



# Cherry

**Cherry with Friends AB  
Interim report January - June 2024**

## Overview

### The period January - June 2024

- Group revenue was SEK 207.6 (81.0) million, an increase of 156%
- EBITDA was SEK 12.1 (4.9) million, an increase of 150%. The EBITDA margin was 5.8% (6.0%).
- Operating income (EBIT) was SEK 3.6 (1.9) million, an increase of 90%. The EBIT margin was 1.7% (2.3%).
- Earnings per share was SEK -0.04 (0.03)

Overview (MSEK)	Cherry Group			
	jan-jun 2024	jan-jun 2023	Δ	%
Revenue	207.6	81.0	126.5	156%
EBITDA	12.1	4.9	7.3	150%
EBITDA margin %	5.8%	6.0%		
Adj. EBITDA	11.8	6.5	5.4	84%
Adj. EBITDA margin %	5.7%	8.0%		
Operating income (EBIT)	3.6	1.9	1.7	90%
EBIT margin %	1.7%	2.3%		
Net income	-3.7	0.4	-4.1	-1023%
Earnings per share (SEK)	-0.04	0.03	-0.06	-240%
Adj. EBITDA per share (SEK)	0.44	0.32	0.12	38%

The accounts, for the Swedish companies within the group that are reporting in K3, have been adjusted to line up with IFRS for the significant accounts.

## Quarter January - March 2024

- Group revenue was SEK 90.6 (39.4) million, an increase of 130%
- EBITDA was SEK 10.7 (3.5) million, an increase of 206%. The EBITDA margin was 11.8% (8.9%).
- Operating income (EBIT) was SEK 6.5 (2.0) million, an increase of 217%. The EBIT margin was 7.1% (5.2%).
- Earnings per share was SEK 0.07 (0.06)

## Quarter April - June 2024

- Group revenue was SEK 116.9 (41.7) million, an increase of 181%
- EBITDA was SEK 1.4 (1.4) million, an increase of 5%. The EBITDA margin was 1.2% (3.3%).
- Operating income (EBIT) was SEK -2.9 (-0.1) million. The EBIT margin was -2.4% (-0.3%).
- Earnings per share was SEK -0.11 (-0.04)

Overview (MSEK)	Cherry Group - Q1				Cherry Group - Q2			
	jan-mar 2024	jan-mar 2023	Δ	%	apr-jun 2024	apr-jun 2023	Δ	%
Revenue	90.6	39.4	51.3	130%	116.9	41.7	75.3	181%
EBITDA	10.7	3.5	7.2	206%	1.4	1.4	0.1	5%
EBITDA margin %	11.8%	8.9%			1.2%	3.3%		
Adj. EBITDA	10.5	3.9	6.6	170%	1.4	2.6	-1.2	-46%
Adj. EBITDA margin %	11.6%	9.8%			1.2%	6.2%		
Operating income (EBIT)	6.5	2.0	4.4	217%	-2.9	-0.1	-2.7	1990%
EBIT margin %	7.1%	5.2%			-2.4%	-0.3%		
Net income	1.4	1.2	0.1	12%	-5.1	-0.8	-4.3	521%
Earnings per share (SEK)	0.07	0.06	0.01	20%	-0.11	-0.04	-0.07	212%
Adj. EBITDA per share (SEK)	0.39	0.19	0.20	102%	0.05	0.13	-0.08	-60%

## CEO comment

### **The Consolidation of Cherry and Gameday**

After a successful merge of the companies in January, the overall integrations have gone smoothly, and many, including myself, have found it exciting and rewarding to gain new colleagues. I also want to take this opportunity to thank the board for their trust in allowing me to lead the company forward during an inspiring time.

### **Organization**

Our greatest asset is our employees, and it is very optimistic that we have critical individuals with excellent skills who have been with our companies for a long time. This makes it easy to allow our various business areas to be run decentralized, where decisions are made quickly and close to the operations, which also aligns well with my leadership style. Those of us working centrally, which shouldn't be too many, should primarily ensure that we have the right strategies in place and that the collaborations work smoothly between our different operations - because there are undoubtedly positive synergies to be gained over time. Initially, I was delighted with how the interaction between our different organizations worked, and I also think this is reflected in our deliveries and results. Moving forward, there will be an increased focus on structure and communication.

### **Strategy**

During the first half of the year, we worked on the strategic direction of the new group and its different operations. At the group level, it has mostly been about getting an updated, relevant strategic compass post-consolidation, with a clear focus on growth. In our operations, no significant changes have been made apart from Spelglädje (land-based), where we have put a greater emphasis on digital training of our croupiers and repositioning of the brand, which has also been followed up with changes at the Board level in Spelglädje. We will continue to develop the group's strategy at the beginning of September together with the board of CWF.

