



Interim Financial Report

Period January 1, 2015 – March 31, 2015

Cinnober Financial Technology AB
Corporate identity number 556548-9654

- ▶ Net sales for the period amounted to SEK 65.4 million (SEK 66.4 million)
- ▶ Profit before tax for the period amounted to SEK 0.9 million (SEK -1.1 million)
- ▶ Earnings per share for the period amounted to SEK 0.04 SEK (SEK -0.13 SEK)
- ▶ During the period, a major deal was signed for an extensive trading project with the Australian Stock Exchange (ASX), which is one of the world's ten largest marketplaces.
- ▶ Cinnober has been selected by the European Commission to receive funding of more than EUR 2 million to adapt its clearing technology for European banks.

Financial overview

	Q1 2015 Jan-March	Q1 2014 Jan-March	Fin. year 13/14 18 months*	Fin. year 12/13 12 months*	12 months rolling
Net sales (SEK million)	65.4	66.4	408.4	295.8	269.1
EBITDA (SEK million)	-0.4	0.4	-0.4	19.2	-2.6
EBITDA margin (%)	-0.7	0.5	-0.1	6.5	-1.0
Operating profit (SEK million)	-1.0	-0.1	-3.1	18.0	-4.6
Operating margin (%)	-1.5	-0.1	-0.8	6.1	-1.7
Profit before tax	0.9	-1.1	1.8	19.9	2.6
Profit for the period (SEK million)	0.2	-0.8	2.5	16.8	2.4
Net margin (%)	0.4	-1.3	0.6	5.7	0.9
Earnings per share before/after dilution** (SEK)	0.04/0.04	-0.13/0.12	0.38/0.36	2.57/2.22	0.37/0.36
Net cash (+)/net debt (-) (SEK million)	54.0	37.7	54.1	37.7	54.0
Cash flow from operating activities (SEK million)	2.1	29.3	25.3	-38.4	11.3
Return on equity (%)	2.1	-0.3	1.2	13.8	2.1

* Following a resolution at an Extraordinary General Meeting on June 26, 2014, the current financial year was extended until December 31, 2014 and consequently comprised 18 months.

** Recalculated following a bonus issue of 2:1.

Content

Comments by Veronica Augustsson, CEO	3
Business summary	5
Investments	5
Accounting principles	5
Forward cover	5
Risks	5
Five-year summary - three months	5
Employees	6
Share data	6
Financial overview	7
Consolidated Income Statement	7
Consolidated Balance Sheet	8
Consolidated Cash Flow Statement	10
Parent Company Income Statement	11
Parent Company Balance Sheet	12
Parent Company Cash Flow Statement	14
Other information	15
Cinnober in brief	15
Financial calendar	15
Financial information	15
Publication	15
Financial definitions	15
Commercial definitions	15

Comments by Veronica Augustsson, CEO

During the last months, we won new business and are continuing to work hard in a market where our customers are exuding increasing optimism. Following several difficult years, pervaded by financial crisis and lost volumes for our customers, the positive signals have grown increasingly evident and are clearly dominant.

At the same time, it is generally costly to secure new business and, with an amended revenue model relating to license revenues, we will not see the results of these efforts as quickly as in previous financial years. We continue to work tirelessly in an exciting market, with management focusing on profitability and the previously announced cost savings program, which is being implemented as planned.

Milestone trading deal in Australia

Important news during the quarter was that the Australian Stock Exchange (ASX), one of the world's ten largest marketplaces, has decided to replace its two existing trading systems for equities and derivatives with technology from Cinnober. This new collaboration is a very important reference and strengthens our global position as a supplier of large trading systems to leading players. It also strengthens our position in the Asia Pacific region, which is a major growth region. As a prestigious deal that has attracted great attention in the industry, this is an important milestone for us as a company.

At the same time as we have thus achieved major progress in trading systems, we continue to be the dominant supplier in the increasingly high-profile area of real-time clearing. For years, modern technology for post-trade and risk management has been rather neglected. Cinnober's solutions enhance and streamline markets by ensuring, among other things, a much more fine-grained and detailed level with regard to required collateral at any given time. The technology has been selected by leading players worldwide and continues to attract interest, which we continuously nurture through our sales efforts.

All ongoing customer projects are progressing as planned. For example, it is worth mentioning the major clearing project with JSE of South Africa, in which we are delivering a clearing platform that will handle all asset classes traded on the clear leader among African exchanges. Also worthy of note is the leading European exchange group Euronext, which is poised to launch a completely new venture based on our technology within the next few months. The objective of this is to offer more efficient derivatives trading, including improved risk management and clearing.

