

# Strong growth and earnings performance



## Interim Report January-March 2018

### FIRST QUARTER

- Group revenue increased by 26 percent to SEK 681 million (541), with organic revenue growth amounting to 25 percent (44).
- Profitability improved and EBITDA increased by 131 percent to SEK 192 million (83) and the EBITDA margin was 28 percent (15).
- Profit for the period amounted to SEK 89 million (36).
- Earnings per share before and after dilution\* amounted to SEK 0.96 (0.24) and SEK 0.96 (0.24).
- On 1 January 2018, ComeOn acquired Get Lucky Ltd.
- On 29 January 2018, Game Lounge acquired the website Slottracker.com.

### EVENTS AFTER THE END OF THE PERIOD

- On 12 April, Game Lounge acquired the SEO specialist TodaysWeb.
- On 16 April, the owners of Cherry's senior secured bond loan 2016/2020 of up to EUR 200 million (ISIN SE0008321616), established the proposed Group internal restructuring schedule.
- On 25 April, Lahcene Merzoug was appointed new Managing Director of ComeOn.
- On 26 April, Cherry announced a revised date for its Annual General Meeting: 30 May 2018.
- On 30 April, Cherry called on the option to acquire an additional 7.5 percent of the shares in Almor Holding Ltd, including the brands Sunnyplayer and Sunmaker. Following the acquisition, Cherry holds 90.0 percent of the shares in Almor.

### FINANCIAL KEY RATIOS

MSEK	Q1		Jan-Dec	
	2018	2017	Δ%	2017
Revenues	681	541	26%	2 252
Organic growth, %	25%	44%		27%
EBITDA	192	83	131%	429
EBITDA-margin, %	28%	15%		19%
Profit	89	36	146%	110
Earnings per share, SEK, before dilution*	0,96	0,24	301%	0,53
Earnings per share, SEK, after dilution*	0,96	0,24	299%	0,53
Equity/assets ratio	35%	9%		34%

\*Earnings per share are calculated based on the profit for the period excluding the minority share.

See page 25 for definitions of financial and alternative key performance indicators.

Q1

## Comments by the CEO

# "We can look forward to another eventful year"

## +26%

Revenue for the first quarter of 2018 increased by 26 percent, from SEK 541 million to SEK 681 million.

## 28%

EBITDA margin, first quarter 2018.  
EBITDA increased by 131 percent to 192 million.

### PRESENTATION OF THE INTERIM REPORT

The Interim Report will be commented on by President and CEO Anders Holmgren and CFO Christine Rankin in a telephone conference on 3 May 2018 at 10:00 a.m. CET. The presentation materials will be available approximately one hour earlier at [www.cherry.se](http://www.cherry.se). The presentation can be followed via [www.cherry.se](http://www.cherry.se) and/or [www.financialhearings.com](http://www.financialhearings.com). To participate by phone, call +46 8 503 365 62 (SE) or +44 203 008 9802 (UK).

The first quarter of 2018 shows that Cherry's business model yields good results. Growth continued with increased profitability, and we see good prospects for 2018 becoming a good year for Cherry's shareholders.

Cherry's business concept is to create shareholder value by owning and developing fast-growing gaming, entertainment and media companies. In 2017, we have taken steps, large and small, to strengthen existing market positions – at the same time as we have invested in the future. I am proud of the entrepreneurial power of the employees within all of the Group's companies. This is one of the most important reasons for being able to offer our customers good products as well as for having a stable financial basis for continued development.

The first quarter of 2018 was a good start to the year, and I see good prospects of this year becoming an eventful one. There are ongoing efforts within Cherry's business areas to launch several new products that we believe will create interest among existing customers. Equally important are the efforts several of the companies are making in new market segments. For our industry as a whole, 2018 will be a year with several significant events. We are seeing ongoing discussions regarding regulation of the gaming market in different countries, legislation that in various ways affects the gaming companies operating in the industry, as well as customer demand and expectations that are changing faster than ever before.

### STRONG DEVELOPMENT IN THE BEGINNING OF 2018

The Group's revenue in the first quarter of 2018 increased by 26 percent, of which 25 percent was organic growth. EBITDA increased by 131 percent, from SEK 83 million to SEK 192 million. In addition to the continuous work to strengthen profitability, this improvement is mainly due to ongoing efficiency enhancement measures within ComeOn, a company in the business area *Online Gaming*. The business area's revenue for the first quarter increased by 18 percent compared with the corresponding quarter in 2017, while earnings improved significantly, from SEK 57 million to SEK 143 million, an increase of 151 percent.

After the end of the period, ComeOn has appointed Lahcene Merzoug new Managing Director. I am pleased that the company has found a strong candidate for this important position and look forward to welcoming Lahcene. I am also glad that the Interim Managing Director, Tomas Johansson, will stay on as advisor to the Cherry Group, supporting Lahcene and the company's management group as well as contributing to strengthening and broadening Cherry's position as an innovating and fast-growing company with operations in gaming, entertainment and media.

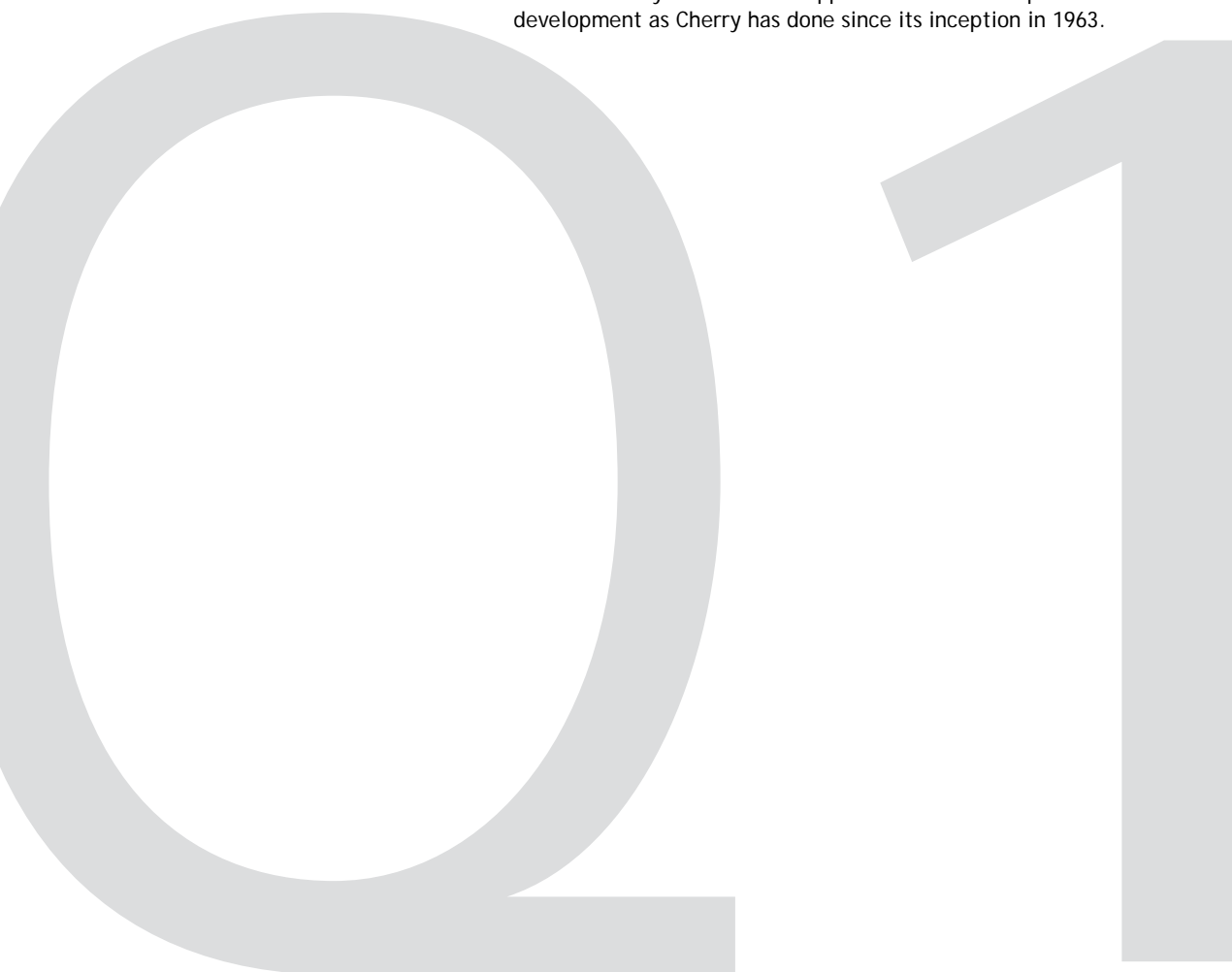
All companies are developing well, and I particularly want to highlight the turnaround that ComeOn's new management has accomplished in a short time, as well as Yggdrasil Gaming, which has continuously delivered games and tools that have set the standard, and which all established gaming operators must have in their offering. Yggdrasil had a significant market presence at the industry's biggest meeting event, ICE, in London, and many took the opportunity to play the company's new table game in a 3D environment. The third company that is developing particularly strongly is Game Lounge, which has strong organic growth and has made some additional acquisitions, such as Slottracker.com and, in April, search engine specialist TodaysWeb.

