



## PRESS RELEASE

Cherry AB (publ)  
Stockholm May 2<sup>th</sup>, 2016

### Cherry acquires ComeOn

Cherry AB (publ) has today signed an agreement to acquire 49 percent of the shares in ComeOn Malta Ltd with an option to acquire the remaining 51 percent. ComeOn is a leading company in the rapidly expanding online gaming market on desktop, tablet and mobile. ComeOn's offering complements Cherry with well-known brands and strong positions, mainly in online casino and sports betting.

The acquisition will significantly strengthen Cherry's position in Scandinavian markets. The acquisition also provides great opportunities for continued international expansion.

*"This acquisition will strengthen Cherry's position in online gaming against competitors in Scandinavia and other European markets. Both Cherry and ComeOn are growing considerably faster than the market as a whole, which facilitates further investments in existing brands and continued expansion in new markets. We will add several strong brands and will profit from the strong entrepreneurial spirit within ComeOn,"* said Fredrik Burvall, CEO Cherry AB (publ).

With its successful multi-brand strategy, ComeOn enjoys a strong position in each of its main markets. ComeOn markets games under several well-established brands such as ComeOn.com, Mobilbet.com, CasinoStugan.com, folkeautomaten.com, Suomikasino.com, GetLucky.com and Kasyno.pl. ComeOn had 1,112,932 registered customers of which 133,324 were active as of end of December 2015. Cherry will strengthen its customer base considerably within sports betting, which accounted for approximately one third of ComeOn's revenues in 2015.

*"We are looking forward to joining forces with Cherry. Just like us, Cherry is growing quickly with a multi-brand strategy and we see a lot of potential synergies between the companies. We look forward to staying operationally involved with the new ownership, while still having a big stake in the future growth of the consolidated Cherry,"* said ComeOn's spokesperson Hans Martin Nakkim.

ComeOn's sales in 2015 were close to EUR 80 million, an increase of about 60 percent compared to the previous year. The operating profit grew to approximately EUR 13 million, an increase close to 70 percent compared with the previous year. ComeOn expects to have sales of EUR 100-120 million, with an operating profit of EUR 19-23 million, in 2016. The company's depreciation is insignificant.

ComeOn's management and founders will continue to work in the combined business going forward.

ComeOn operates based on licenses in Malta, UK and Curacao. The company has its own operations in Malta, London, Gibraltar and Stockholm. ComeOn has a staff of around 210 in total. The parties do not expect any redundancies due to the transaction, since both groups are growing faster than the market and the combined resources will form a base for the continued expansion.

Identified synergies consists mainly of a broader product and brand portfolio, economies of scale such as reduced costs for payment solutions and game suppliers, and more efficient marketing.

The acquisition has to be approved by the shareholders in Cherry AB (publ) during an extra shareholders meeting. This meeting is expected to take place at the end of May or the beginning of June.

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## Financial information

- The total consideration is calculated based on a multiple of 10 times the operating profit (EBIT) for 2016, and will be paid in two tranches. In tranche one, which is planned to take place end of May/beginning of June 2016, Cherry will acquire 49 percent of the shares in ComeOn for a consideration of EUR 80 million. This part of the consideration will be deducted from payment of the final and total consideration in tranche two. The consideration in tranche one shall be paid with 50.4 percent of newly issued shares of series B in Cherry AB and 49.6 percent cash. The price per share has been set at SEK 128.25. Cherry intends to issue a corporate bond to finance the cash part of the deal. Initially, EUR 50 million will be issued. The bond will be listed on Nasdaq Stockholm Corporate Bonds within 60 days following the day of issue.
- If the acquisition of the 49 percent of the shares in ComeOn is completed according to plan, Cherry expects a positive effect on earnings for 2016. Cherry's share of ComeOn's result after net financial items in 2016 is expected to be approximately EUR 6 million. Cherry's transaction costs for the acquisition is expected to affect the 2016 result by approximately EUR 0.8 million. The acquisition of the 49 percent will be accounted for as a minority shareholding and therefore not affect Cherry's sales or operating profit, but is expected to have a positive effect on earnings per share and cash flow.

The final and total consideration for the shares in ComeOn will also be paid with a combination of newly issued shares and cash. The cash part is to be financed with an expansion of the corporate bond, and the price for the new share issue will be calculated as the volume weighted average share price during the fifteen trading days following Cherry's announcement to exercise the option to acquire the remaining 51 percent in ComeOn (tranche two). The option can be exercised during the period October 1, 2016 to December 31, 2016. Should Cherry decide not to use the option, then the seller has the right to repurchase the shares in ComeOn for EUR 40 million. The total consideration can be a maximum of EUR 280 million on a debt free basis.

- Shareholders in Cherry, holding A-shares and some of the company insiders will not be allowed to trade in Cherry shares during the period up until 15 days after Cherry have announced its intention to use the option, however not later than January 31, 2017.
- The dilution in Cherry in step one (acquisition of 49 percent) will be 16.7 percent of the number of shares and 11 percent of the voting rights.
- The acquisition needs to be approved by the shareholders in Cherry AB (publ) at an extra shareholders' meeting. This meeting is expected to take place at the end of May or beginning of June. A separate notice for this meeting will be announced no later than four weeks prior to the extra shareholders' meeting. The transaction is subject to Cherry obtaining financing for the parts of the purchase price that is to be paid in cash.
- Completion of the transaction is conditional upon customary regulatory approvals.
- Cherry's plan to list its shares on Nasdaq Stockholm during 2016 is still valid.
- Cherry has mandated ABG Sundal Collier AB as Global Coordinator and Joint Bookrunner and Pareto Securities AB as Joint Bookrunner to issue a secured corporate bond in order to finance the cash share of the transaction.
- Delphi and PwC have been retained advisors for Cherry in the transaction.

## Translation

This is a translation of the Swedish original.

### Cherry in brief

Cherry is a Swedish gaming company established in 1963 specialized in online casinos and lotteries ([www.CherryCasino.com](http://www.CherryCasino.com), [www.EuroLotto.com](http://www.EuroLotto.com), [www.EuroSlots.com](http://www.EuroSlots.com), [www.SpilleAutomater.com](http://www.SpilleAutomater.com), [www.NordicSlots.com](http://www.NordicSlots.com), [www.NorgesSpill.com](http://www.NorgesSpill.com), [www.SveaCasino.com](http://www.SveaCasino.com), [www.SuomiAutomaatti.com](http://www.SuomiAutomaatti.com), [www.Sunmaker.com](http://www.Sunmaker.com), [www.SunnyPlayer.com](http://www.SunnyPlayer.com) and [www.Kingplayer.com](http://www.Kingplayer.com)), affiliate business through Game Lounge and games development ([www.Yggdrasil.com](http://www.Yggdrasil.com)), through subsidiaries in Malta. Cherry is the market leader in casinos in restaurants and nightclubs in Sweden. Cherry employs around 750 people and has more than 3,800 shareholders. The Company's B-shares are listed on AktieTorget.