

# Cherry revises its full-year forecast for 2017 and presents preliminary earnings summary for the third quarter

Cherry AB (publ) - STO: CHER-B.ST - has, prior to the release of its third quarter report, performed a more detailed analysis of development in its subsidiary ComeOn! Consequently, the Cherry Group is revising its full-year forecast for 2017, from revenue generated of approximately MSEK 2,500 to about MSEK 2,200, and profit (EBITDA) from about MSEK 480 to about MSEK 400.

The process of integrating ComeOn! has not been implemented according to plan, and the delay that occurred during the summer, combined with erroneous marketing decisions, contributed to higher costs and a weaker earnings trend than planned. On 26 October 2017, a new management team was appointed with extensive experience from establishing ComeOn! as a market leader. The new management has initiated the steps necessary to improve the company's earning capacity and efficiency.

"Naturally, I am disappointed that ComeOn! has not developed as well as we previously assessed. In the Online Gaming business area, the integration process has not been implemented efficiently as a consequence of the previous management's poor focus on business. Thus, a new management team was appointed, consisting of people with the experience, market insight and control required. The Online Gaming business area, with ComeOn! as its largest unit, has during the last twelve months increased its proforma revenues<sup>1</sup> about 11 percent, however we are convinced that the company is capable to bring stronger growth with increased profit. We have a clear idea of what immediate actions are required, including cost reductions and focus on growth. The other business areas in the Cherry Group continue to develop well, with good cost control and well-balanced investments," says Anders Holmgren, CEO of Cherry AB.

## PRELIMINARY FIGURES FOR THE CHERRY GROUP: REVENUES AND EBITDA FOR THE THIRD QUARTER OF 2017

The Cherry Group's revenues for the third quarter are estimated at around MSEK 567 (214) and EBITDA for the period is estimated at MSEK 112 (31). The EBITDA margin for the period is estimated at about 20 percent (14).

Below a summary of revenue and EBITDA per business area. All other information related to the third quarter of 2017 will be presented in connection with Cherry's interim report for January-September 2017, on 8 November 2017.

<sup>1</sup> Proforma assuming that ComeOn! was consolidated as wholly-owned unit as of Q3 2016.

Group per business area (MSEK)	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full-year 2016
Revenues					
Online Gaming	448.5	142.8	1,338.2	389.8	830.5
Performance-based Marketing	44.6	15.9	107.2	38.3	57.0
<i>Eliminations, Game Lounge revenues from Cherry</i>	-5.4	-2.3	-16.6	-5.1	-10.2
Restaurant Casino	40.9	39.5	115.1	114.1	156.9
Game Development	44.1	21.0	117.9	55.1	86.9
<i>Eliminations, Yggdrasil revenues from Cherry</i>	-5.5	-3.0	-17.6	-9.2	-18.8
Gaming Technology	10.4	—	28.9	—	—
<i>Eliminations, XCaliber revenues from Cherry</i>	-10.3	—	-28.7	—	—
Group	567.3	214.0	1,644.4	583.0	1,102.4
Operating profit/loss before depreciation and amortization (MSEK)	Q3 2017	Q3 2016	Jan-Sep 2017	Jan-Sep 2016	Full-year 2016
EBITDA					
Online Gaming	67.0	18.1	185.7	35.5	120.2
Performance-based Marketing	33.4	6.0	68.4	13.6	19.0
Restaurant Casino	4.8	4.2	11.8	11.8	16.7
Game Development	18.7	9.2	49.9	26.9	40.1
Gaming Technology	-0.3	—	-1.5	—	—
Development Projects	-4.3	-4.0	-12.1	-9.1	-10.2
Group-wide	-7.1	-2.5	-14.2	-7.3	-11.2
Group	112.3	30.9	288.0	71.4	174.5

### For further information, please contact:

Anders Holmgren, CEO: +46 708 607 534, anders.holmgren@cherry.se

Christine Rankin, CFO: +46 76 539 94 92, christine.rankin@cherry.se

*This information is information that Cherry AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above on 1 November 2017, at 7.35 p.m. CET.*

### CHERRY IN BRIEF

Cherry is a Swedish innovating and fast-growing gaming company established in 1963. The business strategy is to create shareholder value by owning and developing fast growing and profitable businesses within the gaming and casino industry. Cherry operates within five diversified business areas: *Online Gaming, Performance-based Marketing, Gaming Technology, Game Development and Restaurant Casino*. The objective is to grow organic in combination with strategic acquisitions of fast-growing companies. Cherry employs some 1,100 people and has about 6,900 shareholders. The Company's series B shares are listed on the Nasdaq Stockholm, Mid Cap segment. More information is available at [www.cherry.se](http://www.cherry.se).