In the coming months, Highlight Games will launch its game, SOCCERBET, in Italy, which is one of Europe's largest gaming markets. The game is a sportsbook based on a unique combination of filmed clips from European league football and can be played both online and in game stores, closely approximating the feeling of watching live football

matches. We expect the game to reach both existing and new customer categories and to be introduced in additional countries.

#### **INNOVATIVE EFFORTS**

With its curiosity and market expertise, Cherry will strengthen and develop its position within gaming, entertainment and media. We want to be the obvious partner for entrepreneurs working in this industry. Cherry can offer a strong platform and support for ideas and products, from start to market launch as well as establishment of a sustainable and long-term business. I look forward to participating in Cherry's ventures to create many new business opportunities and companies that will continue to lead the development as Cherry has done since its inception in 1963.



# Important events

## DURING THE QUARTER

- On 4 January, game development company Yggdrasil Gaming entered into another agreement with a Danish gaming operator, bet25.dk.
- On 10 January, Cherry confirmed the Group's forecast for the full-year 2017.
- On 10 January, Yggdrasil announced its launch of renewed versions of classic table games. The company has developed a virtual 3D environment of games including Blackjack and Roulette.
- On 16 January, Cherry updated its financial calendar for 2018.
- On 22 January, the bondholders established Cherry's proposal for amended terms.
- On 29 January, the affiliate company Game Lounge acquired an American site, Slottracker.com, which gives more control to the player.
- On 8 February, Yggdrasil entered into an agreement with its existing partner GVC, which opens up the Spanish market for the game developer.
- On 16 February, Cherry AB's year-end report for 2017 was published.
- On 8 March, Yggdrasil launched a new partner programme, YGS Masters. This entails that Yggdrasil will open its platform for content developed by independent game studios.
- On 14 March, Yggdrasil entered into an agreement with Lottomatica, Italy's largest online operator.
- On 22 March, Cherry updated financial details regarding the acquisition of remaining shares outstanding in the Game Lounge subsidiary.

## AFTER THE END OF THE QUARTER

- On 12 April, Game Lounge acquired the assets of the international SEO specialist TodaysWeb.
- On 13 April, Cherry AB published a preliminary assessment of revenue and EBITDA for the first quarter of 2018.
- On 25 April, Lahcene Merzoug was appointed Managing Director of ComeOn.
- On 26 April, a revised notice to attend the 2018 Annual General Meeting of Cherry AB (publ) was issued. The AGM will be convened on 30 May 2018.
- On 30 April, called on the option to acquire an additional 7.5 percent of the shares in Almor, including the brands Sun Maker and Sunnyplayer.

*For important events per business area, refer to the respective text for each business area.*

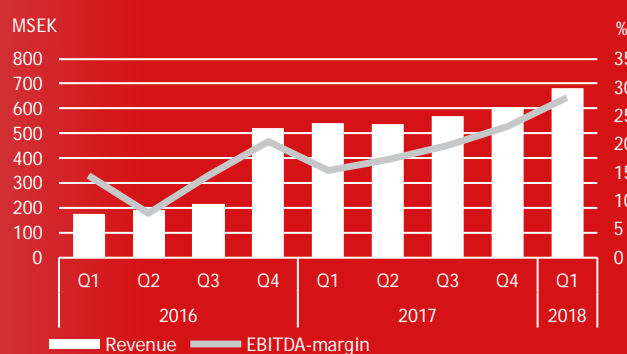


With its curiosity and market expertise, Cherry will strengthen and develop its position within gaming, entertainment and media.

Anders Holmgren,  
CEO

# Group financial performance

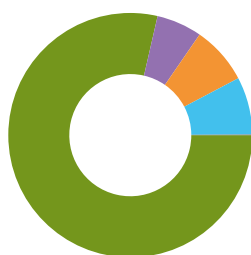
MSEK	Q1			Jan-Dec
	2018	2017	Δ%	2017
Revenue	681	541	26%	2,251
EBITDA	192	83	131%	429
EBITDA-margin	28%	15%		19%
EBIT	156	52	199%	295



The Cherry Group's operations are divided into the business areas *Online Gaming*, *Game Development*, *Online Marketing*, *Gaming Technology*, and *Restaurant Casino*, as well as Development projects. On 1 January 2018, ComeOn acquired the company Get Lucky Ltd, which is fully consolidated in *Online Gaming*. Refer to Note 4 for more information.

## FIRST QUARTER 2018

CONSOLIDATED EXTERNAL REVENUE  
BY BUSINESS AREA,  
FIRST QUARTER 2018



- Online Gaming, 79%
- Restaurant Casino, 6%
- Game Development, 8%
- Online Marketing, 8%
- Gaming Technology, 0%

### Revenue and earnings

Group revenue increased by 26 percent to SEK 681 million (541). Organic growth was 25 percent (44). EBITDA and EBIT for the Group improved substantially, amounting to SEK 192 million (83) and SEK 156 million (52), respectively. The EBITDA margin amounted to 28 percent (15). Exchange rate fluctuations have affected the Group's revenue positively by 4.5 percent and EBITDA by 5.1 percent.

Consolidated profit after financial items amounted to SEK 85 million (40). Net financial income was negatively affected primarily by interest expenses of SEK 44 million (12). As of January 2018, Cherry opted to categorize its bond loan as a hedging instrument to hedge its net investment in ComeOn. Following this, any translation effect from the loan net is recognized against translation differences in equity.

Profit after tax amounted to SEK 89 million (36), corresponding to SEK 0.96 (0.24) per share after dilution and minority interests.

### Depreciation and investments

For the quarter, the Group's investments in intangible and tangible fixed assets amounted to SEK 46 million (10). The increase is primarily related to increase in capitalized expenses and acquisition of assets. Depreciation and impairments for the quarter amounted to a negative SEK 36 million (31).



## Cash flow, liquidity and financial position

For the interim period, the Group's cash flow from operating activities amounted to SEK 193 million (15). The improvement was mainly due to the improved results and positive adjustments in working capital.

Cash flow from investing activities was negative in the amount of SEK 46 million (10). Cash flow from financing activities amounted to negative SEK 64 million (2), following an amortization of the bond loan and dividend paid out to the minority. As at 31 March 2018, consolidated cash and cash equivalents amounted to SEK 392 million (SEK 299 million as at 31 December 2017). The Group's liquidity is still strong and furthermore has an overdraft facility of SEK 35 million, which was unutilized at the end of the first quarter.

Interest-bearing liabilities as at 31 March 2018 amounted to SEK 1,779 million (SEK 1,743 million as at 31 December 2017), and the increase was due to a negative exchange rate effect. The interest-bearing liabilities consist of the bond loan taken to finance the ComeOn acquisition. In January 2018, EUR 4.6 million was amortized.

Player debt including provisions for accrued jackpots amounted to SEK 111 million (SEK 101 million as at 31 December 2017). This amount (SEK 111 million) may limit the use of the company's cash and cash equivalents as a result of the Maltese gaming authority's regulations. Short-term receivables from payment providers amounted to SEK 113 million (SEK 193 million as at 31 December 2017).

Shareholders' equity amounted to SEK 1,330 million as at 31 March 2018 (SEK 1,242 million as at 31 December 2017). Equity per share amounted to SEK 12.17 (SEK 11.27 as at 31 December 2017).