We are also continuing to offer our technology as a service on a subscription basis. We are working with a marketplace (as yet unnamed due to the customer's competitive situation) that operates in an innovative and expanding segment within the financial sector. This overall solution includes both trading and clearing systems, as well as surveillance and systems operation.

Widening the target group by focusing on banks

The current financial year is an important one from a strategic point of view as we are working to broaden our customer base into new segments, primarily major banks and brokerages. Unlike our traditional market, where we have a recognized strong position, this is somewhat new ground for us although, approached correctly, this is expected to be able to provide very favorable rewards.

In the summer of 2014, we acquired the BOAT trade reporting service from our customer Markit. BOAT offers banks and brokerages the opportunity to report OTC trades in equities trading in accordance with pan-European regulations. Cinnober has delivered the technology solution behind the service since its inception in 2007 and, through the acquisition, we have established a good base from which to continue our efforts to develop this segment, which is a new one for us. Last year was largely about the takeover itself and retaining existing customers, where we have been successful. The current financial year entails considerable and exciting work with the opportunities and challenges we perceive in an expanded offering and service launches, based largely on our existing technology and experience. During the quarter, we worked with a sales and distribution agreement with Ancoa of the UK, regarding its surveillance technology, which we plan to include primarily in our BOAT offering.

The second priority area in our venture to broaden our target group includes further adapting our pioneering technology for risk management and real-time clearing to international banks' specific needs in "client clearing". Today, the original technology has proven itself through large, high-profile launches in the world of clearinghouses and exchanges, such as at BM&FBOVESPA of Brazil and LME Clear of the UK. The notion of introducing a similar paradigm shift in the world of banking is considered so attractive that, during the first quarter of the year and in fierce competition, Cinnober was selected as a participant in a funding program at the European Commission. The Horizon 2020 program is aimed at promoting European innovations. From nearly 600 proposals, the EU Commission finally selected 78 projects that each receives partial financing of more than EUR 2 million for about 18 months.

Our strategic initiative to broaden the target group continues to evolve and could eventually become a major part of the future Cinnober. In daily contacts with the target group, particularly in central London, we see a genuine and strong interest in both the expanded offer at BOAT, as well as the development of technology solutions for banks' client clearing operations.

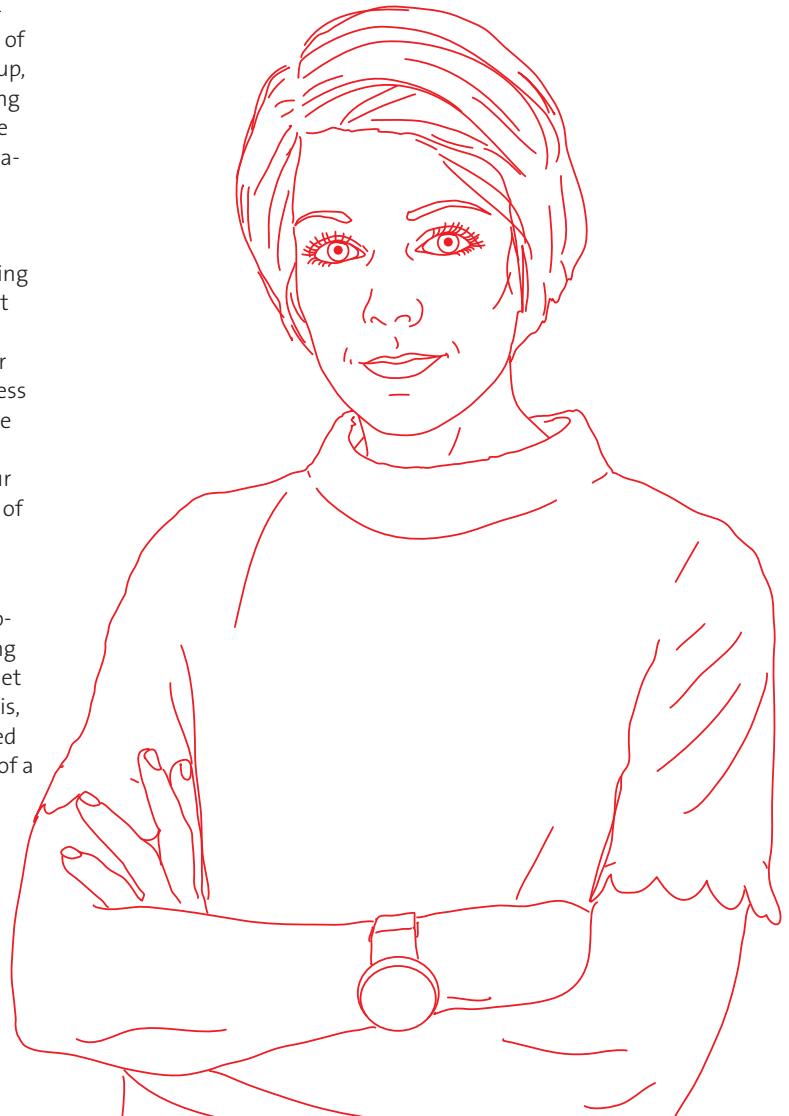
Leading position and exciting new venture

