



CHERRY AB (PLC)

INTERIM REPORT 1

1 JANUARY - 31 MARCH 2016



BEST ONLINE GAMING OPERATOR
2014 & 2015 & 2016

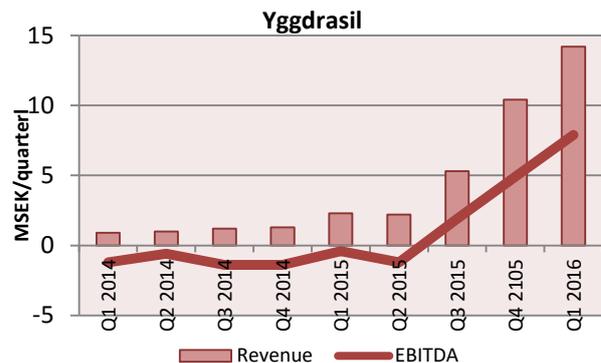
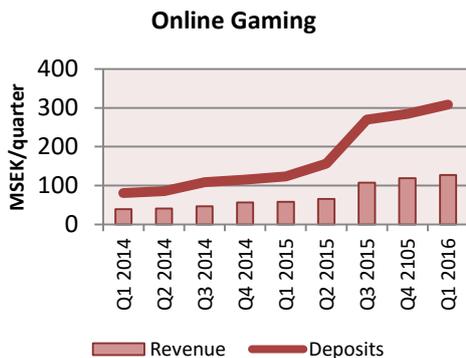
Highlights

First quarter: 86 percent growth in revenue and a positive EBITDA of MSEK 25.6

- Group revenue increased by 86 percent to MSEK 177.3 (95.3). Online makes up 78 percent (63) of the group revenue.
- Profitability improved considerably and EBITDA amounted to MSEK 25.6 (-4.5). EBIT amounted to MSEK 17.4 (-8.9).
- The result after tax was MSEK 17.5 (-11.8), equivalent to SEK 0.80 (-0.88) per share after dilution and minority interests.
- Online Gaming grew by 118 percent and EBITDA amounted to MSEK 16.5 (-5.7).
- Yggdrasil Gaming grew by 519 percent and EBITDA amounted to MSEK 7.9 (-0.4).
- Restaurant Casino increased turnover by 10 percent and EBITDA amounted to MSEK 4.5 (3.9).
- In January, Cherry finalized the acquisition of Moorgate Media Ltd, a Malta-based affiliate company.
- In February, Cherry won big at the International Gaming Awards. Cherry was awarded “Online Gaming Operator of the Year” for the third year in a row. EuroLotto was named “Lottery Operator of the Year” and Yggdrasil won “iGaming Software Supplier”.
- Yggdrasil Gaming was awarded the licenses required by the UK Gambling Commission in late December 2015 and is now live in the UK with parts of its full product suite. Yggdrasil Gaming has already signed agreements with six operators in the UK.
- The Group’s consolidated cash amounted to MSEK 61.5 (28.9) on 31 March.

Important events after the end of the quarter

In April, Cherry signed an agreement to acquire 49 percent of the shares in ComeOn Malta Ltd. with an option to acquire the remaining 51 percent. The acquisition will significantly strengthen Cherry’s position on the Scandinavian markets and provide great opportunities for continued international expansion. With its successful multi-brand strategy, ComeOn enjoys a strong position in each of its main markets. ComeOn markets games under several well-established brands such as ComeOn.com, Mobilbet.com, CasinoStugan.com, folkeautomaten.com, Suomikasino.com, GetLucky.com and Kasyno.pl.



Group	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
Revenue	177,3	95,3	527,3	334,5	266,3
Other revenue	0,0	0,0	1,5	5,5	0,0
EBITDA	25,6	-4,5	35,9	-17,9	-24,0
EBIT	17,4	-8,9	13,3	-32,9	-33,9
Earnings per share	0,80	-0,88	-0,06	-2,96	-2,53
Cash and liquid assets	61,5	28,9	33,8	54,3	68,4
Online Gaming	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
Revenue	127,3	58,3	350,1	183,1	127,5
EBITDA	16,5	-5,7	21,8	-18,3	-28,1
Deposit amount	308,6	123,7	833,6	390,6	260,1
New customers	104 340	36 687	594 524	159 218	164 782
Active players	79 378	23 742	70 746	22 197	23 347
Restaurant Casino	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
Revenue	38,8	35,2	161,5	148,0	138,3
EBITDA	4,5	3,9	19,4	17,1	16,0
Number of casino venues	252	255	260	269	257
Yggdrasil Gaming	Q1 2016	Q1 2015	FY 2015	FY 2014	FY 2013
Revenue	14,2	2,3	20,1	4,4	0,9
EBITDA	7,9	-0,4	5,2	-4,6	-2,5
Signed agreements	3	3	27*	19*	1*
Integrated customers	0	0	24*	15*	1*

* Number of signed agreements or integrated operators from start.

CEO comments on the first quarter

Cherry continues to deliver according to its strategy, which combines organic growth with strategic acquisitions. The first quarter showed further strong growth and a significant increase in profits. During the first quarter, the Group's growth amounted to 86 percent. Cherry's online activities continue to grow very strongly and now account for 78 percent (63) of Group sales. They are also expected to grow faster than the market. As announced previously, Cherry has applied for a listing on the Nasdaq Stockholm. A listing is a large and comprehensive challenge and has, because of the acquisition of ComeOn, been prioritised downwards. However, resources are now available for this important project and the goal remains to be listed during 2016.

