

Strong platform for continued profitable growth



Interim report January-June 2017

SECOND QUARTER

- Group revenue increased by 179% year-on-year to MSEK 536 (192), with organic revenue growth amounting to 37%.
- Profitability improved and EBITDA increased by 524% to MSEK 93 (15) and the EBITDA margin was 17.3% (7.7).
- Profit for the period amounted to MSEK 15 (8).
- Earnings per share before and after dilution* amounted to SEK 0.03 (0.04) and SEK 0.03 (0.04) respectively.
- The acquisition of the remaining 51% of ComeOn Malta Ltd was completed and additional secured bonds of nominal MEUR 134.5 were issued.
- 25% of the gaming development company, Highlight Games Ltd was acquired, with an option to acquire a further 26%. The purchase price for Cherry's initial 25% stake amounted to MSEK 27.

SIX MONTHS

- Group revenue increased by 192 % year-on-year to MSEK 1,077 (369), with organic revenue growth amounting to 40%.
- Profitability improved and EBITDA increased by 334% to MSEK 176 (40) and the EBITDA margin was 16.3% (11.0).
- Profit for the period amounted to MSEK 51 (26).
- Earnings per share before and after dilution* amounted to SEK 0.27 (0.20) and SEK 0.26 (0.20) respectively.

EVENTS AFTER THE END OF THE PERIOD

- On July 3, a share split 1:5 was conducted, regardless of series.
- On August 17, Cherry revised its full-year forecast and now expects the Group to generate total revenue of about MSEK 2,500 in 2017 with EBITDA of about MSEK 480.

FINANCIAL KEY RATIOS

MSEK	Q2			Jan-Jun		Jan-Dec	
	2017	2016	Δ%	2017	2016	Δ%	2016
Revenues	536	192	179%	1,077	369	192%	1,102
Organic growth, %	37%	22%		40%	21%		32%
EBITDA	93	15	524%	176	40	334%	174
EBITDA-margin, %	17%	8%		16%	11%		16%
EBIT	60	6	896%	112	23	377%	626
Adjusted EBIT	60	6	896%	112	23	377%	115
Profit	15	8	80%	51	26	98%	635
Earnings per share, SEK, after dilution*	0.03	0.04	-30%	0.26	0.20	30%	7.80
Equity/assets ratio	44%	52%		44%	52%		25%

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

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Comments by the CEO

”Focus on long-term growth”

+ 179%

Revenues increased by
179 percent.

17.3%

EBITDA-margin. EBITDA
increased by 524% to MSEK 93.

We continue to be a profitable, fast growing company, even if the integration of ComeOn! has not yet reached full positive effect. By further diversifying and consolidating our operations, we strengthened our platform and thus the conditions for long-term leverage.

Cherry showed strong growth in the second quarter and revenues increased 179 percent to MSEK 536, of which 37 percent was organic. We continue to grow with good profitability. EBITDA increased by 524 percent to MSEK 93 and the EBITDA margin was 17.3 percent. Game development and Performance-based marketing are the stand-out performers, but Online gaming has not quite been delivering in line with our plan.

COMEON! GROWS, BUT NOT AS FAST AS EXPECTED

Cherry's largest online gaming business - ComeOn! continued to develop positively. The rapid merging of ComeOn!'s activities has led to a strong focus on integration, affecting growth. It is worth mentioning that marketing efforts have not yet had the expected effect. At the same time, there is a high level of activity with a variety of initiatives that strengthen both the business area's organization and the offering as a whole. In view of the fact that the merger has not yet reached a full positive effect on the Group's revenues and earnings, the forecast for the full year was reviewed prior to the interim report for the second quarter. We assess that the future of ComeOn! looks bright, but that integration will take a little longer than initially anticipated.

HIGH ACTIVITY AND ACQUISITION IN GAME DEVELOPMENT

Yggdrasil Gaming had a very strong second quarter. A number of new important licensing agreements were concluded and more innovative games were launched. During the quarter, Yggdrasil also went live with their games in the Italian regulated market.

In the quarter we took an important strategic step by acquiring part of Highlight Games, thereby broadening Cherry's operations in game development. Highlight Games develops innovative products for the online and retail virtual sports market, including league football content. The company is in an early but exciting stage and is working intensively on both development and preparation for launching its products in several markets. This will start in the fourth quarter, which means it will take further time before the company generates revenues. Cherry became a major investor and strategic partner by initially acquiring 25 percent.

PERFORMANCE-BASED MARKETING IS DEVELOPING STRONGLY

Game Lounge's operations in performance-based marketing continue to grow at a rapid pace and with good profitability. We see that strong search engine optimization, combined with building strong brands, has had a positive effect. During the second quarter, all markets had an increased number of visitors as well as new depositing customers, despite the fact that marketing efforts were less than the previous quarter. In the Japanese market, we saw a strong increase in the number of visitors, however revenues were marginal during this quarter. The plan to expand in several new markets continues.

STRATEGIC BUSINESS ENTRY FOR GAMING TECHNOLOGY - X CALIBER

In April, XCaliber, active in our newest business area, Gaming technology, signed its first external customer. The agreement means that FSport integrates the Omarsys affiliate system for its performance-based digital marketing. Omarsys has contributed to



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With the acquisition of the game development company Highlight Games we have diversified our operations further, while both investments and the number of acquisition candidates show a high residual potential. We look forward to further refining our portfolio of investments, which cover the entire gaming value chain.

Anders Holmgren,
CEO

Cherry's brands in online gaming that have grown successfully in recent years. Our assessment is that, in 2017, the business area has great potential and will attract several external customers, both within and outside the gaming industry.

PROPOSAL MAY COUNTERACT PROPOSED FRAMEWORK FOR GAMING OPERATORS

In early August, the Gaming Investigation's referral process was concluded regarding the proposal for new regulation of the Swedish gaming market. Cherry stressed the risk that the proposed tax rate of 18 percent is above the threshold. A legalization of the gaming market with a high degree of channeling should be the main purpose of the regulation. The UK has successfully achieved 95% channelization, but with a tax rate of 15 percent.

Cherry has also strived to emphasize the benefits of conducting onshore commercial gaming. Cherry Spelglädje's activities in restaurant casino are conducted with extensive staff intensity and the industry offers many people a first step into the labor market. The report's proposal to increase the maximum stake is not considered sufficient to compensate for the proposed increases in excise (tax) on gaming tables and of the license fee. We therefore see a huge risk that the proposal entails fewer jobs and a concentration of business and tourism to the major cities.