The equity/assets ratio amounted to 35 percent (34). As at 31 March 2018, the equity/assets ratio was adversely affected by 3 percentage points by temporary effects. On 22 December 2017, Cherry invoked its option to acquire the minority holding in Game Lounge. For the Group, this entails that, at this time, a liability to the minority shareholders was recognized corresponding to the preliminary purchase consideration. During the first quarter of 2018, the final purchase consideration of EUR 19.7 million was established. Cherry acquired 44 percent of the shares in Game Lounge and has a 95 percent participating interest effective from 1 January 2018. The remaining 5 percent is held by senior executives in the company. According to the agreement, the transaction will be settled by 50 percent in the form of cash and cash equivalents and 50 percent of newly issued shares, which will be proposed for resolution by Cherry's Annual General Meeting on 30 May 2018. Liability to the minority shareholders as at 31 March 2018 amounted to SEK 203 million. This minority transaction reduces consolidated equity by the corresponding amount. On settling the liability with shares, shareholders' equity will increase preliminarily by SEK 101 million. If the share issue had been carried out as at 31 March 2018, the Group's equity/assets ratio would have been 38 percent.

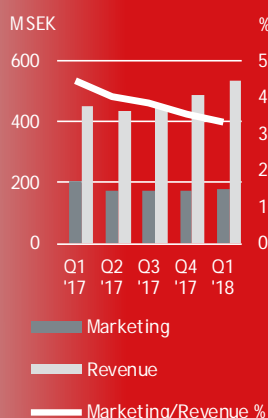
## The Parent Company

The Company provides and sells internal services to other Group companies, mainly in finance, accounting, business development, administration and management. Revenue for the first quarter of 2018 totalled SEK 2 million (1) and profit/loss before tax amounted to a loss of SEK 42 million (15). The decline in earnings was mainly due to negative currency effects and increased interest expenses for loans.

The Parent Company's investments in tangible and intangible assets amounted to SEK 0.0 million (0.0). Cash and cash equivalents at year-end totalled SEK 75 million (12).

# 33%

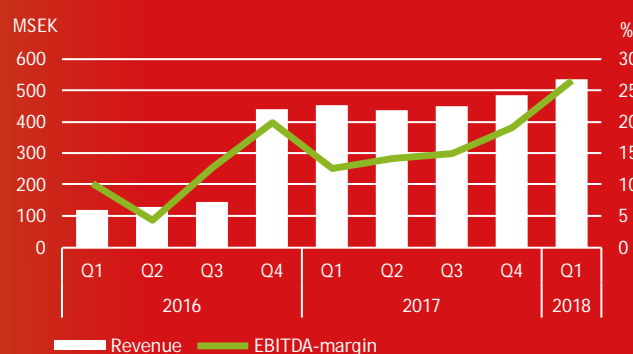
Marketing as a share of the *Online Gaming* business area's revenue





# Online Gaming

MSEK	Q1			Jan-Dec
	2018	2017	Δ%	2017
Revenue	536	453	18%	1,823
EBITDA	143	57	151%	277
EBITDA-margin	27%	13%		15%
EBIT	114	31	272%	167



ComeOn

Cherry conducts online gaming activities through its investment in business area *Online Gaming*. The business area offers casino, sports betting and lottery on mobile phones, tablets and computers through brands including casinostugan, cherrycasino, comeon, folkeautomaten, mobilebet, norgesspill, sunmaker, sunnyplayer and sveacasino. All brands are operated from the operating companies located in Malta through licences issued by Malta, Schleswig-Holstein or the United Kingdom. Cherry has a 100-percent holding.

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Number of registered customers at end of the period	4 615 012	4 332 429	4 069 102	3 785 773	3 498 921
Number of new registered customers during the period	282 583	263 327	283 329	286 852	309 828
Number of active players during the period	321 124	311 261	294 098	299 974	303 683
Deposit amount during the period (MSEK)	1 696	1 459	1 375	1 309	1 359

## FIRST QUARTER 2018

In the first quarter, revenue increased by 18 percent to SEK 536.1 million (453.2). Organic growth was 18 percent. Profit continued to improv, EBITDA increased by 151 percent, amounting to SEK 142.7 million (56.8). EBIT amounted to SEK 114.3 million (30.7). The EBITDA margin for the quarter increased to 27 percent (13).

At the end of 2017, *Online Gaming* returned to growth, and deposits from customers increased by 25 percent in the first quarter, compared with the corresponding quarter the previous year, to SEK 1,696 million (1,359). The mobile share of the business area's surplus from gaming amounted to 65 percent (46). The Casino share increased to 85 percent (83). The Sportsbook share of the business area's surplus from gaming amounted to 15 percent (17).

Investments in marketing for the business area decreased during the first quarter and amounted to SEK 177 million (202), which represented 33 percent (45) of income from online gaming. Tax expenses deriving from different local gaming legislation amounted to SEK 28 million (21).

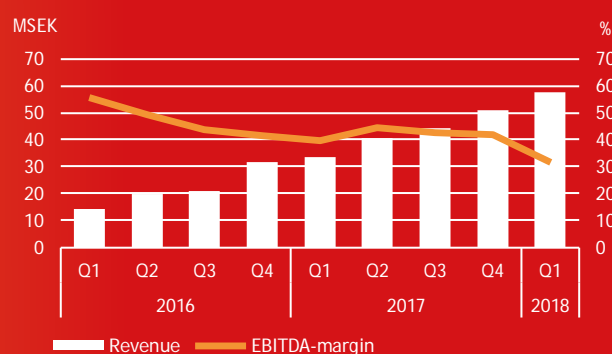
To intensify efforts to achieve the set targets, several people who have been with ComeOn from the outset were appointed towards the end of last year to lead the operations ahead. During the first quarter, this group has continuous worked intensively to establish a long-term growing and profitable company. The intensive improvement work has now yielded results, which is clearly visible in this quarter's sales figures and in earnings.

## IMPORTANT EVENTS

- In April, a new Managing Director of ComeOn was appointed. Lachene Merzoug will take up his position in July 2018, at the latest.

# Game Development

MSEK	Q1			Jan-Dec
	2018	2017	Δ%	2017
Revenue	58	33	73%	169
EBITDA	18	13	36%	71
EBITDA-margin	31%	40%		42%
EBIT	14	11	29%	59



The information reported above relates only to Yggdrasil Gaming, since Highlight Games is reported as an associated company and is therefore not included in the consolidated revenue, EBITDA or EBIT figures.



## Yggdrasil Gaming

Cherry conducts game development through its investment in Yggdrasil Gaming, operated as an independent business area. Yggdrasil develops innovative games for mobile phones, tablets and computers, and these games are licensed to various game operators. The Company has licences in Malta, the UK, Gibraltar and Romania. Yggdrasil also offers its customers the concept White Label Studios, where customers can tailor their own online slots. The company has achieved a strong position as a quality supplier of video-slots. Cherry holds 84 percent of the shares in Yggdrasil Gaming.

## Highlight Games

Highlight Games develops innovative products for the virtual sports gaming market both online and in real life, including content from league football. From 2017 and beyond, the company plans to launch sought-after games within other sports to the virtual and sports betting markets. Cherry holds 37.5 percent of the shares in Highlight Games.

## FIRST QUARTER 2018

### Yggdrasil Gaming

During the first quarter, Yggdrasil's revenue increased by 73 percent and amounted to SEK 57.6 million (33.3), of which SEK 5.2 million (6.2) was internal revenue from *Online Gaming*. The revenue increase was primarily due to increasing revenue from existing operators, launching new games, and more live customers. During the quarter, nine new license agreements were made.

EBITDA for the first quarter amounted to SEK 18.1 million (13.3). The EBITDA margin was 31 percent (40). EBIT amounted to SEK 13.8 million (10.7). The increased operating expenses were mainly attributable to an increase in the number of employees in the company and the costs of the ICE gaming trade fair in London. The number of employees in Yggdrasil was doubled in the last year, from 100 to 214 people.

In the beginning of 2017, Yggdrasil initiated a goal-oriented commitment to certifying its games and its technical platform for the Italian market. A year later, we are seeing results. Yggdrasil's offering is available from all major operators, including market-leading Italian Lottomatica. The number of player transactions (rounds) increased by 90 percent and amounted to 1,333 million (701). Mobile gaming accounted for 61 percent (52) of the surplus from gaming.

During the first quarter, development costs for software were capitalized in the balance sheet at a value of SEK 8.2 million (3.6).

### Highlight Games

In the second quarter of 2017, Cherry acquired 25 percent of game developer Highlight Games, with an option to acquire an additional 26 percent. Part of this option was exercised in November 2017, when Cherry acquired a further 12.5 percent. At the end of this quarter, Cherry had a total holding of 37.5 percent.