After the reporting period, Cherry announced the acquisition of ComeOn. The acquisition means that Cherry is strengthening its position in Online Gaming and also against competitors both in Scandinavia and in other European markets. Cherry is also strengthening its customer base in sports betting, which represents a third of ComeOn's sales revenues for 2015. Both Cherry and ComeOn are growing much faster than the market, with strong profitability, and this allows for further investment in existing brands and continued expansion into new markets. The deal means we add strong brand names and will benefit from ComeOn's entrepreneurial spirit. We are very pleased that ComeOn's management and founders will stay operative within the company. During 2015, the two companies' total sales would have amounted to approximately SEK 1.3 billion and improved profitability. We expect to complete the acquisition in June. For 2016, ComeOn's management expects a turnover of around 100-120 million euros and an operating profit of between 19-23 million euros.

Cherry's Online Gaming business area enjoyed strong growth of 118 percent and significantly improved earnings. The activity on our gaming sites grew strongly and active customers increased by a total of 234 percent compared to the first quarter of 2015. The Online Gaming team also proudly received two awards at the International Gaming Awards in February, when we were named "Online Gaming Operator of the Year" for the third consecutive year, while EuroLotto.com was named "Lottery Operator of the Year". This is proof of the quality of our business and is strong recognition for all those in our team who worked so hard during the past year.

During the quarter, our platform was upgraded, with Cherry Casino the first to make the move. The web page now has unique features and provides users with a more intuitive way to navigate, while giving us a greater ability to communicate with our customers. Furthermore, sports betting has been added, which we believe will increase customer loyalty to Cherry. Over time, the new functionality will also be rolled out to other brands. Cherry will, in addition to the licences it already has, continue to seek local licences where we expect strong growth. It has also initiated an application process to obtain an operator's licence in the UK, which is expected to be in place during the second half of 2016. Online Gaming today is well positioned with a platform that makes it possible to quickly and efficiently add new products and skins.

In the first quarter, Yggdrasil has had a continued strong performance, as revenues grew by 519 percent and the EBITDA margin amounted to 56 percent. At the end of the first quarter, Yggdrasil rolled out the first operators on its British licence, which are expected to generate increased sales in the coming quarters. In addition, Yggdrasil was invited to apply for a Gibraltar licence and the goal is to go live by the end of the second quarter.

Also during the quarter, Yggdrasil delivered three new quality games (Incinerator, Golden Fish Tank and Seasons), which were well received by both customers and operators. During the first quarter, three new contracts were signed, including one with the world's largest operator, bet365. In February 2016, Yggdrasil was named, "iGaming Software Supplier of the Year" at the International Gaming Awards, which is proof of the quality of Yggdrasil's product portfolio. As new operators are deployed, more games are launched to existing customers, so the game portfolio grows and Yggdrasil's revenues will increase further.

Restaurant Casino continues to deliver solid results. During the first quarter, the business delivered stable growth and strong earnings. Continued training of staff and further development of the business resulted in improved key figures. In July 2015, employer contributions increased for young people, which over time will affect the industry and Restaurant Casino's profitability. Therefore, we will continue to work towards a raise in permitted stakes and



Cherry is, at present, the only private gaming company participating in the reference group for a new gaming legislation in Sweden. Together with Visita, Cherry has met with the special investigator, Mr. Håkan Hallstedt, during the quarter, where a proposal for a change of the present legislation was presented. Also during the quarter, Mr. Aaron Egfors was appointed CEO of Cherry's Restaurant Casino. This allows us to focus on the leadership and streamline the Group's organisation, which is expected to improve our bid to capture market share.

We look forward to the rest of 2016 with excitement. Our ambition is to continue to grow faster than the market and we are well prepared to do so, both through organic growth and acquisitions. Our strategy and our diversified business areas create very good conditions for continued strong expansion, strong profitability and strong growth of value. We look forward to continue spreading the joy of playing - both online and at the pub!

Fredrik Burvall, CEO

The Group

First quarter

The Group's revenue increased by 86 percent to MSEK 177.3 (95.3). EBITDA and EBIT for the Group improved considerably and amounted to MSEK 25.6 (-4.5) and MSEK 17.4 (-8.9), respectively. The EBITDA margin increased to 14.4 percent, to be compared with an EBITDA margin of 6.8 percent for the full year 2015.

The Group's consolidated profit after financial items amounted to MSEK 19.3 (-11.6) and profit after tax amounted to MSEK 17.5 (-11.8), equivalent to SEK 0.80 (-0.88) per share after dilution and minority interest.

Net financial items were positively affected with MSEK 1.9 by exchange rate revaluations on internal receivables in Euro.

