Operating activities</b>		
Profit after financial items	-32 260	-7 630
Adjustments for non-cash items	-529	4 370
Income tax paid	-3 045	-3 108
<b>Cash flow from operating activities before working capital changes</b>	<b>-35 834</b>	<b>-6 368</b>
<b>Cash flow from working capital changes</b>		
Increase (-)/Decrease (+) in current receivables	-42 966	6 342
Increase (+)/Decrease (-) in current liabilities	18 141	6 804
<b>Cash flow from operating activities</b>	<b>-60 659</b>	<b>6 778</b>
<b>Investing activities</b>		
Purchase of intangible assets	-17 624	-11 071
Purchase of equipment	-707	-405
Dividends received	1 845	410
Acquisition of fixed financial assets	-118	-
<b>Cash flow from investing activities</b>	<b>-16 604</b>	<b>-11 066</b>
<b>Financing activities</b>		
Option premiums received and repurchased	12 846	109
New share issue	175 283	-
Dividend paid to Parent Company's shareholders	-	-13 098
<b>Cash flow from financing activities</b>	<b>188 129</b>	<b>-12 989</b>
<b>Cash flow for the period</b>	<b>110 866</b>	<b>-17 277</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>86 050</b>	<b>57 746</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>196 916</b>	<b>40 469</b>

## PARENT COMPANY INCOME STATEMENT

Amounts in thousands of SEK	01-01-2017- 06-30-2017	01-01-2016- 06-30-2016
<b>Operating income</b>		
Net sales	196 128	160 259
Other operating income	2 200	3 910
	<b>198 328</b>	<b>164 169</b>
<b>Operating expenses</b>		
Other external expenses	-99 268	-82 594
Personnel expenses	-86 943	-77 543
Other operating expenses	-2 948	-2 869
<b>Operating profit before depreciation/amortization</b>	<b>9 169</b>	<b>1 163</b>
Depreciation/amortization and impairment of equipment and intangible assets	-793	-626
<b>Operating profit</b>	<b>8 376</b>	<b>537</b>
<b>Profit from financial items</b>		
Profit from participations in associated companies	1 845	410
Interest income and similar income items	186	1 142
Interest expenses and similar expense items	-1 856	-1 727
<b>Profit after financial items</b>	<b>8 551</b>	<b>362</b>
<b>Profit before tax</b>	<b>8 551</b>	<b>362</b>
Tax on profit for the year*	-2 073	-313
<b>Profit for the year</b>	<b>6 478</b>	<b>49</b>
<b>*Note regarding tax on profit for the year:</b>		
Current tax:	-2 129	-1 059
Deferred tax:	56	746
<b>Total reported income tax:</b>	<b>-2 073</b>	<b>-313</b>

## PARENT COMPANY BALANCE SHEET

Amounts in thousands of SEK	06-30-2017	06-30-2016
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Intangible assets</i>		
Capitalized expenditures for research and development and similar	-	344
	-	<b>344</b>
<i>Property, plant and equipment</i>		
Equipment, tools, fixtures and fittings	1 271	1 662
	<b>1 271</b>	<b>1 662</b>
<i>Financial assets</i>		
Participations in Group companies	195 787	21 196
Participations in associated companies	2 610	2 610
Other long-term securities	118	-
Deferred tax	455	1 494
Other long-term receivables	91	79
	<b>199 061</b>	<b>25 379</b>
<b>Total non-current assets</b>	<b>200 332</b>	<b>27 385</b>
<b>Current assets</b>		
<i>Current receivables</i>		
Accounts receivable - trade	27 436	49 604
Receivables from Group companies	96 753	15 084
Current tax receivables*	22 410	30 338
Other receivables	9 956	7 774
Prepaid expenses and accrued income	87 926	56 767
	<b>244 481</b>	<b>159 567</b>
<i>Short-term investments</i>		
<i>Cash and bank balances</i>	<b>34 341</b>	<b>36 408</b>
<b>Total current assets</b>	<b>278 822</b>	<b>195 975</b>
<b>TOTAL ASSETS</b>	<b>479 154</b>	<b>223 360</b>

\* Of which, 24 568 (32 788) pertains to taxes deducted at source outside Sweden and that may be deducted against future Swedish corporation tax.