### **Spelglädje (land-based)**

An impressively stable performance in line with our expectations and budget. Revenues in Q1 and Q2 grew by 9% in both quarters compared to last year's period, resulting in SEK 43M in Q1 and SEK 45.4M in Q2. Several operational activities support the development, primarily in sales and brand reinforcement. EBITDA also strengthened during the quarters to SEK 4M in Q1 and SEK 3.8M in Q2, corresponding to a 3% and 8% increase compared to last year. The result is solid in light of the recession affecting Sweden's restaurants and nightclubs, and we are hopeful that the market is on its way to a turnaround with upcoming interest rate cuts. Besides, we see great potential to continue growing revenues and profitability with our revised strategy, but it will take some time.



Going forward, a central part of growth will be driven by the omni-offering created together with the online- and Spelglädje organization. In short, this means that Spelglädje will increase earnings per customer by taking a higher share of customers' wallets and channeling them to our joint venture Cherry.com, which was successfully launched in July. We also hope the new brand profile will appeal more to the general public, which should drive positive conversion of more restaurants and nightclubs that have previously been reluctant to cooperate. We continue to be the market leader in this part of gaming and now hold 80%+ of the market (measured through gaming tables).

Overall, it was a solid first half year with excellent delivery from Spelglädje, and we see a bright future with many new exciting things happening.

## Online

We had a solid start to the year, starting with only Gameday contributing to Online performance. Still, during Q2, Spelklubben was successfully launched within our new joint venture Cherry Tech, significantly boosting our growth.

Revenues from Q1 increased by 45% to SEK 44M compared to the same period last year. However, profitability stood out with a positive EBITDA result of SEK 3.8M, compared to SEK -7.7M in the same period the previous year. With the launch of Spelklubben in Q2, we saw near-explosive growth during second quarter of 173%, with revenues landing at SEK 70.6M, compared to SEK 25.8M in the same period last year. Despite significantly increased marketing investments in Q2 (SEK 28.8M), we almost reached break-even EBITDA, landing at SEK -0.8M, which was still a clear improvement from the same period last year when EBITDA was SEK -7.3M and way better off than our internal forecasts and expectations.

There are naturally many small contributing factors to these fantastic results. Still, in an attempt to summarize, I highlight an incredible launch of Spelklubben, where we were positively surprised by the development of our KPIs week after week. Over time, I am convinced that we have a really good strategy along with an incredibly competent team. This is very promising for the future growth, and hats off to the entire Team!

Furthermore, the Gameday team deserves great praise for a complete turnaround. In addition to the delivery of Spelklubben and several other critical technical deliveries in the first half of the year, they managed to grow Bethard with really good profitability. I am confident that we have emerged from a long negative spiral, replaced by new energy and confidence in the future. In July, we also successfully launched Cherry.com, which we will start marketing in September. The following report will contain more information on the progress.

## Financing and debt

The group currently operates with a relatively high level of debt. However, this is entirely in line with the board's risk appetite, and looking at the current business momentum, there is no reason for concern, as the Group's earnings are rapidly improving. To provide further comfort, during the first half of the year, a refinancing process was initiated in Malta, where we aim to refinance our bond loan maturing in 2026. We hope to complete this process by the end of 2024 and are doing our utmost to achieve a positive outcome.



## **Reporting to our shareholders**

The board has decided to report to the shareholders every quarter going forward, and the next report is planned for November 2024. If you have questions, don't hesitate to contact me.

## **Conclusion**

Despite the Group's strong results, there is much to develop further, which makes this even more exciting. One of my essential priorities moving forward is to ensure that we keep momentum. We need to become even sharper and faster and find new growth opportunities for the Group.

We are once again on a new journey with Cherry and many of our friends, both new and old!

Erik Skarp  
CEO

## Significant events

### Significant events during the period

#### **Merger with Gameday Group**

In January, the merger with Gameday Group with its proprietary tech platform and well-known brand Bethard.com. Significantly strengthen the group's cash flow generation and growth prospects.

#### **Erik Skarp appointed Group CEO**

In March, Erik Skarp, former CEO at Gameday Group, was appointed Group CEO.

#### **Frank Heinanen appointed CEO of Gameday Group**

In March, Frank Heinanen, former Managing Director at Gameday Group, was appointed CEO of Gameday Group.

#### **Launch of Spelklubben**

In March, the new brand Spelklubben.se was launched on the proprietary tech platform and has performed above expectations.