In summary, we have a strong global position as the leading provider of innovative technology to our traditional target group of exchanges and clearinghouses. The market is pervaded by increasing optimism, associated in particular with increased trade volumes, which generate a willingness to invest in systems in our niche. At the same time, we are pursuing long-term efforts to broaden our target group, where we believe we have aroused genuine interest in our technology, and built a base for our further development of this market.

We consider ourselves to have a well-positioned product and service portfolio based on leading and proven technology. As a company, Cinnober has always nurtured a strong financial position, which, in this report, is accented by a net cash position of SEK 54.0 million (37.2). Based on all of this, I look forward with considerable confidence to a continued highly interesting and successful journey in the building of a stronger company.

Stockholm, May 7, 2015

Veronica Augustsson
CEO



Business summary

This financial report covers the first quarter of the 2015 financial year for the Group and the Parent Company. Consolidated net sales for the period January 1 – March 31, 2015 amounted to SEK 65.4 million (66.4). Profit before taxes for the period amounted to SEK 0.9 million (loss 1.1). During the period, exchange rate gains amounted to SEK 1.4 million (loss 1.1).

Cash flow for the period amounted to a weakly negative SEK 0.1 million (positive 29.4) and cash and cash equivalents amounted to SEK 54.0 million (37.7) at the end of the period.

Investments

Cinnober is a market-leading supplier to exchanges and clearing houses. To ensure our long-term leadership, we continue to invest significant resources in continual development of our portfolio of products and services.

Accounting principles

This interim report was prepared in accordance with the Swedish Accounting Standards Board's recommendation BFNAR 2007:1. This report was prepared using the same reporting principles as were used in the most recent annual report.

Currency exposure

In the future, Cinnober has resolved not to hedge its currency exposure with regard to ongoing recurring revenues. Regarding non-recurring revenues, the company currency hedges its flow exposure in foreign currencies over a horizon of up to 12 months. Accounts receivable and other receivables in foreign currencies are reported at agreed forward rates, and agreed and expected future sales revenues in foreign currency are settled at forward rates as they occur. As per the report date, an unreported unrealized exchange rate loss of SEK 0.01 million (loss 0.2) existed in the forward rate portfolio as a consequence of the EUR/SEK rate on the balance sheet date being higher than the average forward rates in the flow hedging.

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 which is most easily accessed via www.cinnober.com/financial-reports.

Five-year summary - three months

Group	31-03-2015	31-03-2014	31-03-2013	31-03-2012	31-03-2011
Net sales (SEK million)	65.4	66.4	75.6	67.0	41.5
Operating profit (SEK million)	-1.0	-0.1	4.9 ¹	10.2	-4.7
Earnings before tax	0.9	-1.1	3.6 ¹	11.7	-3.5
Profit for the period (SEK million)	0.2	-0.8	3.1 ¹	8.5	-2.6
Operating margin (%)	-1.5	-0.1	6.5 ¹	15.2	-11.3
Net margin (%)	0.4	-1.3	4.1 ¹	12.7	-6.3
Earnings per share before/after dilution** (SEK)	0.04/0.04	-0.13/0.12	0.47/0.41	1.30/1.12	0.40/-0.36
Equity (SEK million)	119.5	115.9	130.9	140.0	135.7
Equity per share (SEK)	18.25	17.70	19.99	21.38	20.72
Equity ratio (%)	51.1	60.3	59.5	77.0	79.5
Quick ratio (%)	164.6	198.4	206.6	301.7	454.7
Net cash (+)/net debt (-) (SEK million)	54.0	37.7	8.8	40.9	105.7

¹Operating profit for the period January 1, 2013 – March 31, 2013 includes a reversal of negative goodwill, affecting operating profit favorably by SEK 2.5 million.