Important events during the first quarter

- An extra shareholders meeting was held in Cherry AB (publ) on 16 March 2016. It was decided, in accordance with the proposal from the nomination committee, that the Board of Directors shall be supplemented by Johan Moazed until the end of the next Annual General Meeting. It was also decided, in accordance with the Board's proposal, to increase the share capital in Cherry AB (publ) by a maximum of SEK 85,937.50 by a new share issue of a maximum of 156,250 class B shares, each with a quota value of SEK 0.55. The right to subscribe to the shares, superseding the preferential rights of other shareholders, was granted to Tykkox Investments Ltd., which was the seller of the shares in Game Lounge Ltd. Payment for the subscribed shares shall be made by offsetting part of the seller's claim on the additional consideration (EUR 2 million) under the share purchase agreement.
- In March, Gunnar Modalen was appointed Head of Investor Relations & Communication and member of group management.



Business Areas

Cherry's operations are divided into the following business areas: Online Gaming, Restaurant Casino, Yggdrasil Gaming and Development Projects.

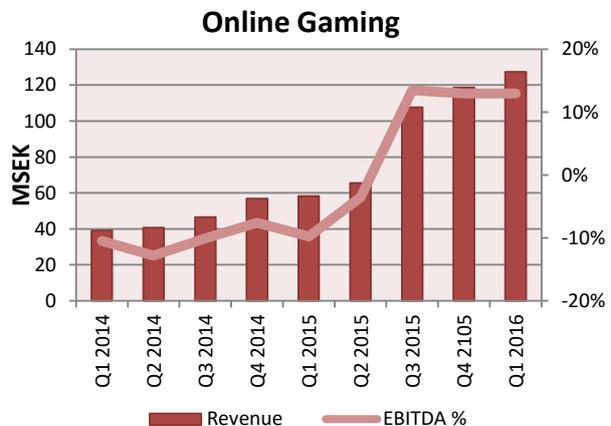
Online Gaming

This business area includes online casino and lottery on computers, tablets and mobiles on CherryCasino.com, EuroSlots.com, EuroLotto.com, SveaCasino.com, SuomiAutomaatti.com and SpilleAutomater.com. Web Resorts offers games on sites including NorgesSpill.com and NordicSlots.com. From July, Sunmaker.com, Sunnyplayer.com and KingPlayer.com are part of Online Gaming. Online Gaming also includes affiliate business through Game Lounge.

First quarter

During the first quarter, turnover increased by 118 percent and amounted to MSEK 127.3 (58.3). Profits improved significantly. EBITDA amounted to MSEK 16.5 (-5.7) and EBIT amounted to MSEK 11.5 (-7.5).

Online Gaming showed strong growth during the first quarter and deposits increased by 149 percent and amounted to MSEK 308.6 (123.7). The number of active customers increased by 234 percent and amounted to 79,378 (23,742). During the first quarter the number of new customers amounted to 104,340 (36,687). The number of registered customers amounted to 1,177,103 (514,926) at the end of the quarter.



Marketing activities for Online Gaming during the first quarter amounted to MSEK 32.8 (26.2). Above all, significant marketing spend on CherryCasino.com and SpilleAutomater.com, as well as marketing of Almor's brands, resulted in a large increase in customer intake and deposits. Cherry's work with customer loyalty programmes has continued and increases the profitability of the existing customer base. Volumes on mobile and tablet and amounted to 38 percent (32) of Online Gaming's total Gross Game Win during the first quarter, excluding the Almor brands. Including the Almor brands, the share of mobile/tablet amounted to 30 (32) percent, as Almor has had a lower mobile penetration. Once the remaining Almor brands are

migrated to Cherry’s platform, their mobile/tablet share is expected to increase.

Important events during the first quarter

- In January, Cherry finalized the acquisition of 100 percent of the shares in the Malta-based company Moorgate Media Ltd. The company owns affiliate license agreements within the Web Resorts cooperation. Cherry also acquired 100 percent of the domain, customer database and gaming site of NorgesSpill.com. The acquisitions are expected to increase Online Gaming’s EBITDA by MEUR 1.5 per year.
- In February, Cherry won big at the International Gaming Awards. Cherry was awarded “Online Gaming Operator of the Year” for the third year in a row, EuroLotto was awarded “Lottery Operator of the Year” and Yggdrasil was awarded “iGaming Software Supplier of the Year”
- In February, the new CherryCasino.com was launched, with improved customer usability and a sportsbook.
- In the beginning of March, SunnyPlayer.com was migrated to Cherry’s platform.

Important events after the interim report

- In April, Cherry signed an agreement to acquire 49 percent of the shares in ComeOn Malta Ltd. with an option to acquire the remaining 51 percent. The acquisition will significantly strengthen Cherry’s position on the Scandinavian markets and provide great opportunities for continued international expansion. With its successful multi-brand strategy, ComeOn enjoys a strong position in each of its main markets. ComeOn markets games under several well-established brands such as ComeOn.com, Mobilbet.com, CasinoStugan.com, folkeautomaten.com, Suomikasino.com, GetLucky.com and Kasyno.pl. More information can be found under the section Acquisitions.
- After the quarter, KingPlayer.com has been migrated into SunMaker.com and SunMaker.com has launched a Sportsbook.