#### **Repayment of Nordea Loan**

In April, the full amount of the Nordea loan was repaid, improving the financial structure and lowering the average interest rate for the group.

#### **Warranty program for management**

In May, the AGM voted for a warranty program for the company's management, which was fully subscribed.

# Financial development

Jan-Jun 2024

## Group Revenue

Group revenue was SEK 207.6 (80.8) million, an increase of 156%. The growth is mainly driven by the merger with Gameday and the launch of the new brand Spelklubben. The land-based operations had a good growth momentum during the period with 9% YoY growth.

## Expenses

Direct cost was SEK -89.5 (-33.5) million in the period. The increased direct cost is mainly due to the addition of the Gameday operations with significant direct costs for game and payment suppliers as well as gaming taxes.

Gross profit was SEK 118.1 (47.5) million, corresponding to a gross profit margin of 56.9% (58.8%).

Other external expenses were SEK -19.1 (-5.5) million.

Marketing expenses were SEK -39.0 (-0.0) million and corresponded to 34% (n/a) of the online revenue.

Personnel expenses were SEK -47.8 (-37.5) million. The increase in personnel expenses mainly comes from the addition of the Gameday team.

## Operating income and net income

Operating income (EBIT) increased by 88% to SEK 3.6 (1.9) million. The EBIT margin was 1.7% (2.3%).

Net income amounted to SEK -3.7 (0.4) million, corresponding to SEK -0.14 (0.02) per share.

## Financial position

Cash and cash equivalents amounted to SEK 129.9 (24.8) million at the end of the period. The group also holds treasury bills amounting to SEK 56.3 (0.0) million at the end of the period. Customer balances and reserves for accumulated jackpots, were SEK 15.8 (0.0) million. Cash currently on PSP accounts was SEK 29.8 (0.0) million and is included as Cash in the accounts. Adjusted for non-operational liabilities, working capital requirement, and restricted cash, the net debt amounts to SEK 95.2 (69.7) million at the end of the period



## Cash flow

Cash flow from operating activities during the period was SEK 8.8 million including a positive impact of SEK 0.4 million from changes in working capital. Cash flow from investing activities was SEK 104.4 million. The strong cash flow from investing activities was driven by the acquisition of Gameday, with a significant amount of cash and treasury bills at hand. Cash flow from financing activities was SEK -8.1 million.

## External financing

The external financing at the end of the period constituted of bonds amounting to SEK 167.7 million. The company also has loans to shareholders and interesting bearing liabilities to the Swedish Tax authority in relation to temporary tax deferrals on tax payments provided by the authorities as support during the COVID pandemic.

## Shares Outstanding

At the start of the period, the number of shares outstanding was 20 000 000. At the end of the period, the number of shares was 26 682 801. The increase of 6 682 801 shares was the issued shares in conjunction with the merger with Gameday Group in January.

## Consolidated Income Statement

Cherry Group (MSEK)	Q1		Q2		YTD	
	jan-mar 2024	jan-mar 2023	apr-jun 2024	apr-jun 2023	jan-jun 2024	jan-jun 2023
Net Revenue	89.4	39.2	116.6	41.5	206.0	80.8
Other Income	1.3	0.1	0.3	0.1	1.6	0.3
<b>Revenue</b>	<b>90.6</b>	<b>39.4</b>	<b>116.9</b>	<b>41.7</b>	<b>207.6</b>	<b>81.0</b>
Direct cost	-39.8	-16.3	-49.7	-17.2	-89.5	-33.5
<b>Gross Profit</b>	<b>50.9</b>	<b>23.0</b>	<b>67.2</b>	<b>24.5</b>	<b>118.1</b>	<b>47.5</b>
Marketing exp.	-7.6	0.0	-31.5	0.0	-39.0	0.0
Other ext. exp.	-9.8	-2.1	-9.3	-3.4	-19.1	-5.5
Personnel exp.	-22.8	-17.4	-25.0	-19.8	-47.8	-37.2
<b>EBITDA</b>	<b>10.7</b>	<b>3.5</b>	<b>1.4</b>	<b>1.4</b>	<b>12.1</b>	<b>4.9</b>
<b>Adj. EBITDA</b>	<b>10.5</b>	<b>3.9</b>	<b>1.4</b>	<b>2.6</b>	<b>11.8</b>	<b>6.5</b>
Dep. & Amo.	-4.3	-1.5	-4.3	-1.5	-8.5	-3.0
<b>EBIT</b>	<b>6.5</b>	<b>2.0</b>	<b>-2.9</b>	<b>-0.1</b>	<b>3.6</b>	<b>1.9</b>
Fin. Inc. & exp.	-4.7	-0.5	-1.9	-0.7	-6.7	-1.2
<b>EBT</b>	<b>1.7</b>	<b>1.5</b>	<b>-4.8</b>	<b>-0.8</b>	<b>-3.0</b>	<b>0.7</b>
Tax	-0.4	-0.3	-0.3	0.0	-0.7	-0.3
<b>Net Income</b>	<b>1.4</b>	<b>1.2</b>	<b>-5.1</b>	<b>-0.8</b>	<b>-3.7</b>	<b>0.4</b>
<b>Net income attributable to:</b>						
Shareholders of the company	2.0	1.2	-2.9	-0.7	-1.0	0.5
Non-controlling interests	-0.6	0.0	-2.2	-0.1	-2.7	-0.1