²Recalculated following a bonus issue of 2:1

Financial overview

Consolidated Income Statement

Amounts in thousands of SEK	01-01-2015- 03-31-2015	01-01-2014- 03-31-2014
<i>Operating income</i>		
Net sales	65 406	66 374
Other operating income	5 116	7 666
	70 522	74 040
<i>Operating expenses</i>		
Other external expenses	-18 542	-21 983
Personnel expenses	-52 425	-51 692
Operating profit before depreciation/amortization	-445	365
Depreciation/amortization and impairment of equipment and intangible assets	-551	-433
Operating profit	-996	-68
<i>Profit from financial items</i>		
Profit from participations in associated companies	549	-
Interest income and similar profit items	1 425	96
Interest expenses and similar expense items	-50	-1 086
Profit after financial items	928	-1 058
Profit before tax	928	-1 058
Tax on profit for the period	-682	211
Net profit for the period	246	-847
* Note regarding tax on profit for the period:		
Current tax:	-682	211
Total reported income tax:	-682	211

Consolidated Balance Sheet

Amounts in thousands of SEK 03-31-2015 03-31-2014

ASSETS

Non-current assets

Property, plant and equipment

Equipment, tools, fixtures and fittings	7 171	5 248
	7 171	5 248

Financial assets

Participations in associated companies	1 646	975
Other securities held as non-current assets	36 759	36 759
Other long-term receivables	232	400
	38 637	38 134

Total non-current assets	45 808	43 382
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Current assets

Current receivables

Accounts receivable - trade	27 559	26 069
Tax receivables*	29 966	20 675
Other receivables	6 794	4 366
Prepaid expenses and accrued income	70 023	59 906
	134 342	111 016

Cash and bank balances	53 990	37 698
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Total current assets	188 332	148 714
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TOTAL ASSETS	234 140	192 096
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* Of which, SEK 24 741 (18 501) 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	03-31-2015	03-31-2014
EQUITY AND LIABILITIES		
<i>Equity</i>		
Share capital	6 549	2 183
Restricted reserves	19 310	23 063
Non-restricted reserves	93 436	90 413
Profit for the period*	246	270
Total equity	119 541	115 929
<i>Provisions</i>		
Deferred tax liability	212	212
Negative goodwill	-	1 000
	212	1 212
<i>Current liabilities</i>		
Accounts payable - trade	2 466	6 262
Other liabilities	7 456	5 071
Accrued expenses and deferred income	104 465	63 622
	114 387	74 955
TOTAL EQUITY AND LIABILITIES	234 140	192 096

Pledged assets and contingent liabilities

	03-31-2015	03-31-2014
<i>Pledged assets</i>	None	None
<i>Contingent liabilities</i>	84	525

*Following a decision by the General Meeting to change the financial year to coincide with the calendar year, the financial year 2013/2014 was extended to 18 months. Profit for the period as at 03-31-2014 consequently comprises 9 months' profit.

Consolidated Cash Flow Statement

Amounts in thousands of SEK	01-01-2015- 03-31-2015	01-01-2014- 03-31-2014
<i>Operating activities</i>		
Profit after financial items	928	-1 058
Adjustments for non-cash items	914	3 406
	1 842	2 348
Income tax paid	-1 580	8 180
Cash flow from operating activities before working capital changes	262	10 528
<i>Cash flow from working capital changes</i>		
Increase (-)/Decrease (+) in current receivables	11 437	41 662
Increase (+)/Decrease (+) in current liabilities	-9 612	-22 886
Cash flow from operating activities	2 087	29 304
<i>Investing activities</i>		
Purchase of equipment	-2 232	-18
Cash flow from investing activities	-2 232	-18
<i>Financing activities</i>		
Received warrant premiums	-	159
Cash flow from financing activities	-	159
Cash flow for the period	-145	29 445
Cash and cash equivalents at the beginning of the period	54 135	8 253
Cash and cash equivalents at the end of the period	53 990	37 698

Parent Company Income Statement

Amounts in thousands of SEK	01-01-2015- 03-31-2015	01-01-2014- 03-31-2014
<i>Operating income</i>		
Net sales	63 960	66 374
Other operating income	5 116	-
	69 076	66 374
<i>Operating expenses</i>		
Other external expenses	-27 345	-24 676
Personnel expenses	-40 056	-41 393
Operating profit before depreciation/amortization	1 675	305
Depreciation/amortization and impairment of equipment and intangible assets	-321	-330
Operating profit	1 354	-25
<i>Profit from financial items</i>		
Interest income and similar profit items	1 678	96
Interest expenses and similar expense items	-50	-1 086
Profit after financial items	2 982	-1 015
Profit before tax	2 982	-1 015
Tax on profit for the period	-685	205
Profit for the period	2 297	-810
* Note regarding tax on profit for the period:		
Current tax:	-685	205
Total reported income tax:	-685	205