DIVERSIFIED PLATFORM CREATES VALUE

In summary, the second quarter confirmed a continued positive trend for Cherry, and the development has been strong throughout the opening period of the third quarter. With the acquisition of the game development company Highlight Games we have diversified our operations further, while both investments and the number of acquisition candidates show a high residual potential. We look forward to further refining our portfolio of investments, which cover the entire gaming value chain.

Important events

DURING THE QUARTER

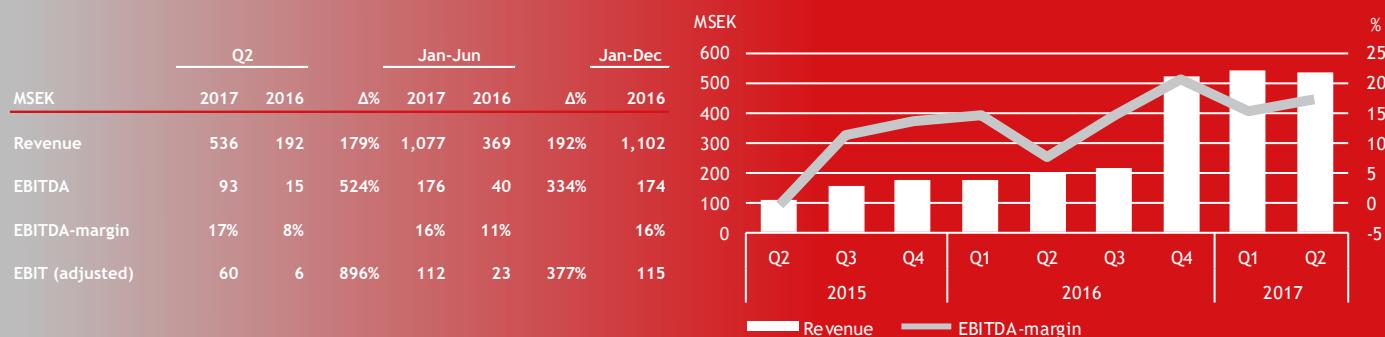
- On April 1, Christine Rankin was appointed new CFO.
- On April 12, Cherry called on the option to acquire an additional 7.5 percent of the shares in the Maltese company Almor Holding Ltd.
- On April 24, Cherry AB issued additional secured bonds of nominal EUR 134.5 for the funding of the acquisition of the remaining 51 percent of ComeOn Malta Ltd.
- On May 11, the acquisition of ComeOn! Malta Ltd was finalized, hence formally completed.
- On May 12, the acquisition of 25% of the shares in the gaming development company Highlight Games was completed, further expanding Cherry's game development activities.
- On May 16, the AGM of Cherry AB (publ) was held, which resolved that no dividend should be paid for the 2016 financial year. Morten Klein was elected new Chairman.
- On June 9, a share issue against contribution in kind was completed as payment of part of the purchase price for the acquisition of an additional 7.5% of the shares in Almor Holding Ltd.
- On June 11, a revised schedule for the planned uplisting on Nasdaq was announced, which, because of the integration work of the significant and recently completed acquisition of ComeOn, is postponed until after the summer 2017.

AFTER THE END OF THE PERIOD

- On July 3, a share split 1:5 was conducted, regardless of series.
- On 14 August, the company adjusted the previous 2017 full-year forecast to generate total revenue of between MSEK 2,600 and 2,700, with an EBITDA of MSEK 550 to 600, to the new forecast to generate total revenue of approximately MSEK 2,500 in 2017 with an EBITDA of about MSEK 480.

For important events per business area, see respective business area.

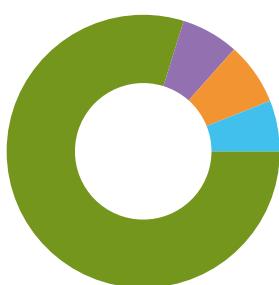
Group financial performance



The figures include ComeOn! under financial items as profit from shares in associated companies for the period August-September 2016 and is consolidated as a wholly-owned subsidiary of the Cherry Group as of October 1, 2016.

Cherry's operations are divided into the following business areas: Online gaming - ComeOn!, Performance-based marketing - Game Lounge, Gaming technology - XCaliber, Restaurant Casino - Cherry Spelglädje, Game development - Yggdrasil Gaming and Highlight Games, and Development projects. The gaming technology business area - XCaliber is reported separately from the first quarter of 2017 and from the second quarter of 2017, Highlight Games is reported as investments in associated companies. See note 1, Accounting principles for more information.

GROUP REVENUE
PER BUSINESS AREA



SECOND QUARTER 2017

Revenue and earnings

The Group's revenue increased by 179 percent, to MSEK 536 (192). The organic growth was 37 percent. EBITDA and EBIT for the Group improved significantly, amounting to MSEK 93 (15) and MSEK 60 (6), respectively. The EBITDA margin increased to 17 percent (8).

Consolidated earnings after financial items amounted to MSEK 23 (11) and after-tax profit amounted to MSEK 15 (8), corresponding to SEK 0.03 (0.04) per share after dilution and non-controlling interest. Net financial income was negatively affected primarily by interest expenses of MSEK 27 (0), relating to the bond issued in connection with the acquisition of ComeOn.

Depreciation and investments

For the quarter, the Group's investments in intangible and tangible fixed assets amounted to MSEK 26 (7). Depreciation and write-downs for the quarter amounted to MSEK -32 (-9). The increase is mainly due to the acquisition of ComeOn.

HALF YEAR 2017

Revenue and earnings

The Group's revenue increased by 192 percent, to MSEK 1 077 (369). The organic growth was 40 percent. EBITDA and EBIT for the Group improved significantly, amounting to MSEK 176 (40) and MSEK 112 (23), respectively. The EBITDA margin increased to 16 percent (11).

Consolidated earnings after financial items amounted to MSEK 62 (30) and profit after tax amounted to MSEK 51 (26), corresponding to SEK 0.26 (0.20) per share after dilution and non-controlling interest. Net financial income was negatively affected primarily by interest expenses of MSEK 38 (0), relating to the bond issued in connection with the acquisition of ComeOn.



Depreciation and investments

For the half year, the Group's investments in intangible and tangible fixed assets amounted to MSEK 36 (21). Depreciation and write-downs for the half year amounted to MSEK -64 (-17). The increase is mainly due to the acquisition of ComeOn.

Cashflow, liquidity and financial position

For the half year, the Group's cash flow from operating activities amounted to MSEK 2 (1).

Cash flow from investing activities amounted to MSEK -1,226 (-7). The change is primarily due to the repayment of the short-term debt to ComeOn's former owner and the acquisition of the associated company Highlight Games.