## PARENT COMPANY BALANCE SHEET

Amounts in thousands of SEK	06-30-2017	06-30-2016
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>		
<i>Restricted equity</i>		
Share capital (22 431 105 shares)	7 477	6 549
Statutory reserve	18 009	18 009
	<b>25 486</b>	<b>24 558</b>
<i>Non-restricted equity</i>		
Capital surplus	202 849	15 385
Profit brought forward	68 689	45 242
Profit for the year	6 478	49
	<b>278 016</b>	<b>60 676</b>
<b>Total equity</b>	<b>303 502</b>	<b>85 234</b>
<i>Untaxed reserves</i>		
Accumulated excess depreciation	745	745
	<b>745</b>	<b>745</b>
<i>Current liabilities</i>		
Accounts payable -trade	19 341	11 601
Liabilities to Group companies	38 413	29 282
Other liabilities	2 938	2 111
Accrued expenses and deferred income	114 215	94 387
	<b>174 907</b>	<b>137 381</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>479 154</b>	<b>223 360</b>

## PARENT COMPANY CASH FLOW STATEMENT

Amounts in thousands of SEK	01-01-2017- 06-30-2017	01-01-2016- 06-30-2016
<b>Operating activities</b>		
Profit after financial items	8 551	362
Adjustments for non-cash items	869	4 015
Income tax paid	-2 478	-2 333
<b>Cash flow from operating activities before working capital changes</b>	<b>6 942</b>	<b>2 044</b>
<b>Cash flow from working capital changes</b>		
Increase (-)/Decrease (+) in current receivables	-88 075	-16 917
Increase (+)/Decrease (-) in current liabilities	20 548	10 205
<b>Cash flow from operating activities</b>	<b>-60 585</b>	<b>-4 668</b>
<b>Investing activities</b>		
Shareholder contributions, subsidiaries	-174 591	-
Purchase of intangible assets	-25	-236
Purchase of equipment	-381	-122
<b>Cash flow from investing activities</b>	<b>-174 997</b>	<b>-358</b>
<b>Financing activities</b>		
Option premiums received and repurchased	12 846	109
New share issue	175 283	-
Dividend paid to Parent Company's shareholders	-	-13 098
<b>Cash flow from financing activities</b>	<b>188 129</b>	<b>-12 989</b>
<b>Cash flow for the year</b>	<b>-47 453</b>	<b>-18 015</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>81 794</b>	<b>54 423</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>34 341</b>	<b>36 408</b>

# OTHER INFORMATION

## CINNOBER IN BRIEF

- Cinnober develops business-critical system solutions for exchange trading, risk management and other financial services.
- Its target group consists primarily of international exchanges, clearinghouses, banks and brokerages.
- Cinnober was founded in 1998 and it currently employs over 330 people representing some 40 nationalities.
- It offers solutions in price discovery, order matching, market data, index calculations, clearing, risk management, market surveillance and trade reporting services.
- Cinnober's shares are traded on the Nasdaq First North exchange (CINN, ISIN code: SE0010023556, LEI code: 529900596KTN6Q8T7576). Avanza is the Certified Adviser.

## FINANCIAL CALENDAR

Interim report for January 1 – September 30, 2017  
November 9, 2017

Year-end for January 1 – December 31, 2017  
February 22, 2018

## FINANCIAL INFORMATION

Cinnober's financial information is published in Swedish and English. Interim and annual reports are available at [www.cinnober.com/investors/financial-reports](http://www.cinnober.com/investors/financial-reports).

## 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 August 24, 2017 at 11.00 a.m. CET.

This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall have precedence.

## FINANCIAL DEFINITIONS

**EBITDA** – Operating profit before amortization, depreciation and impairment

**EBITDA-marginal** – EBITDA as a percentage of net sales

**Equity per share** – Equity divided by the number of shares before dilution at the end of the period

**Quick ratio** – Current assets as a percentage of current liabilities, including proposed dividends

**Net margin** – Profit after tax as a percentage of net sales

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

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

**Return on equity** – Profit after tax for the past 12 months as a percentage of average equity for the past 12 months

**Operating margin** – Operating profit as a percentage of net sales

**Equity ratio** – Equity as a percentage of total assets

## COMMERCIAL DEFINITIONS

Cinnober operates primarily in a global niche involving system deliveries to marketplaces and clearinghouses. The agreements signed generally involve software/systems, normally including a number of customized adaptations to the customer's existing systems, support and operative organization. Development projects and customer relationships within the niche span extended periods and there are almost always several phases involved depending on other factors, sub-orders and options for supplementary systems or additional services. It is therefore often difficult to estimate and specify a precise order value in connection with a contract being signed for a new deal.

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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