Highlight Games has been consolidated as an associated company effective from June 2017. The company, which is in a construction phase, showed a loss SEK 2.4 million (-), which is reported as a proportion of associated companies' earnings. The company has worked intensively with development and preparation for the launch of products in several markets. At the end of second quarter 2018, the company expects to launch its products in a regulated market.

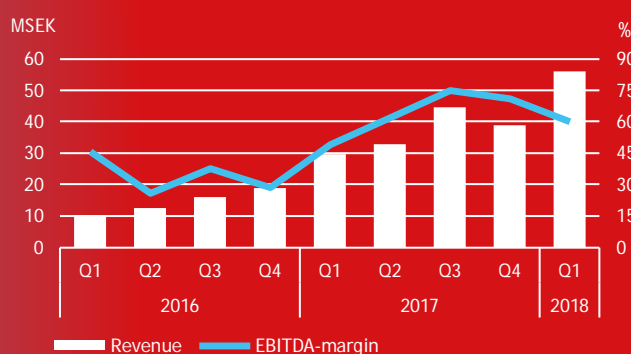
### IMPORTANT EVENTS

- Yggdrasil released three new games during the first quarter.
- Yggdrasil announced its forthcoming establishment on the Spanish market.
- Yggdrasil announced the launch of a new product vertical (digital table games).
- Highlight Games signed an agreement to integrate its new product SOCCERBET with Eurobet.



# Online Marketing

MSEK	Q1			Jan-Dec
	2018	2017	Δ%	2017
Revenue	56	30	89%	146
EBITDA	34	15	133%	96
EBITDA-margin	60%	49%		66%
EBIT	32	13	148%	89



## FIRST QUARTER 2018

During the first quarter, revenue increased by 89 percent to SEK 56.2 million (29.7), of which SEK 4.2 million (5.6) was internal revenue from *Online Gaming*, including Game Lounge's share of revenue from ComeOn and white label sites. The increase of revenue is mainly attributed to Game Lounge entering into a number of new markets in 2017, and an optimization of its revenue model during the last 12 months.

EBITDA had very strong growth in the first quarter and increased by 133 percent. EBITDA for the quarter amounted to SEK 33.7 million (14.5), representing a margin of 60 percent (49). The improvement in margin is mainly explained by the economies of scale achieved in connection with growth.

Compared with the corresponding quarter in 2017, the number of visitors increased, and the number of new deposit customers increased in all markets. New deposit players (NDPs) increased by 61 percent, to 14,267 (8,846).

During the quarter, Game Lounge has focused on further developing the operations and organization. Among other things, marketing has been broadened to include pay-per-click (PPC), and a key person has been recruited. This initiative was begun in Denmark and the UK and will also be carried out in other markets where Game Lounge is represented. Game Lounge is currently in 13 markets (9). The Japanese market continued to grow in the first quarter.

Game Lounge continue its focus on establishing strong brands and the strategy remains, to primarily grow organic. As part of this strategy, Game Lounge is reviewing the options to increase the number of verticals where the company might be active.

### IMPORTANT EVENTS

- Since January 2018, Slottracker.com has been included – a site that can follow the player in every bet he or she makes in casino games within the Game Lounge offering. By choosing Slot Tracker, players are able to have their information saved about what games and bets are made, as well as winnings and bonuses paid.
- In April 2018, Game Lounge acquired the assets of TodaysWeb, an international SEO specialist.
- Cherry has acquired the majority of the shares outstanding in the affiliated company Game Lounge Ltd and holds 95 percent of the company effective from 2018. The remainder is held by senior executives in the company.

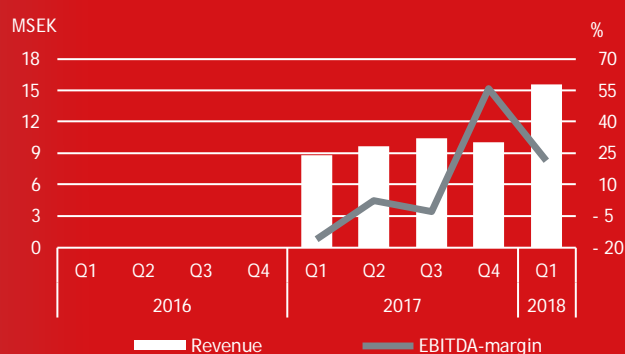


## Game Lounge

Cherry conducts operations within performance-based marketing through its investment in Game Lounge. The company is one of the fastest growing European companies in performance-based marketing and the creation of customer contacts (leads) on the Internet. The offering focuses on operators within online gaming. The company attracts online players through various products and services and then forwards them to a number of online gaming operators such as Betsson, Unibet, and ComeOn. The company's business model is based on revenue sharing with online gaming operators, where Game Lounge delivers high quality customers to operators through organic traffic. The company currently operates in ten markets. Cherry holds 95 percent of the shares in company.

# Gaming Technology

MSEK	Q1			Jan-Dec
	2018	2017	Δ%	2017
Revenue	16	9		39
EBITDA	3	-1		4
EBITDA-margin	21%			10%
EBIT	3	-2		4



## XCaliber

Cherry develops gaming technology through its investment in XCaliber. XCaliber is a B2B technology company that provides innovative products and services to gaming operators, collaborative partners as well as others in the gaming industry. Customers get access to the market-leading gaming platform and several innovative tools, monitoring systems and an integrated payment solution. The company is headquartered in Malta with a development team located in Poland. Cherry's Online Gaming business area is currently the company's largest customer, which also gives new customers the security that XCaliber's products and services are at the forefront of the industry and can handle high transaction volumes. Operations started in late November 2016, as a spin off from ComeOn. Cherry owns 100 percent of the shares in XCaliber.

## FIRST QUARTER 2018

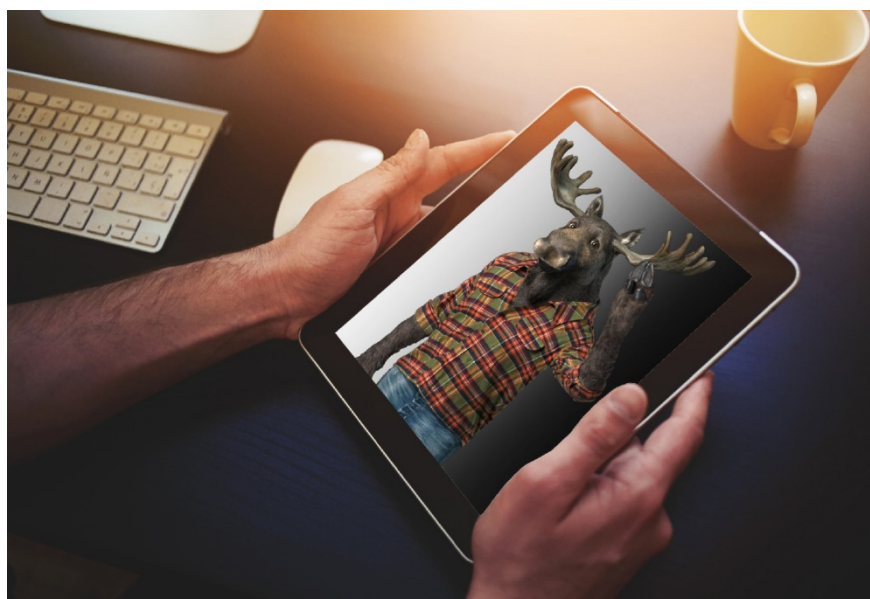
During the first quarter, XCaliber reported revenue of SEK 15.6 million (8.8), of which SEK 15.0 million (8.8) was internal revenue from *Online Gaming*. During the quarter, XCaliber received four new external customers, resulting in increased sales, mainly during the end of quarter. This trend is expected to continue.

The company developed well during the first quarter and EBITDA for the quarter amounted to SEK 3.3 million (negative 1.4). The increase in earnings is mainly attributable to increased sales, but also focus on cost control.

XCaliber holds a strong position in terms of innovation in online gaming. The company is ISO 27001 certified, which ensures a structured and methodical approach in XCaliber's internal control of data security. The company focuses on major customer assignments, where lead times in the form of bidding procedures and the building up of relationships take a long time and demand a high degree of insight into what the customer expects.