As per June 30, 2017 consolidated cash and cash equivalents MSEK 397 (MSEK 306 at December 31, 2016). The Group's liquidity is still strong and furthermore has an over-draft facility of MSEK 35 of which MSEK 28 was utilized, at the end of the second quarter.

As per June 30, 2017, interest-bearing liabilities amounted to MSEK 1,782 (MSEK 470 as per December 31, 2016). The increase is a consequence of Cherry issuing a MEUR 135 bond to finalize the acquisition of ComeOn. At the end of the quarter there were accrued receivables from one of Cherry's partners amounting to MSEK 25, of which MSEK 5 were settled on July 31.

Player debt including reserve for generated jackpot amounted to MSEK 209 (117 by December 31, 2016), of which MSEK 71 were related to a won jackpot at the end of the quarter, where the game provider paid out the jackpot through Cherry after the end of the quarter. This amount may limit the use of the company's liquid funds as a result of the Maltese gaming authority's rules. Short-term receivables from payment providers amounted to MSEK 126 (December 31, 2016 MSEK 147).

As per June 30, 2017, shareholders' equity amounted to MSEK 1 835 (MSEK 988 as per December 31, 2016). The increase is primarily due to an issue to the sellers in ComeOn and in connection with the final settlement of the purchase price in May. This means that shareholders' equity per share amounts to 17.06 (SEK 10.84 as per December 31, 2016).

The equity ratio was 44 percent (25 percent as per December 31, 2016).

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 second quarter amounted to MSEK 4.4 (1.5) and profit before tax amounted to MSEK -60.2 (-0.5). The decrease in earnings is mainly due to increased interest expenses.

The Parent Company's investments in tangible and intangible assets amounted to MSEK 0.0 (0.0). Cash and cash equivalents amounted to MSEK 9.0 at closing day (MSEK 25.9 as per December 31, 2016).

Online Gaming - ComeOn!



ComeOn!

Cherry conducts online gaming through its investment in the ComeOn! business area. The business area offers online casino, sports betting and lottery on computers, tablets and mobiles on casinostugan, cherrycasino comeon, folkeautomaten, mobilebet, norgesspill, sunmaker, sunnyplayer and sveacasino. All brands are operated from the operating companies located in Malta through licenses issued by Malta, Schleswig-Holstein or the United Kingdom. Cherry holds 100% of the shares.

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Number of registered customers at end of the period	3,792,634	3,498,921	3,181,799	1,383,253	1,277,760
Number of new registered customers during the period	293,713	317,122	1,798,546	105,493	100,657
Number of active players during the period	341,192	345,904	310,706	88,752	79,049
Deposit amount during the period (MSEK)	1,309	1,359	1,280	371	328

As per the fourth quarter of 2016, the numbers include acquired ComeOns' customers.

SECOND QUARTER 2017

In the second quarter, revenue increased by 241 percent to MSEK 436.6 (128.1). Organic growth was 31 percent. Profit improved significantly and EBITDA increased by 1,038 percent and amounted to MSEK 61.8 (5.4), and EBIT amounted to MSEK 35.0 (1.4). EBITDA margin for the period increased from 4 percent to 14 percent. The acquisition of ComeOn in 2016, contributed strongly to the improvement of revenue and margin.

During the second quarter, Online gaming - ComeOn! grew. Deposits increased by 299 percent and amounted to MSEK 1 309 (328). The Mobile share of the business area's surplus from gaming, in the second quarter, amounted to 57 percent (35). In the second quarter, the Casino share of the business area's surplus from gaming amounted to 83 percent (98). The Sportsbook share of the business area's surplus from gaming, in the second quarter, amounted to 17 percent (2).

Investments in marketing for the business area increased during the second quarter and amounted to MSEK 175.5 (41.1), which represented 40 percent (32) of the income from Online gaming. These initiatives have not had the expected effect. Tax expenses deriving from different local gaming legislations amounted to MSEK 23.5 (9.3).

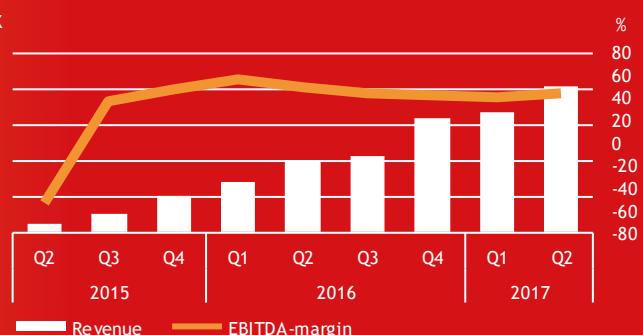
Efforts to integrate the acquired ComeOn with other online gaming activities remained intense in the second quarter. The rapid merger affected growth in the second quarter, and the integration has not yet had the expected positive effect on the Group's revenue and earnings.

IMPORTANT EVENTS

- In May, the acquisition of the remaining 51 percent of the shares in ComeOn Malta Ltd, was completed.
- The Sunmarker brand signed a sponsorship agreement with Hansa Rostock to support Sportsbook-related activities.
- New products and payment solutions were launched and integrated on the platform.
- Activities in the regulated markets in Poland, the Netherlands and in Australia were fully established. A 7.5 MEUR winner was nominated on folkeautomaten.se.

Game Development - Yggdrasil Gaming and Highlight Games

MSEK	Q2		Jan-Jun		Jan-Dec		MSEK
	2017	2016	Δ%	2017	2016	Δ%	
Revenue	40	20	103%	74	34	116%	87
EBITDA	18	10	84%	31	18	76%	40
EBITDA-margin	44%	49%		42%	52%		46%
EBIT	15	7	127%	26	12	112%	27



BUSINESS AREA GAMING DEVELOPMENT

The business area includes investments in the game development companies Yggdrasil Gaming and Highlight Games, acquired in the second quarter of 2017.



Yggdrasil Gaming

Cherry conducts game development through its investment in Yggdrasil Gaming, operated as an independent business area.

Yggdrasil develops innovative games for computer, mobile and tablet games. The Company has licences in Malta, UK, Gibraltar and Romania. Yggdrasil also offers its customers the concept White Label Studios, where customers can, in partnership with Yggdrasil, tailor their own online slots.

Yggdrasil has achieved a strong position as a quality game developer. Cherry holds 84 % of the shares in Yggdrasil Gaming.

Highlight Games

Highlight Games develops innovative products for the virtual sports gaming market both online and in real, including content from league football. Because its asked for the company plans to launch games in other sports, to the virtual and sports betting market in 2017 and beyond. Cherry holds 25% of the shares in Highlight Games.

