

PRESS RELEASE

Cherry AB (PLC)
Stockholm, November 10, 2015

Interim Report 3 2015, 1 January - 30 September

Highlights

Third quarter: Positive EBIT of MSEK 11.0 - 131% growth for Online Gaming and 339% growth for Yggdrasil

- Group revenue increased by 71 percent to MSEK 154.1 (90.4). Online makes up 72 percent (53) of the group revenue.
- Profitability improved considerably and the group showed a positive result. EBITDA amounted to MSEK 17.4 (-3.0). EBIT amounted to MSEK 11.0 (-7.0).
- The result after tax amounted to MSEK 12.1 (-8.8), equivalent to SEK 0.65 (-0.69) per share after dilution & minority int.
- Online Gaming grew by 131 percent and EBITDA amounted to MSEK 14.5 (-4.7).
- Restaurant Casino increased turnover by 13 percent and EBITDA increased by 7 percent to MSEK 5.3 (5.0).
- Yggdrasil Gaming grew by 339 percent and EBITDA amounted to MSEK 1.9 (-1.4). September was the first month with a positive EBIT. Yggdrasil has initiated an application for an UK operator license.
- In July, Cherry acquired 71 percent of the shares in the Malta-based company Almor Holding Limited - a leading online casino in German speaking markets.
- In late July, Cherry-owned Game Lounge acquired a prominent Finnish affiliate's domains and affiliate agreements. The acquisition is expected to increase EBITDA figures by more than EUR 600,000 annually, and bring in more than 10,000 new depositing customers to Cherry and other operators over three years.

Nine-month interim period: Strong growth within all business areas and a positive EBITDA

- Group turnover increased by 49 percent compared to the previous year and amounted to MSEK 356.2 (239.8). Online makes up 67 percent (54) of the group revenue.
- Profitability improved considerably and EBITDA amounted to MSEK 12.5 (-11.4). EBIT amounted to MSEK -3.1 (-22.3).
- The result after tax amounted to MSEK -6.4 (-24), equivalent to SEK -0.72 (-1.84) per share after dilution & minority int.
- Online Gaming grew by 83 percent and EBITDA amounted to MSEK 6.4 (-14.0).
- Restaurant Casino increased turnover by 11 percent and EBITDA increased by 20 percent to MSEK 14.5 (12.1).
- Yggdrasil Gaming grew by 215 percent and EBITDA amounted to MSEK 0.3 (-3.2).
- In January 2015, a controlling interest in the affiliate company Game Lounge Ltd was acquired by Cherry. This is expected to enable Cherry to rapidly increase its volumes at a significantly lower cost per customer than before.

Important events after the end of the quarter: Cherry added strategic acquisitions to its core business

- On the 1 October, Cherry's second white label, SuomiCasino.com, was launched in cooperation with Game Lounge.
- In October, Cherry acquired an additional 4 percent of the shares in the Malta based company Almor Holding Limited - a leading online casino in German speaking markets. After the acquisition Cherry owns 75 percent of Almor Holding Ltd.

CEO comments on the third quarter

We are pleased to be able to show a strong growth and profit for the third quarter. Our strategic acquisitions have been successfully integrated within Cherry and all business areas are now showing a profit. The third quarter continued to show strong growth and the group turnover increased by 71 percent. Cherry's online business continues to grow and now represents 72 percent (53) of group sales. Going forward, it is expected to grow faster than the market.

Cherry's business area Online Gaming has achieved a strong growth of 131 percent during the third quarter, and again is showing a profit. Our efforts to improve gaming experience, delivering joy of gaming, and to increase our customer loyalty is beginning to create results. We are seeing strong growth in mobile gaming and will continue to improve our mobile offerings. Further synergies are expected when Almor's trademarks are migrated to Cherry's platform. Today, Online Gaming is well positioned, using a well-functioning and flexible platform, where new products can easily be integrated and new skins easily added.



Therefore we can, with limited increase in costs, grow in volume and increase our profit. At present Cherry has three licenses via Malta, Curacao and Schleswig Holstein and intends to obtain local licenses in markets where Cherry has a large volume, or in new markets where the company expects a strong growth.