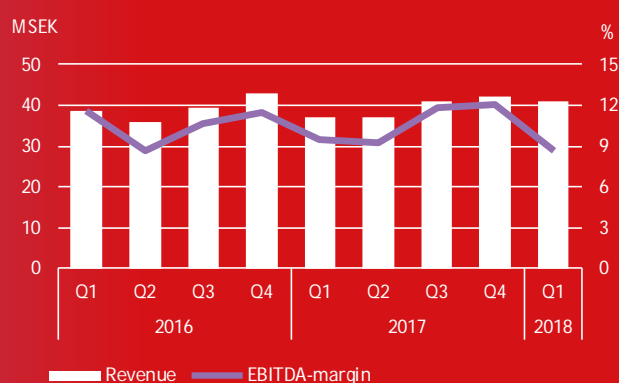
## IMPORTANT EVENTS

- XCaliber entered into an agreement with four new external customers, including three customers for XCaliber's affiliate system - performance-based digital marketing, and with one new customer for XCaliber's gaming platform.
- XCaliber participated in the industry's largest trade fairs in London, ICE and LAC, where they successfully marketed their gaming platform and its affiliate system.



# Restaurant Casino

MSEK	Q1			Jan-Dec
	2018	2017	Δ%	2017
Revenue	41	37	11%	157
EBITDA	4	4	1%	17
EBITDA-margin	9%	9%		11%
EBIT	2	3	-14%	13



## Cherry Spelglädje

Cherry conducts restaurant casino activities through its investment in Cherry Spelglädje. Cherry Spelglädje conducts traditional casino games (Blackjack and Roulette). In addition, event-casino is also offered to companies and private individuals. Cherry owns 100 percent of the shares in Cherry Spelglädje.

## FIRST QUARTER 2018

In the first quarter, revenue amounted to SEK 41.0 million (37.0). The increase in revenue in the first quarter of 2018 was mainly due to an increase in the number of sessions due to favourable calendar deviations.

EBITDA for the first quarter amounted to SEK 3.5 million (3.5).

During the first quarter, operations were characterized by continued activities to consolidate and increase the company's market share, as well as to ensure that the restaurant casino industry is best included in the forthcoming re-regulation of the Swedish gaming market. Cherry has participated in parts of the investigation. The Gaming inquiry's proposal for a new gaming regulation has been presented and is expected to take effect 1 January 2019.

## IMPORTANT EVENTS

- In September 2017, Cherry Spelglädje AB appealed the Swedish Gambling Authority's decision regarding renewed licences to conduct casino games at various restaurants within Cherry Spelglädje AB. In November 2017, the Administrative Court in Linköping, upheld Cherry Spelglädje's request for inhibition until the issue of whether Cherry Spelglädje meets requirements under relevant Swedish law and the EU Money Laundering Directive (EU/2015/849), including the Money Laundering Regulation, has been tried. The Administrative Court announced in April that they will not request a preliminary ruling from the EU Court on the matter. The final verdict is yet to be announced.



# Development projects

Cherry has several development projects aimed at creating new products and services to support Cherry's business concept and growth strategy. Until the product or service has been launched and established, the expenses are central within the Group and reported as "Development Projects", to increase transparency of how much is being generated by the Group's business areas.

## FIRST QUARTER 2018

Operating profit for development projects (EBIT) amounted to SEK 0.0 million (-0.8).

# Group-wide

## FIRST QUARTER 2018

Group-wide expenses relate primarily to the Parent Company's expenses for corporate functions. The operating loss (EBIT) amounted to SEK 7.3 million (2.7). The increase in the first quarter is mainly explained by an increase in the number of employees and consultants.

# Other information

## ANNUAL GENERAL MEETING 2018

The Annual General Meeting of Cherry AB (publ) will be held on 30 May 2018 in Stockholm, at 10:00 a.m. CET, in the law firm Delphi's premises located at Mäster Samuelsgatan 17, 7th floor, Stockholm, Sweden. The notice to attend is published in its entirety on [www.cherry.se](http://www.cherry.se).

## DIVIDEND

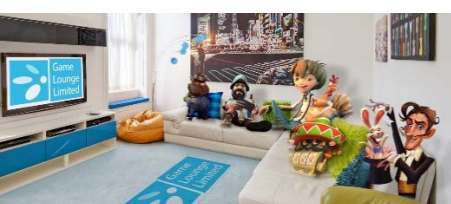
The Board proposes that no dividend be paid for the 2017 financial year.

## ACQUISITION OF GAME LOUNGE LTD

On 22 December 2017, Cherry decided to invoke its option to acquire up to 100 percent of the shares in the game company Game Lounge Ltd, acquiring another 44 percent while senior executives retain 5 percent. The value of the purchase consideration for Cherry's additional portion of the shares will be based on a multiple of 4.5 times the 2017 earnings pertaining to affiliate operations and 6 times 2017 earnings for the white label business. The final consideration amounts to approximately SEK 203 million and is reported in the interim report as a liability to the sellers. It is intended for the acquisition to be financed equally in cash and new shares in Cherry AB (publ). The cash portion is to be paid no later than 30 April 2018 and the new share issue must be approved by Cherry AB's Annual General Meeting in May 2018, after which the transaction can be completed.

## ACQUISITION OF ALMOR HOLDING LTD

Cherry will acquire an additional 7.5 percent of the shares in the Maltese company Almor Holding Limited (Almor). The company is an operator of online casino and sportsbook in primarily German-speaking countries. Following the acquisition Cherry will own 90.0 percent of the shares in Almor. The purchase price for Almor Holding Limited will, according to the agreement amount to approximately EUR 4.4 million and to be paid through a combination of equal portions cash and newly issued shares in Cherry AB (publ). The share issue in Cherry AB (publ) has been proposed to be established by the shareholders in the Annual General Meeting on 30 May 2018.



# 95%

Cherry has acquired the majority of the shares outstanding in the affiliated company Game Lounge Ltd and holds 95 percent of the company effective from 2018.

The remainder is held by senior executives in the company.

## DISPUTES

In September 2017, Cherry Spelglädje AB received a request from the Swedish Gambling Authority for documents including information about the natural persons who are the management or actual principal of legal persons with direct or indirect ownership in Cherry AB (publ) and thus also in Cherry Spelglädje AB as defined in the EU's Anti-Money Laundering Ordinance (EU/2015/849). In Cherry Spelglädje AB's view, the Swedish Gambling Authority has made an excessively far-reaching and disproportionate interpretation of the directive, which also discriminates against EU citizens from other countries, and the company therefore, in November 2017, appealed the request to the Administrative Court of Appeal, which approved the petition and ruled that the request be inhibited. The final verdict is yet to be announced.

## RISKS AND UNCERTAINTIES

For a description of risks and uncertainties, refer to the 2017 Annual Report, which is available on the company's website, [cherry.se](http://cherry.se), and to the prospectus prepared as part of the listing on the Nasdaq Stockholm exchange in October 2017. During the fourth quarter of 2017, the Group's goodwill was tested for impairment. It was determined that no impairment requirement was identified.

## EMPLOYEES

The average number of employees for the Group (calculated as full-time positions) during the first quarter was 839 (622), of whom 507 (358) were men. The total number of employees at the end of the quarter was 1,407 (1,130), of which 588 (461) were men.

## NOMINATION COMMITTEE

In accordance with a resolution by Cherry's Annual General Meeting on 16 May 2017, the members of the Nomination Committee have been appointed in preparation for the 2018 Annual General Meeting.

The Nomination Committee consists of Jeremy Xuereb (appointed by Prunus Avium Ltd), Pontus Lindwall (appointed by Per Hamberg), Rolf Åkerlind (appointed by Lars Kling) and Morten Klein (Chairman of the Board, Cherry AB), who also convenes the Nomination Committee. Together, the members of the Nomination Committee represent 40 percent of the votes in Cherry AB. The company's Chairman has chosen to abstain from his voting rights in the Nomination Committee.

## BOND

On 22 December 2017, a notice of a written procedure was sent to the bondholders with a request to implement certain changes to the bond terms relating to Cherry AB's senior covered bond 2016/2020 of up to EUR 200,000,000 (ISIN SE0008321616). Among other things, the purpose was, to adjust the bond's covenant structure, enable changes in Cherry's legal structure and to increase the company's financial flexibility. The adjustments mean that Cherry's legal structure will change to better match the Group's operational structure. Accordingly, Cherry will, among other things, improve its administration.

All bondholders who voted in the written procedure approved the proposed changes to the bond terms on 22 January 2018.

On 26 March 2018, Cherry Nordic Trustee instructed to initiate a written procedure with a view to obtaining the licensees' permission to extend the time Cherry undertakes to make changes to the Group's legal structure, from 31 March 2018 to 30 September 2018.

A majority of the bondholders who voted in the written procedure approved the proposed changes to the bond terms on 16 April 2018.