## Consolidated Balance Sheet

BALANCE SHEET - GROUP	2024-06-30	2023-12-31
ASSETS	(MSEK)	(MSEK)
<b>Fixed Assets</b>		
Intangible fixed assets	200.0	81.3
Tangible fixed assets	2.9	2.3
Right-of -use assets	5.3	4.0
Financial fixed assets	3.6	0.0
Deferred tax asset	0.6	0.6
<b>Total Fixed Assets</b>	<b>212.4</b>	<b>88.2</b>
<b>Current Assets</b>		
Current financial assets	56.3	0.0
Current receivables	21.6	8.0
Cash and cash equivalents	129.9	24.8
<b>Total Current Assets</b>	<b>207.8</b>	<b>32.9</b>
<b>TOTAL ASSETS</b>	<b>420.2</b>	<b>121.0</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributed to the shareholders	106.0	18.9
Non-controlling interests	-2.0	-0.4
<b>Total Equity</b>	<b>104.0</b>	<b>18.4</b>
<b>Long-term Liabilities</b>		
Debt to credit institutions	0.0	2.0
Bond	167.6	0.0
Shareholder loans	29.0	29.0
Other liabilities	5.9	2.3
<b>Total Long-term Liabilities</b>	<b>202.5</b>	<b>33.3</b>
<b>Short-term Liabilities</b>		
Debt to credit institutions	0.0	7.9
Accounts payable	33.1	1.1
Other liabilities	55.2	38.3
Accrued expenses and deferred income	25.4	22.0
<b>Total Short-term Liabilities</b>	<b>113.6</b>	<b>69.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>420.2</b>	<b>121.0</b>

## Consolidated Cash flow

<b>(MSEK)</b>	<b>Jan-Jun 2024</b>	<b>Jan-Dec 2023</b>
Operating profit	3.6	-1.2
Adjustments for non-cash items	10.3	10.5
Net interest	-4.9	-1.5
Taxes	-0.7	-0.7
<b>Cash flow from operating activities before changes in working capital</b>	<b>8.3</b>	<b>7.0</b>
Changes in working capital	0.4	16.2
<b>Cash flow from operating activities</b>	<b>8.8</b>	<b>23.3</b>
Investments in intangibles/tangibles	-4.4	-3.3
Acquisition of shares in subsidiaries	-7.9	0.0
Cash from acquired subsidiaries	72.6	0.0
Cash retrieved from treasury bill	100.4	0.0
Cash allocated to treasury bill	-56.3	0.0
<b>Cash flow from investing activities</b>	<b>104.4</b>	<b>-3.3</b>
Repayment of bank loan	-9.8	-7.9
Warrant premiums received	1.8	0.0
<b>Cash flow from financing activities</b>	<b>-8.1</b>	<b>-7.9</b>
<b>Changes to cash and cash equivalents</b>	<b>105.1</b>	<b>12.1</b>
Cash and cash equivalents at beginning of period	24.8	12.7
<b>Cash and cash equivalents at end of period</b>	<b>129.9</b>	<b>24.8</b>

## Business areas

The numbers in the tables below are based on the business area management reports which been adjusted for non-operational items. The salaries for croupiers at the land-based operations are included under Personnel expenses. The online numbers for 2023 are Gameday Group which was not a part of the combined group in 2023.

