

Cherry acquires majority of the outstanding shares of Game Lounge

Cherry AB (publ) - STO: CHER-B.ST - announces its decision to exercise its option to acquire up to 100 percent of the shares in the leading affiliate company Game Lounge Ltd. The purchase price for an additional 44 percent of the shares is based on a multiple of 4.5 times the 2017 profit of the affiliate operation and 6 times the 2017 profit of the white label operation. The acquisition is expected to be financed through a combination of cash and a new issue of shares in Cherry AB.

In January 2015, Cherry AB's wholly-owned subsidiary, Cherry Malta Ltd, acquired 51 percent of the shares in Game Lounge Ltd. In the period in which it has been a member of the Cherry Group, Game Lounge has enjoyed strong and stable development and Cherry has now resolved to acquire 44 percent of the shares outstanding. Following the acquisition, Cherry will hold a total of 95 percent of the shares in Game Lounge Ltd. The remaining shares will be held by the founders of Game Lounge, who will also stay on as the company's Head of Sales and CEO, respectively.

The purchase price for the 44 percent of the shares of Game Lounge will be financed in equal parts through the company's cash and a new issue of shares in Cherry AB. The purchase price is based on a multiple of 4.5 times the 2017 profit of the affiliate operation and 6 times the 2017 profit of the white label operation. The cash portion is to be disbursed before 30 April 2018 and the new issue must be settled by the Cherry AB Annual General Meeting in May 2018, after which the transaction is expected to be closed.

Anders Holmgren, CEO of Cherry, said:

"Game Lounge holds a strong position in a growing market. In the third quarter 2017, Game Lounge continued to grow, and revenue amounted to MSEK 45, an increase of 180 percent compared with the third quarter 2016. EBITDA margin amounted to 75 percent (37). Game Lounge's business model is remarkably scalable, the company has unique capabilities in search-engine optimization (SEO) and is the recognized standard in affiliation within the gaming industry and we see great potential to expand the scope of the business to also include other segments, such as the loan affiliate website Lainat.fi, acquired by Game Lounge in November."

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

Anders Antonsson, IR & Communications: +46 709 994 970, anders.antonsson@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 22 December 2017, at 08:30 a.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. 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 1,100 people and has about 6,900 shareholders. The company's class B share is listed on the Nasdaq Stockholm exchange, Mid Cap segment. More information is available at www.cherry.se.