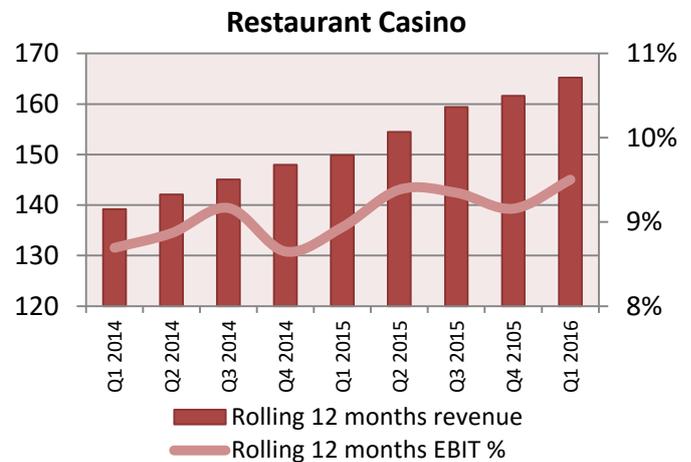
Restaurant Casino

Traditional casino table games (blackjack and roulette) operate in approximately 250 Swedish restaurants, nightclubs and hotels. Cherry also offers Event Casino for companies and private individuals.



First quarter

During the first quarter of 2016, turnover increased by 10 percent and amounted to MSEK 38.8 (35.2). EBITDA amounted to MSEK 4.5 (3.9) and EBIT amounted to MSEK 3.7 (2.8). The turnover per table increased by 7% and is mainly explained by a higher turnover per shift, thanks to further education of the staff and by introducing faster payment systems. The business is developing positively but increased employer contributions for young people will affect the margins negatively. The increase will partly be shared with Cherry’s partners and it could also open opportunities for Cherry to acquire competitors, given its market-leading position.



Important events during the first quarter

- Cherry’s market share amounted to 66 percent (64) of the active gaming tables according to the March 2016 statistics from the Swedish Lotteries and Gaming Authority. At the end of the quarter, Cherry had casinos at 252 gaming venues (255) with a total of 362 gaming tables (352).



- During the first quarter, four new agreements were signed, while six gaming venues were closed for the season, due to concept changes, bankruptcies or because they were now unprofitable due to the raise of general payroll tax for young people. Cherry signed agreements with Nivå Falköping, Tables Karlstad and Hits for You Gävle.
- Aron Egfors was appointed as CEO of Restaurant Casino.



Yggdrasil Gaming

Yggdrasil Gaming develops computer, mobile and tablet games. It is licensed in Malta, UK and Curacao (the latter license is in the progress of being discontinued). Yggdrasil sells and distributes its products to various gaming operators.

First quarter

During the first quarter the turnover increased by 519 percent and amounted to MSEK 14.2 (2.3), of which MSEK 3.0 (0.5) was internal revenue from Cherry’s gaming sites. EBITDA amounted to MSEK 7.9 (-0.4) and EBIT amounted to MSEK 5.5 (-1.9).

The substantially improved results are thanks to strong game releases and the new HTML5-based iSENSE 2.0 platform. It makes it possible to launch games simultaneously on desktop, mobile and tablet and to make the games faster while improving their performance. This means operators have a greater ability to reach their players and streamline their

marketing campaigns. During the quarter the games ”Incinerator”, ”Golden Fishtank” and ”Seasons” were launched.

In the first quarter, bet turnover increased by 1,085 percent and



amounted to MSEK 3,560.2 (300.3). The number of player transactions (bets) increased by 922 percent and amounted to 317.1 million (31.0). Mobile’s share of Gross Game Win increased to 45 percent (17).

At the end of the quarter, Yggdrasil had launched with 20 operators, including Betsson, LeoVegas, Vera&John, Unibet, MrGreen, HeroGaming and Cherry. During the quarter, agreements with three new operators were signed, among them bet365, the world’s largest sportsbook operator.

Yggdrasil Gaming has signed a total of 30 agreements. Four agreements have been terminated due to customers having discontinued their operations or due to legal changes. Yggdrasil has signed seven agreements for its first progressive jackpot Joker Millions, of which three are live. Yggdrasil’s games portfolio now consists of 20 video slots and a number of innovative lottery and keno games.

Yggdrasil is still in start-up mode but the company is now a recognized provider of quality slots. The company’s revenues are expected to rise as the number of games and operators increase. Still, many operators have not launched all the games on desktop, tablet and mobile. At the integration phase, the operators often choose to gradually roll out the games. The gaming operators that have already gone live have made great progress, which proves that the business model works and that the games and functionality Yggdrasil produces are popular both among gaming operators and their customers.

Yggdrasil Gaming is operated as an autonomous company within the Cherry group. Cherry’s share of ownership was 85.2 percent at the end of the quarter. Key personnel within Yggdrasil hold the remaining ownership and also have options to subscribe to new shares, which would reduce Cherry’s ownership to 84 percent.

Important events during the first quarter

- In February, Yggdrasil was awarded “iGaming Software Supplier” at the International Gaming Awards.
- Three new contracts were signed, including bet365, the world’s largest operator.

- The games "Incinerator", "Golden Fishtank" and "Seasons" were launched.
- Yggdrasil Gaming was awarded the licenses required by the UK Gambling Commission in late December 2015 and is now live in the UK with its full product suite. Yggdrasil Gaming has already signed agreements with six operators in the UK.



Important events after the first quarter

- The game "Wicked Circus" was launched.