Business Area	Land-based				Online			
	jan-mar 2024	jan-mar 2023	Δ	%	jan-mar 2024	jan-mar 2023	Δ	%
(MSEK)								
Revenue	43,0	39,3	3,7	9%	44,0	30,4	13,6	45%
Direct cost	- 18,4	- 16,3	- 2,1	13%	- 17,2	- 15,4	- 1,7	11%
Gross Profit	24,6	23,0	1,7	7%	26,9	15,0	11,9	80%
Marketing exp.					- 8,5	- 4,4	- 4,0	90%
Other ext. exp.	- 1,3	- 2,1	0,9	-40%	- 4,8	- 6,9	2,1	-30%
Personnel exp.	- 19,3	- 17,0	- 2,4	14%	- 9,8	- 11,3	1,5	-13%
EBITDA	4,0	3,9	0,1	3%	3,8	7,7	11,4	n/a
Gross profit margin	57%	58%	- 1 pp		61%	49%	12 pp	
EBITDA margin	9%	10%	- 1 pp		9%	-25%	34 pp	

Business Area	Land-based				Online			
	apr-jun 2024	apr-jun 2023	Δ	%	apr-jun 2024	apr-jun 2023	Δ	%
(MSEK)								
Revenue	45,4	41,6	3,8	9%	70,6	25,8	44,8	173%
Direct cost	- 18,9	- 17,2	- 1,7	10%	- 26,3	- 12,3	- 14,0	114%
Gross Profit	26,5	24,4	2,1	9%	44,3	13,5	30,8	227%
Marketing exp.	-	-			- 28,8	- 4,2	- 24,6	582%
Other ext. exp.	- 1,5	- 1,7	0,2	-9%	- 5,1	- 6,4	1,2	-20%
Personnel exp.	- 21,3	- 19,3	- 2,0	10%	- 11,2	- 10,2	- 0,9	9%
EBITDA	3,8	3,5	0,3	8%	0,8	7,3	6,5	-89%
Gross profit margin	58%	59%	- 0 pp		63%	52%	10 pp	
EBITDA margin	8%	8%	- 0 pp		-1%	-28%	27 pp	

Business Area	Land-based				Online			
	jan-jun 2024	jan-jun 2023	Δ	%	jan-jun 2024	jan-jun 2023	Δ	%
(MSEK)								
Revenue	88,4	80,9	7,5	9%	114,7	56,2	58,5	104%
Direct cost	- 37,3	- 33,5	- 3,8	11%	- 43,5	- 27,7	- 15,8	57%
Gross Profit	51,1	47,4	3,8	8%	71,2	28,5	42,7	150%
Marketing exp.					- 37,3	- 8,7	- 28,6	330%
Other ext. exp.	- 2,8	- 3,8	1,0	-27%	- 9,9	- 13,3	3,3	-25%
Personnel exp.	- 40,6	- 36,2	- 4,4	12%	- 21,0	- 21,5	0,5	-3%
EBITDA	7,8	7,3	0,4	6%	3,0	15,0	17,9	n/a
Gross profit margin	58%	59%	- 1 pp		62%	51%	11 pp	
EBITDA margin	9%	9%	- 0 pp		3%	-27%	29 pp	

## Definitions

**Revenue:** Revenue from online gaming business is reported bet less wins, less deductions for jackpot contributions, loyalty programs and bonuses, manual adjustments, and other operating income. B2B partners' revenue is included in the group revenue when the license is held by the group. Revenue from land-based gaming business is reported as payment less payout and other operating income.

**Gross profit:** Revenue less commission to partners and affiliates, betting duties, licensing fees to games suppliers, payments to payment suppliers, and other direct cost.

**EBITDA:** Income before financial items, taxes, depreciation and amortisation.

**EBITDA margin:** EBITDA as a percentage of revenue.

**Adjusted EBITDA:** EBITDA adjusted for non-operational one-off costs

**Operating income (EBIT):** Income before financial items and taxes.

**Operating margin (EBIT):** Operating income as a percentage of revenue.

**Earnings per share:** Net income attributable to owners of the parent company, in relation to the average number of shares outstanding.

**Net debt:** Financial liabilities (bond, bank loans, Shareholder loans, leasing debts, and other non-operational liabilities) plus customer balances less Treasury bills, Cash and cash equivalents adjusted for working capital requirements.

## Accounting principles and further comments

The accounts, for the Swedish companies within the group that are reporting in K3, have been adjusted to line up with IFRS for the significant accounts. As a main result, this had a positive impact on Goodwill and Equity with SEK 29.0 million in the balances at the end of June 2024 and positive SEK 25.8 million at the end of June 2023.

The Maltese companies follow IFRS as accounting principle.

Note that the group has not fully implemented IFRS as accounting principle.

Gameday Group has been consolidated into the groups accounts from 1<sup>st</sup> of January 2024.

This interim report has not been subject to review by the Company's auditor. Furthermore, the acquisitions analysis of the Gameday Group merger is preliminary.