Parent Company Balance Sheet

Amounts in thousands of SEK

03-31-2015

03-31-2014

ASSETS

Non-current assets

Property, plant and equipment

Equipment, tools, fixtures and fittings	2 853	4 111
	2 853	4 111

Financial assets

Participations in Group companies	21 196	16 227
Participations in associated companies	2 610	2 610
Other securities held as non-current assets	36 759	36 759
Other long-term receivables	79	400
	60 644	55 996

Total non-current assets	63 497	60 107
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Current assets

Current receivables

Accounts receivable - trade	21 788	26 069
Receivables from group companies	24 086	-
Tax receivables*	28 508	20 827
Other receivables	5 020	4 345
Prepaid expenses and accrued income	67 074	59 395
	146 476	110 636

Cash and bank balances	32 357	37 232
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Total current assets	178 833	147 868
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TOTAL ASSETS	242 330	207 975
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* Of which, SEK 24 741 (18 501) 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

03-31-2015

03-31-2014

EQUITY AND LIABILITIES

Equity

Restricted equity

Share capital (6 549 120 (2 183 040) shares)	6 549	2 183
Statutory reserve	18 009	22 375
	24 558	24 558
<i>Non-restricted equity</i>		
Profit brought forward	76 618	74 129
Share premium reserve	15 276	15 270
Profit for the period*	2 297	455
	94 191	89 854

Total equity **118 749** **114 412**

Untaxed reserves

Accumulated excess depreciation	745	745
	745	745

Current liabilities

Accounts payable -trade	2 335	5 792
Liabilities to Group companies	26 085	28 008
Other liabilities	2 693	2 662
Accrued expenses and deferred income	91 723	56 356
	122 836	92 818

TOTAL EQUITY AND LIABILITIES **242 330** **207 975**

PLEDGED ASSETS AND CONTINGENT LIABILITIES

03-31-2015

03-31-2014

<i>Pledged assets</i>	None	None
<i>Contingent liabilities</i>	84	208

*Following a decision by the General Meeting to change the financial year to coincide with the calendar year, the financial year 2013/2014 was extended to 18 months. Profit for the period as at 03-31-2014 consequently comprises 9 months' profit.

Parent Company Cash Flow Statement

Amounts in thousands of SEK	01-01-2015- 03-31-2015	01-01-2014- 03-31-2014
<i>Operating activities</i>		
Profit after financial items	2 982	-1 015
Adjustments for non-cash items	321	3 303
	3 303	2 288
Income tax paid	-766	9 562
Cash flow from operating activities before working capital changes	2 537	11 850
<i>Cash flow from working capital changes</i>		
Increase(-)/Decrease (+) in current receivables	1 617	41 694
Increase(+)/Decrease (-) in current liabilities	-7 041	-24 021
Cash flow from operating activities	-2 887	29 523
<i>Investing activities</i>		
Purchase of equipment	-12	-18
Cash flow from investing activities	-12	-18
<i>Financing activities</i>		
Received warrant premiums	-	159
Cash flow from financing activities	-	159
Cash flow for the period	-2 899	29 664
Cash and cash equivalents at the beginning of the period	35 256	7 568
Cash and cash equivalents at the end of the period	32 357	37 232

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 stock exchanges, clearinghouses, banks and brokerages
- The company was founded in 1998, currently has some 250 employees in Stockholm and Umeå (excluding consultants) representing 29 nationalities
- It offers solutions in price discovery, order matching, market data, index calculations, clearing, risk management and market surveillance
- Since September 29, 2014, the company's shares have been traded on the Nasdaq First North exchange (CINN, ISIN code: SE0000778474). Avanza is the Certified Adviser.

Financial calendar

Annual General Meeting 2015
May 11, 2015.

Interim report for January 1 – June 30, 2015,
August 20, 2015

Interim report for January 1 – September 30, 2015,
November 5, 2015

Year-end-report for January 1 – December 31, 2015,
February 25, 2016

Financial information

Cinnober's financial information is published in Swedish and English. Interim and annual reports are available at www.cinnober.com/financial-reports

Publication

This financial report was published on May 7, 2015 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 sales

Net cash/Net debt – Cash and cash equivalents, current investments 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 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.



Stockholm | Umeå
London | New York

Head Office:
Kungsgatan 36
SE-111 35 Stockholm
Sweden

+46 8 503 047 00
info@cinnober.com
www.cinnober.com