Acquisitions

ComeOn

Cherry AB (publ) signed, 2 May 2016, an agreement to acquire 49 percent of the shares in ComeOn Malta Ltd. with an option to acquire the remaining 51 percent. ComeOn is a leading company in the rapidly expanding online gaming markets on desktop, tablet and mobile. ComeOn's offering complements Cherry with well-known brands and strong positions, mainly in online casino and sports betting.

The acquisition will significantly strengthen Cherry's position on the Scandinavian markets and provide great opportunities for continued international expansion.

With its successful multi-brand strategy, ComeOn enjoys a strong position in each of its main markets. ComeOn market games under several well-established brands such as ComeOn.com, Mobilbet.com, CasinoStugan.com, folkeautomaten.com, Suomikasino.com. GetLucky.com and Kasyno.pl. ComeOn had 1,112,932 registered customers of which 133,324 were active as of end of December 2015. Cherry will strengthen its customer base considerably within sportsbetting, which accounted for approximately one third of ComeOn's revenues in 2015.

ComeOn's sales in 2015 were close to EUR 80 million, an increase of about 60 percent compared to the previous year. The operating profit grew to approximately EUR 13 million, an increase close to 70 percent compared with the previous year. ComeOn expects to have sales of EUR 100-120 million, with an operating profit of EUR 19-23 million, in 2016. The company's depreciation is insignificant.

Facts ComeOn

COMEON fact sheet			
Figures in msek (EUR/SEK 9:30)		2015	
Revenues	740,3	Revenue split by product	
Revenue growth	69%	Casino	73%
EBITDA	121,6	Sportsbook	27%
EBITDA margin	16,4%	Poker	0%
EBIT	121,0	Revenue split by market	
EBIT margin	16,3%	Scandinavia	79%
Registered customers	1 112 932	EU	18%
Active customers	109 608	Row	3%

ComeOn's management and founders will continue to work in the combined business going forward.

ComeOn operates based on licenses in Malta, UK and Curacao. The company has its own operations in Malta, London, Gibraltar and Stockholm. ComeOn has a staff of around 210 in total. The parties do not expect any redundancies due to the transaction, since both groups are growing faster than the market and the combined resources will form a base for the continued expansion.

Identified synergies consist mainly of a broader product and brand portfolio, economies of scale such as reduced costs for payment solutions and game suppliers, and more efficient marketing.

The acquisition has to be approved by the shareholders in Cherry AB (publ) during an extra shareholders meeting. This meeting is expected to take place in the beginning of June.

Financial information

The total consideration is calculated based on a multiple of 10 times the operating profit (EBIT) for 2016, and will be paid in two tranches. In tranche one, which is planned to take place end of May/beginning of June 2016, Cherry will acquire 49 percent of the shares in ComeOn for a consideration of EUR 80 million. This part of the consideration will be deducted from payment of the final and total consideration in tranche two. The consideration in tranche one shall be paid with 50.4 percent of newly issued shares of series B in Cherry AB and 49.6 percent cash. The price per share has been set at SEK 128.25. Cherry intends to issue a corporate bond to finance the cash part of the deal. Initially, EUR 50 million will be issued. The bond will be listed on Nasdaq Stockholm Corporate Bonds within 60 days following the day of issue.

If the acquisition of the 49 percent of the shares in ComeOn is completed according to plan, Cherry expects a positive effect on earnings for 2016. Cherry's share of ComeOn's result after net financial items in 2016 is expected to be approximately EUR 6 million. Cherry's transaction costs for the acquisition is expected to affect the 2016 result by approximately EUR 0.8 million. The shares (49 percent) will be accounted for as a minority shareholding and will

therefore not affect Cherry's sales or operating profit, but is expected to have a positive effect on earnings per share and cash flow.

The final and total consideration for the shares in ComeOn will also be paid with a combination of newly issued shares and cash. The cash part is to be financed with an expansion of the corporate bond, and the price for the new share issue will be calculated as the volume weighted average share price during the fifteen trading days following Cherry's announcement to exercise the option to acquire the remaining 51 percent in ComeOn (tranche two). The option can be exercised during the period October 1, 2016 to December 31, 2016. Should Cherry decide not to use the option, then the seller has the right to repurchase the shares in ComeOn for EUR 40 million. The total consideration can be a maximum of EUR 280 million on a debt free basis. Cherry has not produced an acquisition analysis as the admission day and the acquisition balances have not been established yet.

Shareholders in Cherry, holding A-shares and some of the company insiders will not be allowed to trade in Cherry shares during the period up until 15 days after Cherry have announced its intention to use the option, however not later than January 31, 2017.

The dilution in Cherry in step one (acquisition of 49 percent of ComeOn) will be 16.7 percent of the number of shares and 11 percent of the voting rights.

The acquisition needs to be approved by the shareholders in Cherry AB (publ) at an extra shareholders' meeting. This meeting is expected to take place in the beginning of June 2016. A separate notice for this meeting will be announced no later than four weeks prior to the extra shareholders' meeting. The transaction is subject to Cherry obtaining financing for the parts of the purchase price that is to be paid in cash.

Development projects

Cherry has a number of development projects aimed at creating new services and products to support Cherry's business concept and growth strategy. Until the product or service has been launched and established, the costs are taken centrally in the Group and are reported as "Development Projects" to make it transparent how much is being generated by the Group's business areas.