## SHARE CAPITAL DEVELOPMENT

Year	Event	Change in shares		Number of shares			Share capital	Quota-value
		Class A	Class B	Class A	Class B	Total		
2014	Rights issue		638,931	997,600	12,443,973	13,441,573	7,392,865	0.55
2015	Share issue		546,239	997,600	12,990,212	13,987,812	7,693,297	0.55
2016	Share issue		309,302	997,600	13,299,514	14,297,114	7,863,413	0.55
2016	Share issue		2,901,461	997,600	16,200,975	17,198,575	9,459,216	0.55
2016	Share issue		62,500	997,600	16,263,475	17,261,075	9,493,591	0.55
2017	Share issue		3,341,657	997,600	19,605,132	20,602,732	11,331,503	0.55
2017	Share issue		38,169	997,600	19,643,301	20,640,901	11,352,496	0.55
2017	Share split	3,990,400	78,573,204	4,988,000	98,216,505	103,204,505	11,352,496	0.11
2017	Incentive program		610,000	4,988,000	98,826,505	103,814,505	11,419,596	0.11

Complete table on [www.cherry.se](http://www.cherry.se) -> Investors

## LARGEST SHAREHOLDERS AT 31 MARCH 2018 (VOTES)

Name	Class A-shares	Class B-shares	Share capital	Share of votes
Prunus Avium Ltd	0	25,903,835	25.0%	17.4%
Klein Group AS	500,000	14,431,035	14.4%	13.1%
Hamberg family	1,478,105	2,139,665	3.5%	11.4%
Kling family	1,478,105	1,864,275	3.2%	11.2%
Lundström family	522,000	722,625	1.2%	4.0%
Handelsbanken Luxembourg	280,495	2,597,280	2.8%	3.6%
Lindwall family	448,805	807,050	1.2%	3.6%
Credit Agricole Indosuez Luxembourg	0	4,958,123	4.8%	3.3%
Försäkringsaktiebolaget Avanza	280,490	1,948,480	2.1%	3.2%
Björn Grene	0	3,800,000	3.7%	2.6%
<b>10 largest shareholders</b>	<b>4,988,000</b>	<b>59,172,363</b>	<b>61.8%</b>	<b>73.3%</b>
Other	-	39,654,142	38.2%	26.7%
<b>Total</b>	<b>4,988,000</b>	<b>98,826,505</b>	<b>100.0%</b>	<b>100.0%</b>

The largest shareholder in Cherry AB is Prunus Avium Ltd, formerly the principal owner of ComeOn. Cherry AB had 6,540 (5,541) shareholders as at 31 mars 2018. The number of shares is stated after completion of the share split as at 3 July 2017.

## SEASONAL FLUCTUATIONS

In the first and second quarters, operations are not generally pervaded by significant seasonal variations. The third quarter is normally affected by the vacation period. Historically, the fourth quarter has higher revenue volumes.

# 90.0%

Cherry now owns 90.0 percent of the shares in Almor Holding Limited.

## RELATED-PARTY TRANSACTIONS

Disclosures of transactions between the Group and related parties are presented in Note 5 and Note 7 of the 2017 Annual Report. Related-party transactions are normally attributed as acquisitions or sales of different brands and domains. The purpose is primarily to generate more business. Remuneration for Board work approved by the Annual General Meeting is not reported as a related-party transaction.

### Related-party transactions January to March 2018

- ComeOn acquired the domain group Betboss by Klein Group AS for EUR 75,000

All transactions have taken place on market terms.

## PLEGGED ASSETS AND CONTINGENT LIABILITIES

Cherry AB has made certain pledges relating to the bond issued for financing the acquisition of ComeOn Malta Ltd. The pledges primarily relate to the shares in Cherry's subsidiaries for a value of SEK 3,103 million, as stipulated in the bond terms.

## MARKET OUTLOOK

The gaming market is currently growing strongly and Cherry estimates that demand in the Group's largest geographic markets will continue to develop favourably. The Group continuously studies conditions for new business within the related business areas and geographic markets in and outside of Europe.

The Group's focus is on creating shareholder value by being an active participant in the development of new and existing companies within the gaming, media and entertainment sector. The objective is for the companies to become market leaders in their respective areas by building their core values of entrepreneurship, responsibility and commitment. These are important prerequisites for the Group to be able to achieve its financial targets and to continue its successful profitable growth, through both organic growth and acquisitions, in existing and new verticals, and geographic markets.

## OTHER

All amounts in this report are stated in SEK millions (SEK) unless otherwise stated. Amounts within brackets relate to the equivalent period last year, if not otherwise stated. Amounts in tables and other compilations have been rounded independently for each respective table. Minor rounding differences may therefore occur.

## DISCLOSURE

This information is such that Cherry AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 3 May 2018, at. 7.30 a.m. CET.

Cherry AB (publ)

Stockholm, 3 May 2018

Anders Holmgren

CEO

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

# Consolidated statement of comprehensive income

Consolidated income statement (MSEK)	Q1 2018	Q1 2017	Full-year 2017
Revenues	681	541	2,251
Total operating revenues	681	541	2,252
Capitalized work for own account	9	4	19
Cost of sales	-153	-134	-548
Gross profit	537	412	1,722
Marketing expenses	-193	-211	-742
Personnel expenses	-104	-81	-367
Other expenses	-48	-36	-183
Operating income (EBITDA)	192	83	429
Depreciation and amortisation	-36	-31	-134
Operating profit/loss (EBIT)	156	52	295
Results fr participations in associated companies	-2	0	-2
Financial items	-68	-12	-171
Profit before tax	85	40	122
Tax	3	-4	-12
Profit after tax	89	36	110
Attributable to:			
Parent company shareholders	100	21	51
Minority interest	-11	15	59
Profit after tax	89	36	110
Earnings per share before dilution (SEK)	0.96	0.24	0.53
Earnings per share after dilution (SEK)	0.96	0.24	0.53

Statement of total income (MSEK)	Q1 2018	Q1 2017	Full-year 2017
Profit/loss for the period	89	36	110
Items that may be reclassified to the statement of income	0	0	0
Translation gains/losses on consolidation	24	-6	97
Total income for the period	113	30	207

# Consolidated balance sheet

Consolidated balance sheet (MSEK)	31/03/2018	31/03/2017	31/12/2017
Intangible assets	2,890	2,723	2,749
Property, plant and equipment	56	22	51
Share in Associated companies	14	0	17
Other long-term receivables	2	1	2
Uppskjutna skattefordringar	27	0	27
Current receivables	442	370	500
Cash and liquid assets	392	313	299
<b>Total assets</b>	<b>3,823</b>	<b>3,429</b>	<b>3,646</b>
Shareholders' equity	1,330	314	1,242
Long-term interest bearing liabilities	1,689	445	1,654
Other long-term liabilities	21	0	1
Deferred tax payables	24	28	24
Current interest bearing liabilities	90	25	89
Other current liabilities	669	2,616	637
<b>Total equity and liabilities</b>	<b>3,823</b>	<b>3,429</b>	<b>3,646</b>

## Consolidated statement of cash flows

Consolidated cash flow statement (MSEK)	Q1 2018	Q1 2017	Full-year 2017
Profit after financial items	85	40	122
Adjustments for non-cash items	5	32	232
Taxes paid	0	-6	-39
Cash flow from operating activities before changes in working capital	90	66	315
Changes in working capital	103	-51	-250
Cash flow from operating activities	193	15	65
Investments in fixed assets	-46	-10	-79
Investments in subsidiaries/associated companies	0	0	-1,228
Change in long-term receivables	0	0	0
Cash flow from investing activities	-46	-10	-1,307
Payments from minority	0	0	0
New issue and call option payments	0	2	8
Dividend	-19	0	-6
Change in long-term liabilities	-45	0	1,226
Cash flows from financing activities	-64	2	1,228
Change in cash and cash equivalents	83	6	-13
Cash and liquid assets at beginning of period	299	306	306
Exchange rate differences	10	0	6
Cash and liquid assets at end of period	392	312	299
* Liquid assets	392	313	299
Overdraft facility	0	-1	0

## Consolidated statement of changes in equity

Changes in Group equity (MSEK)	Q1 2018	Q1 2017	Full-year 2017
Opening balance	1,242	477	477
New issue	0	0	1,044
Transactions with interests without controlling influence	0	2	-219
Revaluation of liability pertaining to interests without controlling influence	-6	-195	-262
Dividend	-19	0	-6
Total profit/loss	113	30	207
Equity, end of period	1,330	314	1,242
Attributable to:			
Parent company shareholders	1,268	243	1,169
Minority interest	61	71	73
Total equity	1,330	314	1,242