SECOND QUARTER 2017

Yggdrasil Gaming

During the second quarter, Yggdrasil's revenue increased by 103 percent and amounted to MSEK 40.4 (19.9), of which MSEK 5.9 (3.2) was internal revenue from Cherry's gaming sites. The revenue increase is primarily due to increasing revenue from existing customers, launching new games, and more live customers.

EBITDA, for the second quarter, amounted to MSEK 18.0 (9.8). The EBITDA margin was 44 percent (49). The increase in operating expenses is mainly explained by the increase in the number of employees in the company during 2016 and 2017.

During the second quarter, development costs for software were capitalized in the balance sheet at a value of MSEK 3.8 (2.4).

EBIT for the second quarter of 2017 amounted to MSEK 15.3 (6.7). The number of player transactions (rounds) increased by 84 percent and amounted to MSEK 801 (436). Mobile gaming accounted for 56 percent (48) of the surplus from gaming.

Highlight Games

In the second quarter, Cherry acquired 25 percent of game developer Highlight Games, with an option to acquire an additional 26 percent.

From June 1, 2017, the associated company Highlight Games is consolidated. The company, which is in a construction phase, contributed MSEK -0.6, which is reported as a proportion of associated companies' earnings. The company worked intensively with development and preparation for the launch of products in several markets, starting from the fourth quarter of 2017 and onwards.

IMPORTANT EVENTS

- Yggdrasil released four new games during the quarter; Power Plant, Sunny Shores and Spiña Colada, as well as an exclusive game for Betsson Group: Trolls Bridge
- Yggdrasil signed a total of 14 new licence agreements with new operators.
- Yggdrasil launched their games for the first time in the Italian regulated market.
- Yggdrasil was named Slot Provider of the Year at EGR B2B Awards for second consecutive year.

Performance-based Marketing - Game Lounge

MSEK	Q2		Jan-Jun		Jan-Dec		MSEK
	2017	2016	Δ%	2017	2016	Δ%	
Revenue	33	12	164%	63	22	180%	57
EBITDA	20	3	540%	35	8	354%	19
EBITDA-margin	62%	26%		56%	34%		33%
EBIT	19	2	716%	32	6	437%	14



SECOND QUARTER 2017

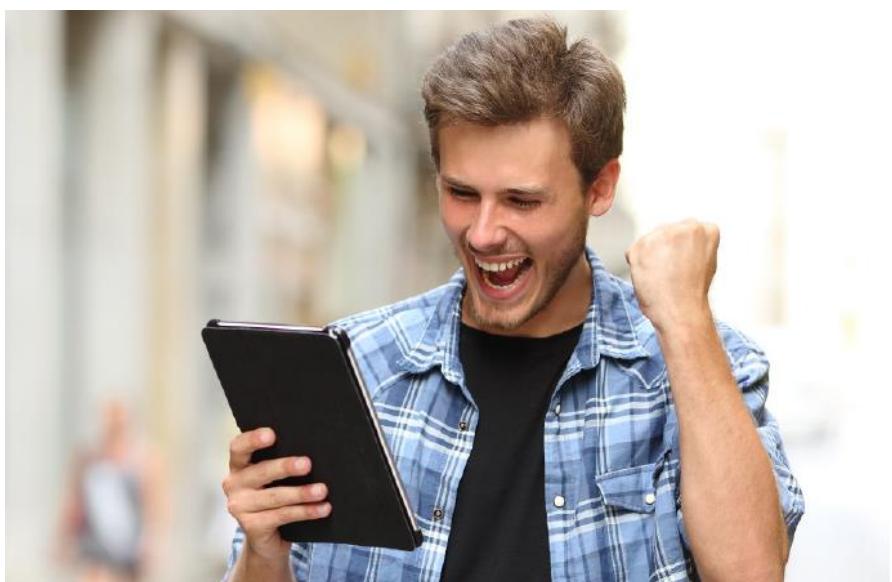
During the second quarter, revenue increased by 164 percent to MSEK 33.0 (12.5), of which MSEK 5.7 (1.5) was internal revenue from Cherry, including Game Lounge's share of revenue from the white label sites SveaCasino.com and SuomiAutomaatti.com. EBITDA increased by 540 percent and amounted to MSEK 20.4 (3.2), which corresponds to a margin of 62 percent (26). EBIT for the second quarter amounted to SEK 18.8 million (2.3).

New depositing customers (NDCs) increased by 79 percent to 10,114 (5,652), compared with the second quarter of 2016.

Game Lounge continued its efforts to build strong brands, boost SEO and expand into new markets. During the second quarter, the number of visitors, as well as new depositing customers, increased in all markets, despite the fact that marketing efforts were lower than in the previous quarter. In the Japanese market, the number of visitors increased strongly, but revenue was marginal during the second quarter. The plan to expand in several new markets continues.

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. Game Lounge focus on operators within online gaming. The company attracts online players through various products and services and then forwards them to various B2B customers, i.e. online gaming operators such as Betsson, Unibet, ComeOn! and others. 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 nine markets. Cherry holds 51 percent of the shares with an option to acquire the further 49 percent after 2017.



Gaming Technology - XCaliber



SECOND QUARTER 2017

During the second quarter of 2017, XCaliber reported revenue of MSEK 9.6, of which MSEK 9.5 was internal revenue from ComeOn! EBITDA and EBIT amounted to MSEK 0.2. The result is mainly due to the fact that the company is under build up.

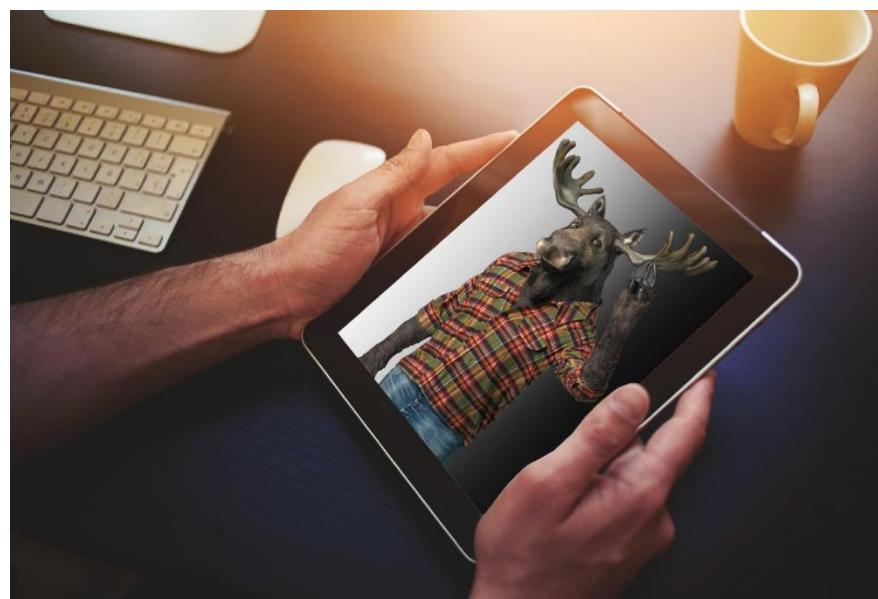
IMPORTANT EVENTS

- In April, XCaliber signed an agreement with its first external customer. Over a three-year contract period, XCaliber will provide the Swedish Fantasy Sports platform - FSport with the Omarsys affiliate system, for performance-based digital marketing.
- XCaliber has begun cooperating with a partner in Japan in order to canvass the Asian market more actively.
- Two new brands were launched, one within Casino and one within Sportsbook.
- XCaliber was nominated in two categories at the EGR B2B Awards 2017 - Software Rising Star and Affiliate Software.