First quarter

Revenues within Development Projects amounted to MSEK 0.0 (0.0). EBIT amounted to MSEK -1.0 (0.0) due to costs for Nasdaq Stockholm listing.

Cash and liabilities

The Group's consolidated cash amounted to MSEK 61.5

(28.9) on 31 March. Interest bearing liabilities amounted to MSEK 2.5 (3.7). At the end of the quarter there were overdue receivables from two of Cherry's partners, amounting to MSEK 2.6. The majority has been settled during April.

Customer liabilities, including the provision for accumulated jackpots, amounted to MSEK 32.5 (5.5). Due to the Maltese Lotteries and Gaming Authority's regulations, this amount may limit utilisation of the Company's liquid funds. Current net receivables from payment providers for unsettled customer deposits were MSEK 2.0 (2.2).

Cherry has a continued strong cash position and an overdraft facility amounting to MSEK 25.0, which is partly used. This facility was increased to MSEK 35.0 after the end of the quarter.

Share issue in connection to the acquisitions of Almor and Moorgate Media Ltd

In January 2016, Cherry finalised the acquisition of Moorgate Media Ltd, a Malta-based affiliate company and the average share price for the new issue was set at 119,33 SEK per share. The shares were valued based on the average closing price of the Cherry shares during the period 16 - 23 December, 2015. After the new issue, which form part of the purchase price, the number of shares increased with 309,302 of series B. The new issue was supported by the resolution at the Annual General Meeting held 12 of May, 2015. The total number of shares in Cherry AB (PLC) amounted as of 7 January 2016, to 14 297 114 shares, of which 997,600 Class A shares and 13,299,514 Class B, representing a total of 23,275,514 votes.

Staff and organisation

The average number of employees for the Group (calculated as full-time positions) during the period was 294 (225). The total number of employees at the end of the period was 820 (756).

Risks and uncertainties

For a description of the risks and uncertainties please see the Annual Report 2015, on the company website, and the Outlook section in this report.

The Parent Company

The parent company provides and sells internal services to other group companies in the areas of finance, accounting, administration and management, and also has some external licensing revenues. Turnover for the interim period amounted to MSEK 0.8 (0.7) and profit after financial items amounted to MSEK -1.5 (-4.3). The parent company's investments in tangible and intangible fixed assets amounted to TSEK 3 (0). Cash and liquid funds amounted to MSEK -10.6 (7.8) at the closing date.

Outlook

Cherry's Online Gaming business area is expected to grow faster than the general online gaming market. H2 Gambling Capital estimates that the global online gaming market will grow by seven percent during the next years. Online gaming is exposed to intense competition and subject to a regulatory environment that may change rapidly.

The legal situation for online gaming changes continuously in the different geographical markets. There is continued pressure on countries within the EU to adapt their domestic legislation to applicable EU law, with free movement of goods and services. Several countries have recently announced that they are working on new legislation that will be consistent with EU requirements. Such legislation might change the market conditions with regards to taxes, customer offering and local license fees, which could affect Cherry's profitability negatively. At the same time, new legislation might bring strong market growth and allow Cherry to utilise more marketing opportunities. Cherry closely monitors developments and assesses that existing risks will not have any significant impact on the group's reported results.

On 16 October, 2014, the EU Commission announced that it was taking Sweden to the Court of Justice of the EU for what it considers to be Sweden's lack of compliance with EU law, with regard to gambling services. In addition, the Swedish government announced that work was underway to accelerate the implementation of a national gaming licensing system. These announcements are welcomed by Cherry, as the Company deems that a licensing system open for competition in the gaming market, on fair and market-adopted conditions, is the best way forward and can help boost economic growth. Cherry has, as the only private operator, been invited to the reference group for a new gaming regulation in Sweden.

The market for Restaurant Casino has a continued negative growth and local competition exists. Cherry expects to maintain or increase its market share through acquisitions and taking over venues from competitors. Cherry believes that an adjustment of maximum allowed bets will be made during the next re-regulation of the Swedish gaming market.

The business area of Yggdrasil Gaming is expected to grow faster than the market average. The growth in Yggdrasil's sector is expected to follow the development of online gaming, which is estimated at about seven percent per year.

Cherry will launch products and services that fall within the business area of Development Projects and support the company's business concept and growth strategy.

For further information see the Annual Report for 2015. Cherry has not issued a forecast for 2016.

Annual General Meeting

The Cherry AB (PLC) Annual General Meeting will be held in Stockholm on Thursday May 12, 2016, at CET 16:30. Shareholders who wish to attend the meeting must both be recorded in the register kept by Euroclear Sweden AB share database on the 6 of May 2016 and notify their intention to attend the meeting no later than on May 9, 2016. Notice of attendance at the meeting must be submitted in writing to the company at Blekholmstorget 30, 111 64 Stockholm, by telephone +46 8-514 969 48 or by email:

alexander.pettersson@cherry.se

Annual Report

The Annual Report for 2015 was published on 20 April 2016 on the company's website www.cherry.se and on the website of Aktietorget, www.aktietorget.se.