During the quarter, Yggdrasil has developed strongly and September was the first month with a positive EBIT. Yggdrasil has delivered three new quality games (Holmes And The Stolen Stones™, Vikings Go Wild™ and Chibeasties), which were well received by both customers and operators. In the third quarter, revenues increased by 339 percent and a new agreement was signed. In addition to this, two new agreements were signed regarding Yggdrasil's popular progressive jackpot game, Joker Millions. During the quarter, the first jackpot for the Joker Millions was paid out, amounting to €720,000 and paid out on EuroSlots.com. Yggdrasil has taken the decision to release all of the games on the new platform iSense 2.0, based on HTML5, providing the opportunity to release games simultaneously on computer, tablet and mobile, as well as giving the games better and faster performance. This enables operators to interact more effectively with their players, particularly in conjunction with marketing campaigns. During the third quarter the company has initiated an application for an UK operator license. Yggdrasil has the intention to deliver at least 12 games annually to the market and the upcoming games look exciting. As new operators are deployed, more games are launched at existing customers and the game portfolio keeps growing, Yggdrasil's revenue and profit will increase.

Restaurant Casino continues to impress with positive progress. During the third quarter, the business delivered solid growth and increased its profit by nine percent. Staff training and further development of the business has led to stronger key figures during the year. In July, general payroll tax for young people was raised which, over time, will affect the industry and Restaurant Casino's profitability. The increase in cost for the raise of the general payroll tax for young people will be shared with the restaurateurs, but it will also result in more gaming venues becoming unprofitable. Therefore it is necessary to be able to raise the stakes in Restaurant Casino. We have begun a project to promote the raise of stakes and ensure politicians are made aware of the problems and the challenge for the industry. This autumn, Mr. Jan R Andersson (M) has submitted a motion which includes a proposed increase in the stake from the current level of SEK 70 to SEK 200. The bill is expected to be processed in the spring of 2016.

A new regime is required on the Swedish gaming market, and a new Swedish gaming legislation is expected to be in place by July 2018. We are supportive of the appointment of General Director, Mr. Håkan Hallstedt, to lead the new gaming investigation. Cherry welcomes a gaming market that is open to all, with transparent and responsible actors, and we want to create more jobs in Sweden and compete on fair conditions.

Cherry's goal is to continue to grow faster than the market through acquisitions as well as organically and focusing on rapidly increasing the profitability. We now look forward to continue to spread the joy of playing, both online and at the pub.

Fredrik Burvall, CEO

Nomination committee

In accordance with the decision at Cherry's annual general meeting held on 12 May, 2015, the following members of the Nomination Committee for AGM 2015 have been appointed:

The following nomination committee has been formed based on ownership at 30 September 2015, and consists of John Wattin (appointed by the Hamberg family), Morten Klein (appointed by Klein Group AS), Pontus Lindwall (appointed by the Kling family) and Rolf Åkerlind (Chairman Cherry AB). The nomination committee together represents 45.2 percent of the votes and 33.6 percent of the shares in Cherry AB.

The Nomination Committee shall, for the next AGM in 2015, submit proposals on the number of directors to be elected, the directors' remunerations, the composition of the Board of directors, a Chairman of the board, auditor(s), remuneration for the auditor (-s) and the Chairman at the AGM. Furthermore, the Nomination Committee shall submit a proposal on a new instruction for the Nomination Committee at the next AGM.

Shareholders who wish to contact the nomination committee can do so by e-mail to valberedningen@cherry.se or by mail to Cherry AB, Nomination committee, Blekholmstorget 30, 111 64 Stockholm.



For further information please see the full Interim Report 3, 2015.

<http://cherry.se/en/financial-reports/>

Translation

This is a translation of the Swedish original.

Stockholm, November 10, 2015

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Cherry in brief

Cherry is a Swedish gaming company established in 1963 specialized in online casinos and lotteries (www.CherryCasino.com, www.EuroLotto.com, www.EuroSlots.com, www.SpilleAutomater.com, www.NordicSlots.com, www.NorgesSpill.com, www.SveaCasino.com, www.SuomiCasino.com, www.Sunmaker.com, www.SunnyPlayer.com and www.Kingplayer.com), affiliate business through Game Lounge and games development (www.Yggdrasil.com), through subsidiaries in Malta. Cherry is the market leader in casinos in restaurants and nightclubs in Sweden. Cherry employs around 750 people and has more than 2,900 shareholders. The Company's B-shares are listed on AktieTorget.