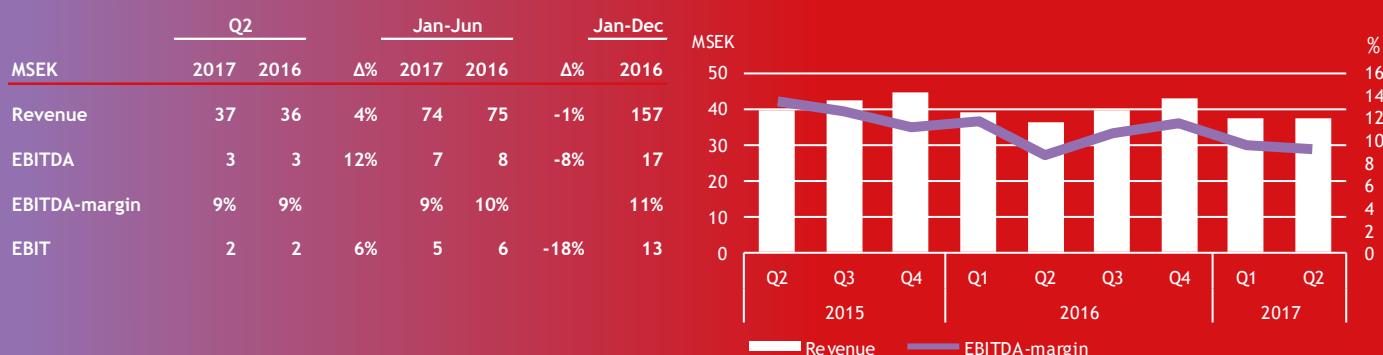


XCaliber

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 and 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 head-quartered in Malta with a development team located in Poland. Today, Cherry ComOn! is XCaliber's largest customer, which also gives new customers the security that products and services from XCaliber 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! and is reported separately from the first quarter of 2017.



Restaurant casino - Cherry Spelglädje



Cherry Spelglädje

Cherry conducts Restaurant Casino operations through its investment in Cherry Spelglädje. Cherry Spelglädje offers traditional casino table games (blackjack and roulette) in approximately 260 Swedish restaurants, nightclubs and hotels. Cherry Spelglädje also offers Event Casino for companies and private individuals.

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Number of venues Cherry operates casino in Sweden	262	256	263	250	255

SECOND QUARTER 2017

In the second quarter, revenue amounted to MSEK 37.2 (35.9). The increase in revenue is mainly due to calendar deviations. Cherry Spelglädje AB continues to take market share in a declining market.

EBITDA amounted to MSEK 3.4 (3.1) and EBIT amounted to MSEK 2.4 (2.3). This is also explained mainly by calendar deviations.

IMPORTANT EVENTS

- On August 4, the Gaming Investigation's round of referrals was concluded regarding the proposal for a new regulation of the Swedish gaming market. Cherry has strived to emphasize the advantages of conducting land-based commercial gaming. Cherry Spelglädje's activities in Restaurant Casino are conducted with high staff intensity and the industry offers many people a first step into the labor market. The investigation's proposal to increase the maximum stake rate is not considered sufficient to compensate for the proposed increases in excise duty on gaming tables and the license fee. As a result, the risk is high that the proposal will lead to fewer jobs and a concentration of business and tourism in the big cities.
- An agreement was signed with El Barco Restaurant in Gothenburg for joint development of the gaming venue.

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 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.



SECOND QUARTER 2017

Revenue in Development projects amounted to MSEK 0.0 (0.0) and operating profit (EBIT) amounted to MSEK -6.9 (-4.0) because of the costs of listing on Nasdaq exchange Stockholm and the acquisition of ComeOn.

Group activities

SECOND QUARTER 2017

Group corporate costs relate primarily to the parent company's costs for corporate functions. Operating profit (EBIT) amounted to MSEK -4.5 (-2.6). The increase is mainly due to more employees and costs for better system support.

51%

On May 2, 2016, Cherry AB (publ) signed an agreement to acquire 49% of ComeOn Malta Ltd shares with an option on the remaining 51%. The acquisition was completed in May 2017 and Cherry now holds 100% of the shares.

Other information

RISKS AND UNCERTAINTIES

For a description of the risks and uncertainties, please see the Annual Report 2016 and the public bond prospect available on the company website www.cherry.se.

EMPLOYEES

The average number of employees for the Group (calculated as full-time positions) during the period was 591 (307), of which 346 (153) were men. The total number of employees at the end of the period was 1,160 (847), of which 483 (270) were men. The significant increase is mainly related to the ComeOn acquisition.

CHANGES IN GROUP MANAGEMENT AND BOARD

Christine Rankin was appointed the new CFO on April 1, 2017 and Carolina Haglund Strömlid was hired as Head of Investor Relations & Communications. At the Annual General Meeting on 16 May, Morten Klein was elected new Chairman of the Board. Morten Klein continues his role as acting Chairman of the board with a focus on business development and partnership but is no longer part of the Group's management team.

ANNUAL GENERAL MEETING

The Annual General Meeting of Cherry AB (publ) was held on 16 May 2017 in Stockholm. At the meeting, it was resolved, among other things, that no dividend be paid for the 2016 fiscal year. The reason for this is that the acquisition of ComeOn! and bonds issued to fund the acquisition. The company's stated dividend policy of at least 50 percent of net profit is unchanged. Morten Klein was elected new Chairman of the Board.

SHARE ISSUE FOR ACQUISITION OF ADDITIONAL 7.5% OF THE SHARES IN ALMOR

On April 12, 2017, Cherry called on the option to acquire an additional 7.5 percent of the shares in the Maltese company Almor Holding Ltd (Almor), a leading online casino and sportsbook business specializing in German-speaking and some additional European markets. Cherry acquired 75 percent of the shares in Almor in 2015 and after the acquisition of the additional 7.5 percent Cherry owns 82.5 percent of the company.