Financial calendar 2016

Cherry intends to distribute financial reports and statements on the dates below:

- Interim report 2: 25 August, 2016
- Interim report 3: 9 November, 2016
- Full year report/Interim report 4: 21 Feb, 2017

Accounting principles

Cherry applies IFRS, which is adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union, the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company applies the same principles as the Group apart from the exceptions in paragraph of RFR 2; Reporting for legal persons.

Information about the group's accounting and valuation principles can be found in the annual report 2014 (p. 38-43), which was published on April 20, 2016, and is available on the company website www.cherry.se.

The definition of return on equity has been changed and is now defined as profit for the year attributable to parent company shareholders divided by equity attributable to parent company shareholders. The comparison figures have been adjusted accordingly.

This report has not been subject to a review by the auditors. All figures in this report are in million SEK unless otherwise specified. Numbers in parenthesis

indicate the amount of the corresponding period for the previous year.

Translation

This is a translation of the Swedish original.

Stockholm, 12 May, 2016

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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, SuomiAutomaatti.com, www.Sunmaker.com and www.SunnyPlayer.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 800 people and has about 3,800 shareholders. The Company's B-shares are listed on AktieTorget.

Amounts in SEK million unless otherwise specified

Consolidated income statement (remaining operations)	Q1 2016	Q1 2015	FY 2015	FY 2014	FY2013
Revenues	177,3	95,3	527,3	334,5	266,3
Other revenue - revaluation of additional purchase price Online Gaming	0,0	0,0	1,5	5,5	0,0
Total operating revenues	177,3	95,3	528,7	340,0	266,3
Cost of sales	-66,2	-37,5	-204,7	-129,5	-110,9
Gross profit	111,1	57,8	324,0	210,5	155,4
Marketing expenses	-33,8	-26,5	-113,1	-87,9	-69,2
Personnel expenses	-42,1	-29,9	-140,7	-119,0	-90,0
Other expenses	-9,5	-5,9	-34,3	-21,5	-20,2
Operating income (EBITDA)	25,6	-4,5	35,9	-17,9	-24,0
Depreciation and amortisation	-8,2	-4,4	-22,6	-15,0	-9,9
Operating profit/loss (EBIT)	17,4	-8,9	13,3	-32,9	-33,9
Financial items	1,8	-2,7	-6,4	-4,5	1,8
Profit before tax	19,3	-11,6	6,9	-37,4	-32,1
Tax	-1,8	-0,2	-0,5	-1,9	-1,6
Profit after tax	17,5	-11,8	6,4	-39,3	-33,7
Profit for divested operations	0,0	0,0	0,0	0,0	25,5
Attributable to:					
Parent company shareholders	11,5	-12,0	-0,9	-38,3	-7,9
Minority interest	5,9	0,2	7,3	-1,0	-0,3
Profit after tax	17,5	-11,8	6,4	-39,3	-8,2
Earnings per share from remaining operations before dilution (SEK)	0,81	-0,89	-0,06	-2,99	-2,66
Earnings per share from remaining operations after dilution (SEK)	0,80	-0,88	-0,06	-2,96	-2,53
Statement of total income	Q1 2016	Q1 2015	FY 2015	FY 2014	FY2013
Profit/loss for the period	17,5	-11,8	6,4	-39,3	-8,2
Translation gains/losses on consolidation, overseas operations	-0,1	0,9	1,4	-1,6	-4,9
Total income for the period	17,3	-10,9	7,9	-40,9	-13,1
Group per segment/business area	Q1 2016	Q1 2015	FY 2015	FY 2014	FY2013
Revenues					
Online Gaming	127,3	58,3	350,1	183,1	127,5
Restaurant Casino	38,8	35,2	161,5	148,0	138,3
Yggdrasil Gaming	14,2	2,3	20,1	4,4	0,9
Elimination, internal revenues from Yggdrasil to Cherry	-3,0	-0,5	-4,5	-1,2	-0,6
Development Projects	0,0	0,0	0,0	0,0	0,0
Other revenue - revaluation of additional purchase price Online Gaming	0,0	0,0	1,5	5,5	0,0
Group-wide	0,0	0,0	0,0	0,2	0,2
The Group	177,3	95,3	528,7	340,0	266,3
Operating profit/loss before depreciation and amortization (EBITDA)					
Online Gaming	16,5	-5,7	21,8	-18,3	-28,1
Restaurant Casino	4,5	3,9	19,4	17,1	16,0
Yggdrasil Gaming	7,9	-0,4	5,2	-4,6	-2,5
Development Projects	-1,0	0,0	-2,4	0,0	0,0
Group-wide	-2,2	-2,3	-8,1	-12,1	-9,4
The Group	25,6	-4,5	35,9	-17,9	-24,0
Operating profit/loss (EBIT)					
Online Gaming	11,5	-7,5	11,8	-25,0	-33,0
Restaurant Casino	3,7	2,8	14,8	12,8	12,6
Yggdrasil Gaming	5,5	-1,9	-2,7	-8,6	-3,8
Development Projects	-1,0	0,0	-2,4	0,0	0,0
Group-wide	-2,2	-2,3	-8,2	-12,1	-9,7
The Group	17,4	-8,9	13,3	-32,9	-33,9