## Parent Company income statement, condensed

Parent company income statement (MSEK)	Q1 2018	Q1 2017	Full-year 2017
Sales	2	1	8
Other external expenses	-5	-2	-25
Personnel expenses	-4	-3	-16
Depreciation	0	0	0
Operating profit/loss	-7	-4	-41
Financial items	-35	-11	-123
Profit/loss before tax	-42	-15	-156
Tax	33	0	23
Net profit/loss for the year	-9	-15	-132

## Parent company balance sheet, condensed

Parent company balance sheets (MSEK)	31/03/2018	31/03/2017	31/12/2017
Intangible assets	0	0	0
Property, plant & equipment	1	0	1
Participations in Group companies	3,076	3,043	3,076
Participations in Associated companies	55	0	55
Deferred tax receivables	27	0	27
Accounts receivable	0	0	0
Receivables from Group companies	230	246	83
Other receivables	43	4	11
Cash and cash equivalents	75	12	41
<b>Total assets</b>	<b>3,507</b>	<b>3,306</b>	<b>3,294</b>
Equity	1,470	563	1,487
Long-term interest bearing liabilities	1,689	445	1,654
Other long-term liabilities	0	0	0
Deferred tax payables	0	0	0
Current interest bearing liabilities	90	23	88
Other current liabilities	259	2,274	64
<b>Total equity and liabilities</b>	<b>3,507</b>	<b>3,306</b>	<b>3,294</b>

# Notes

## Note 1. Accounting principles

This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS), as well as interpretations of current International Financial Reporting Interpretations Committee (IFRIC) standards as adopted by the EU.

The Parent Company's reports have been prepared in compliance with the Annual Accounts Act and the Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. New standards and interpretations have not had any material impact on the consolidated accounts.

Effective from 1 January 2018, Cherry applies IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. Cherry has previously decided that the application of IFRS 15 will be retroactive with adjustment of the opening balance of retained profits, but only for contracts not completed on the first date of application.

The transition effects of IFRS 15 and IFRS 9, respectively, are not material.

From 1 January 2018, Cherry has chosen to designate certain external loans as a net investment hedging instrument. This entails that currency effects recognized in the Parent Company regarding external loans, at the Group level, are adjusted against the translation difference in equity relating to the net investment in ComeOn.

From 2019, IFRS 16 Leases is applied, requiring that assets and liabilities attributable to all leases, with some exceptions, are to be reported in the consolidated balance sheet.

The standard is applicable to financial years commencing 1 January 2019, or later. The company will not apply the standard earlier than this. The standard has been approved by the EU. The standard will primarily affect the reporting of the Group's operational leases.

Beyond what is described above, the Year-end Report has been prepared in accordance with the same accounting and valuation principles as in the 2017 Annual Report, published on 18 April 2018, and is available on the company's website [www.cherry.se](http://www.cherry.se).

### ALTERNATIVE KEY PERFORMANCE INDICATORS

This Interim Report refers to certain key performance indicators which Cherry and others use when evaluating the performance of Cherry, KPIs which are not defined according to IFRS. These figures give management and investors important information to fully analyze trends in the company's business. These non-IFRS indicators are intended to complement, not replace, financial indicators presented in accordance with IFRS. Please refer to the section Definitions of key figures on page 25 for more information on the KPIs that Cherry is using.

## Note 2. Financial assets and liabilities at fair value

Financial assets and financial liabilities measured at fair value in the balance sheet are classified according to one of three levels based on the information used to establish the fair value. No transfers have been made between the levels during the periods. A more detailed description of the levels can be found in Note 2 and 30 of the 2017 Annual Report.

**Level 1** - Valuation is made according to prices in active markets for identical instruments.

**Level 2** - Financial instruments for which the fair value is established based on valuation models that are based on observable third-party data for the asset or liability other than quoted prices included in Level 1.

**Level 3** - Financial instruments for which fair value is established based on valuation models where significant inputs are based on non-observable data.

The fair value of the bond loan according to valuation level 1 is 1,909 MSEK.

For the Group's other financial assets and financial liabilities, the reported values are assessed as corresponding to the actual values. No significant changes in valuation models, assumptions or inputs were made during the period.

Group MSEK	Q1 2018			Q1 2017			Full-year 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets	392		-	642	-	-	471	-	-
<b>Total financial assets</b>	<b>392</b>			<b>642</b>			<b>471</b>		
Financial liabilities									
Interest-bearing liabilities	1,779			470			1,743		
Other financial liabilities	539			2,545			529		
Additional purchase considerations						43			
<b>Total financial liabilities</b>	<b>2,318</b>	<b>-</b>	<b>-</b>	<b>3,015</b>	<b>-</b>	<b>43</b>	<b>2,271</b>	<b>-</b>	<b>-</b>

## Note 3. Earnings per share

Profit attributable to the parent company shareholders, net after tax, SEK

	Q1		Jan-Dec
	2018	2017	2017
Average number of shares outstanding	103,814,505	86,305,375	96,061,425
Average number of shares outstanding after dilution	104,149,505	87,610,375	96,756,425
Earnings per share before dilution (SEK)	0.96	0.24	0.53
Earnings per share after dilution (SEK)	0.96	0.24	0.53

At the Annual General Meeting of 16 May 2017, a share split (ratio 1:5) was approved. The total number of shares in the company amounts to 103,814,505 with a quotient value of SEK 0.11.

Earnings per share are calculated based on the profit for the period excluding the minority share. All periods relating to earnings per share have subsequently been recalculated.

## Note 4. Acquisitions

### GET LUCKY LTD.

Come On acquires Get Lucky Ltd with brand and staff. The company is consolidated within the business area *Online Gaming* as of 1 January 2018. Additional purchase consideration is based on 2018 earnings.

Preliminary acquisition analysis	(MSEK)
<b>Purchase consideration</b>	
Cash and cash equivalents	0
Waived receivable	17
Conditional additional purchase consideration	17
<b>Estimated purchase consideration to be paid</b>	<b>34</b>
<b>Recognized identifiable acquired assets and liabilities taken over</b>	
Accounts receivables and other receivables	1
Cash and bank balances	0
Accounts payable and other liabilities	0
Identified net assets	2
Goodwill	16
Brand	16
<b>Total</b>	<b>34</b>

### GAME LOUNGE LTD

On 21 December 2017, Cherry AB reached an agreement to acquire 44 percent of Game Lounge. The final purchase consideration for the minority share amounts to SEK 203 million as at 31 March 2018. Effective from 1 January 2018, Cherry owns 95 percent of the shares in the company.

In the consolidated accounts, minority acquisition are treated as a transaction under shareholders' equity.

Acquisition analysis	(MSEK)
	<b>Acquisition 44%</b>
<b>Purchase consideration</b>	
Debt to sellers, preliminary assessment	203
<b>Purchase consideration</b>	<b>203</b>
<b>Transactions under shareholders' equity</b>	
Minority interest	-52
Retained earning	-151
<b>Total</b>	<b>-203</b>

## Note 5. Business area reporting

Group operations are divided into operating segments on the basis of which parts of the operations the company's highest executive decision-makers follow up, known as the management approach or senior management perspective. This corresponds with the Group's operational structure and the internal reporting to the CEO and the Board.

Cherry's business areas are divided into *Online Gaming* (offering casino, odds and lotteries to consumers online) via ComeOn, *Game Development* via Yggdrasil and Highlight Games, *Online Marketing* via Game Lounge, *Gaming*

*Technology* via XCaliber and *Restaurant Casino* (casino at restaurants and nightclubs in Sweden) via Cherry Spelglädje.

The Cherry Group also runs several development projects. Until the date when the product or service is launched, these expenses are recognized under the item "Group-wide and development projects" in the business area reporting in order to create clarity in what the Group's different business areas generate.