At the AGM on May 16, it was resolved to carry out a share issue against contribution in kind in Cherry AB (publ) as payment of part of the purchase price of another 7.5 percent of the shares in Almor Holding Ltd. The share issue was completed and registered with the Swedish Companies Registration Office in June.

The price was based on a multiple of five times (5) the adjusted EBIT according to the agreement. Cherry holds the right to utilize its option to buy the remaining shares in Almor within three years. The remaining shares will be acquired based on a multiple of five times EBIT.

FORMAL CLOSING OF COMEON ACQUISITION

The final settlement of the remaining 51% of ComeOn! Malta Ltd amounted to 60% of cash and 40% of new shares in Series B of Cherry AB. On April 24, Cherry AB issued additional secured bonds of nominal MEUR 134.5 in agreement with the press release on December 12, 2016. The bond loan was issued at a price of 104.5 percent of the nominal amount, corresponding to an annual coupon of 7.58 percent. The share issue, which was decided with the authorization of the Extraordinary General Meeting on March 31, 2017, resulted in an increase share capital by 1.8 MSEK and the share premium reserve by MSEK 1,000, and a dilution effect of approximately 16.2 percent of the number of shares and 11.3 percent of the votes in the company. The acquisition of ComeOn! Malta Ltd, was completed in May 2017, and Cherry AB (publ) has accordingly closed the acquisition of 100 percent of the shares.

SHARE SPLIT

The AGM in Cherry AB (publ) held on 16 May 2017 resolved to increase the total number of shares in the company by dividing each share, regardless of series, into five shares of the corresponding series (a so-called share split 1:5). The share split was conducted with the record date for the split on 3 July 2017. As a consequence of the share split, the company's shares of series B, which are listed on AktieTorget, will change ISIN code to SE0010133256.



1,160

Number of employees in the Cherry Group at the end of the quarter.

1:5

A share split was conducted
in July 2017.

RESULT OF INCENTIVE PROGRAM

Cherry AB (publ)'s warrant program 2014/2017, resolved at the Annual General Meeting of 8 May 2014, ended in mid-July after the end of the period. The program, which was directed to co-workers in Sweden and on Malta, has been subscribed to approximately 95.31 percent and entails an increase of the number of shares of series B, after anti-dilution conversion due to the share split 1:5, of 610,000. The program thus entails a dilution of approximately 0.5 percent of the number shares and 0.4 percent of the number of votes in the company. The subscription price for the shares after anti-dilution conversion due to the share split was approximately SEK 10.99 per share and the share capital in Cherry will increase with SEK 67 100 to SEK 11,419,595.55.

In addition to the above warrant subscription program, the warrant program 2017/2020, comprising of a maximum of 175,000 warrants and resolved at the Annual General Meeting of 16 May 2017 has been fully subscribed by a subsidiary of Cherry AB (publ). Notices of acquisitions of warrants have been submitted from employees or consultants in Sweden, Norway, Austria and on Malta covering approximately 95.5 percent of all warrants. The warrants are transferred to participants in Sweden at a price of SEK 19.68 per warrant, equivalent to the market value according to an external independent valuation, applying the Black & Scholes model, and at no cost to participants in other countries. Each warrant entitles, after anti-dilution conversion due to the share split, to subscribe for five new shares of series B at a subscription price per share of approximately SEK 91.45 during the period 15 June 2020 - 30 June 2020.

SHARE CAPITAL DEVELOPMENT

Year	Event	Change in shares		Number of shares		Share capital	Quota-value
		A-share	B-share	A-share	B-share		
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
2017	Incentive program	610,000	4,988,000	98,826,505	103,814,505	11,419,596	0.11

LARGEST SHAREHOLDERS PER 30 JUNE 2017 (VOTES)

Name	Class A-shares	Class B-shares	Share capital, %	Votes
Prunus Avium Ltd	-	25,903,835	25.0%	17.4%
Morten Klein	500,000	14,081,035	14.0%	12.8%
Hamberg family	1,478,105	2,352,335	3.7%	11.5%
Kling family	1,478,105	1,904,200	3.3%	11.2%
Lundström family	522,000	1,353,520	1.8%	4.4%
Handelsbanken Luxembourg	280,495	2,624,020	2.8%	3.7%
Lindwall family	448,805	910,260	1.3%	3.6%
Cail	280,490	2,023,480	2.2%	3.2%
Försäkringsaktiebolaget Avanza	-	4,402,395	4.2%	3.0%
Björn Grene	-	3,751,855	3.6%	2.5%
10 largest owners	4,988,000	59,306,935	61.9%	73.4%
Others	0	39,519,570	38.1%	26.6%
Total	4,988,000	98,826,505	100.0%	100.0%

The largest shareholder in Cherry AB is Prunus Avium Ltd, former principal shareholder in ComeOn. Cherry AB had a total of 6,888 shareholders as of June 30, 2017. The number of shares is stated after the share split as of July 3, 2017.

2,500

Adjusted forecast for the full year 2017 with total revenue of approximately MSEK 2,500 and EBITDA of around MSEK 480.

OUTLOOK

The Online Gaming business area is expected to grow more quickly than the online gaming market. H2 Gambling Capital estimates that the European online gaming market will grow by an average of 6 percent per year over the period 2016-2022. Online gaming is subject to tough competition and regulations, which may change quickly in the various European countries. Cherry's estimate is that the markets for game developers in online casino and for performance-based marketing will grow in line with the online market at large.

The legal situation for online gaming is continuously changing in different geographical markets. Pressure is still being exerted on countries in the EU to adapt national legislation applicable to EU law, with free movement of products and services. Several countries have given notice that they are working on new legislation that will be compatible with EU requirements, and the regulatory trend in the European market is clear.

In December 2016, in connection with Cherry calling the option to acquire the remaining 51% of the shares in ComeOn Malta Ltd, the Group provided a forecast. The Cherry Group, together with acquired ComeOn, was estimated to generate total revenue for the full year 2017 of between MSEK 2,600 and 2,700, with an EBITDA of MSEK 550 to 600.

The rapid merging of the online gaming operations to ComeOn! has resulted in intensive integration work and thus affected growth. Given that the merger has not yet reached a full positive effect on the Group's revenue and earnings, Cherry adjusts its forecast for the full year 2017. The Company now expects the Group to generate total revenue of approximately MSEK 2,500 in 2017 and EBITDA is expected to amount to around MSEK 480.

SEASONAL FLUCTUATION

The business is not affected by any significant seasonal fluctuations.