Amounts in SEK million unless otherwise specified

Consolidated balance sheet	2016-03-31	2015-03-31	2015-12-31
Intangible assets	211,9	111,9	167,9
Property, plant and equipment	12,2	10,9	10,9
Share in Associated companies	-0,1	0,3	0,0
Other long-term receivables	0,2	0,9	0,1
Inventories	0,0	0,2	0,0
Current receivables	104,3	53,8	86,6
Cash and liquid assets (SEK million)	61,5	28,9	33,8
Total assets	390,0	206,9	299,4
Shareholders' equity	219,0	114,0	156,9
Long-term interest bearing liabilities	1,2	2,5	1,6
Deferred tax payables	2,9	0,7	1,1
Current interest bearing liabilities	1,2	1,2	1,2
Other current liabilities	165,6	88,5	138,6
Total equity and liabilities	390,0	206,9	299,4

Consolidated cash flow statement (total operations)	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Profit after financial items	19,3	-11,6	6,9
Adjustments for non-cash items	6,3	5,3	23,3
Taxes paid	-0,8	-0,7	0,8
Cash flow from operating activities before changes in working capital	24,7	-7,0	31,0
Changes in working capital	14,9	-5,6	-1,9
Cash flow from operating activities	39,6	-12,6	29,1
Net investments	-13,6	-1,3	-20,0
Investment in acquisition of subsidiaries/associated companies	0,0	-11,1	-39,3
Change in long-term receivables	0,0	-0,1	0,6
Sales of shares and property, plant and equipment	0,0	0,0	0,0
Cash flow from investing activities	-13,6	-12,5	-58,6
New share issue	0,4	0,0	0,5
Dividend/Redemption programme	0,0	0,0	0,0
Change in long-term liabilities	-0,3	-0,3	-1,2
Cash flows from financing activities	0,1	-0,3	-0,7
Change in cash and cash equivalents	26,2	-25,4	-30,2
Cash and liquid assets at beginning of period	23,7	54,3	54,3
Exchange rate differences	0,4	0,0	-0,4
Cash and liquid assets at end of period *	50,3	28,9	23,7
* Cash and liquid assets	61,5	28,9	33,8
Overdraft facility	-11,2	0,0	-10,1

Changes in Group equity	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Opening balance	156,9	94,3	94,3
New issue	44,3	0,0	21,7
Acquisition of minority	0,4	30,6	40,8
Dividend	0,0	0,0	-7,7
Total profit/loss	17,3	-10,9	7,9
Equity, end of period	219,0	114,0	156,9
Attributable to:			
Parent company shareholders	169,8	84,4	114,1
Minority interest	49,1	29,6	42,8
Total equity	219,0	114,0	156,9

Amounts in SEK million unless otherwise specified.

Group key performance indicators	Jan-Mar 2016	Jan-Mar 2015	FY 2015	FY 2014
	2016-03-31	2015-03-31	2015-12-31	2014-12-31
Number of outstanding shares at the end of the period (thousands)	14 297	13 442	13 988	13 442
Average number of outstanding shares during the period (thousands)	14 277	13 442	13 700	12 827
Number of own shares	0,0	0,0	0,0	0,0
Number of registered shareholders	3 796	2 657	3 867	2 411
Published price at the end of the period (SEK)	120,50	41,00	134,00	34,50
Earnings per share before dilution (remaining operations)	0,81	-0,89	-0,06	-2,99
Earnings per share after dilution (remaining operations)	0,80	-0,88	-0,06	-2,96
Cash flow per share (SEK)	1,83	-1,89	-2,20	-1,15
Equity per share (SEK)	11,90	8,48	11,22	7,01
Executed dividend/redemption programme per share (SEK)	0,00	0,00	0,00	4,00
Return on equity (percent) *	8	-12	-1	-28
Return on total capital (percent)	6	-6	3	-19
Return on capital employed (percent)	10	-11	6	-27
Operating margin (EBITDA, percent)	14,5	-4,7	6,8	-5,3
Operating margin (EBIT, percent)	9,8	-9,3	2,5	-9,7
Profit margin (percent)	10,9	-12,2	1,3	-11,0
Equity/assets ratio (percent)	56	55	54	58
Quick ratio (percent)	99	92	85	151
Net investments (SEK million)	13,6	12,4	59,2	24,0
Cash and liquid assets (SEK million)	61,5	28,9	33,8	54,3
Average number of employees (full-time equivalents)	294	225	254	195
Number of employees at end of period	820	756	795	752
Restaurant Casino				
Number of venues Cherry operates casino in Sweden	252	255	260	269

* Return on equity is defined as profit for the year attributable to parent company shareholders divided by equity attributable to parent company shareholders

Online Gaming:	Q 1 2016	Q4 2015	Q3 2015	Q2 2015	Q12015
** Number of registered customers at end of period	1 177 103	1 072 763	981 488	555 214	5 14 926
** Number of new registered customers during the period	104 340	91 275	426 274	40 288	36 687
** Number of active players during the period *	79 378	70 746	60 300	26 185	23 742
** Deposit amount (SEK million) during the period	308,6	284,5	269,2	156,2	123,7

*An active customer is defined as a customer who has played for money, during the last three months.

** Starting Q3 2015, this item includes the customers of Almor. At the end of Q3 2015 Almor had 396 825 registered customers, of which 37 029 were active, and during the third quarter 34 287 new customers were registered.