Group per business area (MSEK)	Q1 2018	Q1 2017	Full-year 2017
<b>Revenues</b>			
Online Gaming	536,1	453,2	1 823,4
<i>Elimination, Online Gaming revenues from Cherry</i>	-1,6	0,0	0,0
Online Marketing	56,2	29,7	145,9
<i>Elimination, Online Marketing revenues from Cherry</i>	-4,2	-5,6	-21,5
Restaurant Casino	41,0	37,0	157,1
Game Development	57,6	33,3	169,1
<i>Elimination, Game Development revenues from Cherry</i>	-5,2	-6,2	-22,7
Gaming Technology	15,6	8,8	38,6
<i>Elimination, Gaming Technology revenues from Cherry</i>	-15,0	-8,8	-38,2
<b>The Group</b>	<b>680,7</b>	<b>541,4</b>	<b>2 251,8</b>
<b>Operating profit/loss before depreciation and amortization (EBITDA)</b>			
Online Gaming	142,7	56,8	277,2
Online Marketing	33,7	14,5	95,7
Restaurant Casino	3,5	3,5	16,7
Game Development	18,1	13,3	71,5
Gaming Technology	3,3	-1,4	4,0
Development Projects	0,0	-0,8	-15,6
Group-wide	-7,3	-2,7	-20,1
<b>The Group</b>	<b>192,2</b>	<b>83,2</b>	<b>429,4</b>
<b>Operating profit/loss (EBIT)</b>			
Online Gaming	114,3	30,7	167,3
Online Marketing	31,9	12,9	88,7
Restaurant Casino	2,2	2,5	12,6
Game Development	13,8	10,7	58,8
Gaming Technology	3,2	-1,5	3,6
Development Projects	0,0	-0,8	-15,6
Group-wide	-7,3	-2,7	-20,1
<b>The Group</b>	<b>156,1</b>	<b>51,8</b>	<b>295,1</b>
Results fr participations in associated companies	-2,5	0,0	-2,1
Financial items	-68,2	-12,1	-170,7
<b>Profit before tax</b>	<b>85,5</b>	<b>39,7</b>	<b>122,4</b>

## Note 5. Continued

Revenue (Mkr)	Online Gaming	Game Development	Online Marketing	Gaming Technology	Restaurant-casino	Total
<b>Primary geographical markets</b>						
Nordic	332	0	0	0	41	373
Europé	203	34	30	1	0	267
World other	0	19	21	0	0	40
<b>Total</b>	<b>535</b>	<b>52</b>	<b>51</b>	<b>1</b>	<b>41</b>	<b>681</b>
<b>Major services</b>						
Casino	452	0	0	0	0	452
Sportsbook	82	0	0	0	0	82
Online Marketing	0	0	51	0	0	51
Land-based Casino	0	0	0	0	41	41
Game Development	0	52	0	0	0	52
Gaming Technology	0	0	0	1	0	1
Other	1	0	0	0	0	1
<b>Total</b>	<b>535</b>	<b>52</b>	<b>51</b>	<b>1</b>	<b>41</b>	<b>681</b>
<b>Timing of revenue recognition</b>						
Services transferred at a point in time	535	20	0	1	41	597
Services transferred over time	0	32	51	0	0	84
<b>Total</b>	<b>535</b>	<b>52</b>	<b>51</b>	<b>1</b>	<b>41</b>	<b>681</b>



# Key Performance Indicators

Group key performance indicators	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
<b>Financial measures defined by IFRS:</b>					
Total operating revenues (MSEK)	681	607	567	536	541
Organic growth (percent)	25	16	30	37	44
Cash and liquid assets (MSEK)	392	299	362	397	313
Number of outstanding shares at the end of the period (thousands)	103 815	103 815	103 815	103 205	86 305
Average number of outstanding shares during the period (thousands)	103 815	103 815	103 735	90 391	86 305
Average number of shares outstanding after dilution (thousands)	104 150	104 510	104 430	91 696	87 610
Earnings per share before dilution (SEK)	0,96	0,05	0,22	0,03	0,24
Earnings per share after dilution (SEK)	0,96	0,05	0,21	0,03	0,24
<b>Alternative Performance Measures:</b>					
Operating profit (EBITDA)	192	141	112	93	83
Operating margin (EBITDA,%)	28,2	23,3	19,8	17,3	15,4
Operating profit (EBIT)	156	105	78	60	52
Operating margin (EBIT,%)	22,9	17,3	13,8	11,2	9,6
Return on equity, rolling 12 months (%)	17	6	12	15	52
Operating cash flow per share (SEK)	1,86	-0,04	0,47	0,02	0,17
Equity per share (SEK)	12,17	11,27	11,99	12,12	2,81
Equity/assets ratio (%)	35	34	38	36	9
Investments in fixed assets (MSEK)	-46	33	10	26	10
Average number of employees (yearly full-time equivalents)	839	751	686	591	622
Number of employees at end of period	1 407	1 383	1 233	1 160	1 130
Number of registered shareholders	6 540	6 657	6 839	6 888	6 158
Share price at the end of the period (SEK) *	63,00	49,30	53,75	60,00	321,00

\* The share price at the end of the period was affected by the 1:5 share split of 3 July 2017, which had already been effectuated in the market on 30 June 2017. Q1 2017 and earlier periods have not been adjusted.

# Financial definitions and alternative key performance indicators

## DEFINITIONS OF IFRS KEY PERFORMANCE INDICATORS

Key Performance Indicator	Definition
Revenue	Revenue from sales less VAT, sales bonuses and elimination of intra-Group sales
Earnings per share	Profit/loss for the period in relation to the total number of outstanding shares

## KEY PERFORMANCE INDICATORS NOT DEFINED IN ACCORDANCE WITH IFRS

In the income statement	Definition	Reason for use of key performance indicator
Revenue growth	Percentage change in net sales between two periods.	The measure is important in connection with the continuous assessment of the company's total revenue change, including acquisitions.
Organic growth	Growth adjusted for acquisitions and disposals made during the period.	The measure gives a clear picture of the growth generated by the Group itself.
EBITDA (Earnings before depreciation, amortization and impairment, financial items and taxes)	Calculated as operating profit before depreciation, amortization and impairment, financial items and taxes.	The measure is essential in understanding the Group's operating profit, regardless of financing and amortization.
EBITDA margin	EBITDA as a percentage of revenues.	The measure is essential in continuously monitoring the Group's operational profitability, regardless of financing and amortization. The key performance indicator is of interest for investors and other stakeholders in assessing the Group on an ongoing basis.
EBIT	Operating profit/loss before financial items and taxes.	Operating profit/loss provides a comprehensive picture of the company's earnings generation and is of relevance to investors, analysts and the company's management in evaluating the company's earnings trend.
EBIT margin	EBIT as a percentage of revenue.	The measure is useful for investors and other stakeholders in monitoring the company's ongoing earnings performance.
Items affecting comparability	Items not attributable to underlying operations and not of a recurrent nature.	The measure provides a clear indication of values that are not part of the operating activities, that are not of a recurrent nature and that do not affect consolidated cash flow. The measure is of interest to investors and other stakeholders from a comparability perspective.

Financial measures	Definition	Reason for use of key performance indicator
Net debt	Interest-bearing liabilities less cash and cash equivalents	The key figures are useful for investors and other stakeholders in providing an indication of the company's indebtedness and financial risk.
Equity per share	Total equity excluding minority interest in relation to total number of outstanding shares.	The company reports this key performance indicator as it can be used in evaluating the company's financial position.
Cash flow per share	Cash flow from operating activities in relation to the total number of outstanding shares.	This key performance indicator is useful for investors and other stakeholders in evaluating the company's financial position and its ability to generate free cash flow.
Equity/assets ratio	Shareholders' equity in relation to total assets.	The company reports this key performance indicator as it illustrates the financial risk expressed in terms of what proportion of the balance sheet is financed by the company's shareholders relative to debt.
Balance sheet total	Sum of the assets side in the company's balance sheet or the sum of liabilities and shareholders' equity.	Used as component when calculating certain key performance indicators.

Return measures	Definition	Reason for use of key performance indicator
Return on equity	Profit/loss after tax in relation to average equity.	This key performance indicator is reported as it shows the return that the company provides on shareholders' capital in the company, which is relevant to investors and other stakeholders in assessing the company.

# 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, entertainment and media. Today, Cherry operates through five diversified business areas: *Online Gaming*, *Game Development*, *Online Marketing*, *Gaming Technology*, and *Restaurant Casino*.

The objective is to grow organically in combination with strategic acquisitions of fast-growing companies. Cherry employs some 1,400 people and has about 6,700 shareholders. The company's class B-share has been listed on the Nasdaq Stockholm exchange, Mid Cap segment since 18 October 2017.

Read more on [www.cherry.se](http://www.cherry.se)



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## Financial calendar 2018/2019

Annual General Meeting 2018  
Wednesday, 30 May 2018

Interim report January-June 2018,  
Thursday, 16 August 2018

Interim report January-September 2018,  
Wednesday, 31 October 2018

Year-end report 2018,  
Wednesday, 13 February 2019

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