RELATED-PARTY TRANSACTIONS

No material changes have taken place for the Group or the Parent Company with regards to transactions with related parties compared with what was stated in the 2016 Annual Report, note 5 and note 7 respectively.

PLEDGED 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 as stipulated in the bond terms.

OTHER

All amounts in this report are stated in SEK millions if not 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.

TRANSLATION

This is a translation of the Swedish original.

DISCLOSURE

This information is information that Cherry AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication at 08.30 CET on August 24, 2017.

The Board of Directors' assurance

The Board and the CEO hereby confirm that this half year report gives a fair view of the operations, balance sheet and income statement of the Parent Company and the Group and that it describes the material risks faced by the Company and the Group

Cherry AB (publ)
Stockholm, August 24, 2017

Morten Klein
Chairman of the board

Gunnar Lind
Board member

Anna Bergius
Board member

Johan Moazed
Board member

Claes Rutberg
Board member

Jörgen Olsson
Board member

Anders Holmgren
CEO

Report of Review of Interim Financial Information

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Cherry AB (publ) as of 30 June 2017 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, August 24, 2017
PricewaterhouseCoopers

Aleksander Lyckow
Authorized Public Accountant

Consolidated statement of comprehensive income

Consolidated income statement (MSEK)	Q2 2017	Q2 2016	Jan-Jun 2017	Jan-Jun 2016	Full-year 2016
Revenues	536	192	1,077	369	1,102
Total operating revenues	536	192	1,077	369	1,102
Capitalized work for own account	4	2	7	4	8
Cost of sales	-134	-70	-268	-138	-330
Gross profit	405	124	817	235	781
Marketing expenses	-180	-49	-391	-82	-313
Personnel expenses	-90	-45	-171	-87	-211
Other expenses	-43	-15	-79	-25	-82
Operating income (EBITDA)	93	15	176	40	174
Depreciation and amortisation	-32	-9	-64	-17	-59
Adjusted operating profit/loss (EBIT)	60	6	112	23	115
Items affecting comparability *	-	-	-	-	510
Operating profit/loss (EBIT)	60	6	112	23	626
Results fr participations in associated companies	-1	0	-1	0	22
Financial items	-37	4	-49	6	1
Profit before tax	23	11	62	30	649
Attributable to:					
Parent company shareholders	3	3	24	15	609
Minority interest	12	5	28	11	26
Profit after tax	15	8	51	26	635
Earnings per share before dilution (SEK)	0.03	0.04	0.27	0.20	7.86
Earnings per share after dilution (SEK)	0.03	0.04	0.26	0.20	7.80

Statement of total income (MSEK)	Q2 2017	Q2 2016	Jan-Jun 2017	Jan-Jun 2016	Full-year 2016
Profit/loss for the period	15	8	51	26	635
Items that may be reclassified to the statement of income	0	0	0	0	0
Translation gains/losses on consolidation	43	1	37	1	1
Total income for the period	58	9	88	26	637

* Refers to a revaluation of the initial shareholding in ComeOn

Consolidated balance sheet

Consolidated balance sheet (MSEK)	30/06/2017	31/12/2016
Intangible assets	3,258	3,263
Property, plant and equipment	33	21
Share in Associated companies	26	0
Other long-term receivables	1	1
Current receivables	478	341
Cash and liquid assets	397	306
Total assets	4,192	3,932
Shareholders' equity	1,835	988
Long-term interest bearing liabilities	1,665	457
Deferred tax payables	27	29
Current interest bearing liabilities	117	13
Other current liabilities	549	2,445
Total equity and liabilities	4,192	3,932

Consolidated statement of cash flows

Consolidated cash flow statement (MSEK)	Q2 2017	Q2 2016	Jan-Jun 2017	Jan-Jun 2016	Full-year 2016
Profit after financial items	23	11	62	30	649
Adjustments for non-cash items	45	5	77	12	-473
Taxes paid	-3	3	-9	2	9
Cash flow from operating activities before changes in working capital	65	19	131	43	185
Changes in working capital	-63	-17	-115	-3	-21
Cash flow from operating activities	2	1	16	41	164
Investments in fixed assets	-26	-7	-36	-21	-61
Investments in subsidiaries/associated companies	-1,200	0	-1,200	0	-273
Change in long-term receivables	0	0	0	0	0
Cash flow from investing activities	-1,226	-7	-1,236	-21	-334
Payments from minority	2	0	2	0	0
New issue and call option payments	6	0	8	1	1
Dividend	0	0	0	0	-19
Change in long-term liabilities	1,273	0	1,273	-1	468
Cash flows from financing activities	1,281	0	1,283	0	450
Change in cash and cash equivalents	57	-6	63	20	281
Cash and liquid assets at beginning of period	312	50	306	24	24
Exchange rate differences	0	1	0	1	2
Cash and liquid assets at end of period	369	45	369	45	306
* Liquid assets	397	57	397	68	306
Overdraft facility	-28	-12	-28	-23	0

Consolidated statement of changes in equity

Changes in Group equity (MSEK)	Jan-Jun 2017	Full-year 2016
Opening balance	988	157
New issue	1,043	417
Transactions with interests without controlling influence	-22	1
Revaluation of liability pertaining to interests without controlling influence	-262	-205
Dividend	0	-19
Total profit/loss	88	637
Equity, end of period	1,835	988
Attributable to:		
Parent company shareholders	1,761	935
Minority interest	74	52
Total equity	1,835	988

Parent company income statement, condensed

Parent company income statement (MSEK)	Q2 2017	Jan-Jun 2017	Full-year 2016
Sales	3	4	3
Other external expenses	-9	-12	-8
Personnel expenses	-4	-6	-8
Depreciation	0	0	0
Operating profit/loss	-10	-14	-14
Financial items	-35	-47	14
Profit/loss before tax	-45	-60	0
Tax	0	0	0
Net profit/loss for the year	-45	-60	0

Parent company balance sheet, condensed

Parent company balance sheets (MSEK)	30/06/2017	31/12/2016
Intangible assets	0	0
Property, plant & equipment	0	0
Participations in Group companies	3,111	2,848
Participations in Associated companies	27	0
Receivables from Group companies	263	246
Other receivables	11	3
Cash and cash equivalents	9	26
Total assets	3,421	3,123
Equity	1,559	578
Provisions	0	0
Non-current interest-bearing liabilities	1,665	457
Current interest-bearing liabilities	88	12
Other current liabilities	109	2,076
Total equity and liabilities	3,421	3,123

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.

The Interim Report has been prepared in accordance with the same accounting principles and calculation methods as in the Annual Report for 2016 (p. 38-43), which was published on April 24, 2017, and is available on the company website www.cherry.se.

ITEMS AFFECTING COMPARABILITY

Transactions that are reported as items affecting comparability, where the effect on income is important to highlight when comparing the current income statement with earlier periods, such as

- Revaluation of initial shareholdings in step acquisitions
- Significant impairment charges
- Other significant items affecting comparability

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 the Cherry business and trends. These KPIs are not meant to replace but to complement those KPIs which are defined in 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 2016 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 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 MSEK 1,883.

Items recognized at fair value in Level 3 consisted exclusively of additional purchase considerations of MSEK 43 (43). See also annual report 2016 Note 31 for the calculation of fair value.

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	30/06/2017			31/12/2016			
	MSEK	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets		790		-	522		-
Total financial assets		790			522		
Financial liabilities							
Interest-bearing liabilities		1,782			470		
Other financial liabilities		401			2,254		
Additional purchase considerations			43			43	
Total financial liabilities		2,183		43	2,724		43

Note 3. Earnings per share

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

	Q2		Jan-Jun		Jan-Dec
	2017	2016	2017	2016	2016
Average number of shares outstanding	90,390,879	71,485,570	88,348,127	71,434,586	77,541,031
Earnings per share before dilution (SEK)	0.03	0.04	0.27	0.20	7.86
Earnings per share after dilution (SEK)	0.03	0.04	0.26	0.20	7.80

As per June 30, 2017, the number of shares amounted to 20,640,901 with a quota value of 0.55 SEK. At the Annual General Meeting of May 16, 2017, a share split (ratio 1:5) was resolved. The total number of shares in the company after split amounts to 103 204 505 with a quota value of

0.11 SEK. 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

COMEON

On May 2, 2016, Cherry AB (publ) signed an agreement to acquire 49 percent of the shares of ComeOn Malta Ltd with an option on the remaining 51 percent. On May 11, 2017, the acquisition of the remaining 51% of ComeOn! Malta Ltd was completed.

The total consideration is based on a multiple of 10 times adjusted operating income (EBIT) for full year 2016 for ComeOn and amounted to MEUR 289.8.

The acquisition of the shares in ComeOn was financed through a combination of issued shares and cash. The consideration in step one, was settled to 50.4 percent by new issued shares of series B in Cherry AB and to 49.6 percent of cash. In step two, 40 percent was financed by newly issued class B shares in Cherry AB and 60 percent financed by cash.

The cash parts were financed through a secured bond issue of total MEUR 185, within a frame of total MEUR 200, with a maturity on July 11, 2020.

The bond loan was listed at Nasdaq Stockholm during September 2016.

Cherry's transaction costs for the ComeOn acquisition reduced second quarter 2017 by MSEK 1.2 (0). In 2016

transaction costs reduced earnings with MSEK 8. In addition, the first tranche of the bond induced arrangements and advisory fees of MEUR 1, which are expensed over the lifetime of the bond.

HIGHLIGHT GAMES

On May 12, 2017 Cherry signed an agreement to acquire 25 percent of the game development company Highlight Games. Cherry has an option to acquire an additional 26 percent over a period of 18 months. The purchase price for the initial 25% was MSEK 27.

The acquisition analysis for Highlight Games is under development and will be presented in full in the interim report for the third quarter 2017. Preliminarily, net assets in the company amount to SEK 24 million and surplus values compared to the purchase price will primarily affect goodwill due to the fact that the company is a development company. Goodwill will essentially relate to human capital and will not be tax deductible in case of impairment.

The conditions regarding the option to acquire an additional 26 percent are estimated to be at arm's length.

Highlight Games is reported as an associated company.

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 games, sports betting and lotteries to consumers online) through ComeOn!, Restaurant Casino (casinos in restaurants and night clubs in Sweden) through

Cherry Spelglädje, Online game development through Yggdrasil Gaming and Highlight Games, Gaming technology through XCaliber and Performance-based affiliate marketing through Game Lounge. The Cherry Group also runs several development projects. Until the date when the product or service is launched, these expenses are recognised 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)	Q2 2017	Q2 2016	Jan-Jun 2017	Jan-Jun 2016	Full-year 2016
Revenues					
Online Gaming - ComeOn!	436.6	128.1	889.8	246.9	830.5
Affiliation - Game Lounge	33.0	12.5	62.7	22.3	57.0
Elimination, Game Lounge revenues from Cherry	-5.7	-1.5	-11.3	-2.8	-10.2
Restaurant Casino - Cherry Spelglädje	37.2	35.9	74.2	74.6	156.9
Game development - Yggdrasil Gaming	40.4	19.9	73.8	34.1	86.9
Elimination, Yggdrasil revenues from Cherry	-5.9	-3.2	-12.0	-6.2	-18.8
Gaming technology - XCaliber	9.6	-	18.4	-	-
Elimination, Xcaliber revenues from Cherry	-9.5	-	-18.3	-	-
The Group	536	192	1,077	369	1,102
Operating profit/loss before depreciation and amortization (EBITDA)					
Online Gaming - ComeOn!	61.8	5.4	118.7	17.4	120.2
Affiliation - Game Lounge	20.4	3.2	34.9	7.7	19.0
Restaurant Casino - Cherry Spelglädje	3.4	3.1	7.0	7.6	16.7
Game development - Yggdrasil Gaming	18.0	9.8	31.2	17.7	40.1
Gaming technology - XCaliber	0.2	-	-1.2	-	-
Development Projects	-6.9	-4.0	-7.7	-5.1	-10.2
Group-wide	-4.5	-2.6	-7.1	-4.8	-11.2
The Group	93	15	176	40	174
Operating profit/loss (EBIT)					
Online Gaming - ComeOn!	35.0	1.4	65.7	9.3	81.4
Affiliation - Game Lounge	18.8	2.3	31.7	5.9	14.4
Restaurant Casino - Cherry Spelglädje	2.4	2.3	4.9	6.0	13.4
Game development - Yggdrasil Gaming	15.3	6.7	25.9	12.2	27.4
Gaming technology - XCaliber	0.2	-	-1.3	-	-
Development Projects	-6.9	-4.0	-7.7	-5.1	-10.2
Group-wide	-4.5	-2.6	-7.2	-4.9	-11.3
The Group	60	6	112	23	115
Financial items	-37.7	4.5	-49.8	6.3	23.6
Profit before tax	23	11	62	30	649

Key Performance Indicators

Group key performance indicators	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Financial measures defined by IFRS:					
Total operating revenues (MSEK)	536	541	519	214	192
Cash and liquid assets (MSEK)	397	313	306	85	68
Number of outstanding shares at the end of the period (thousands)	103,205	86,305	86,305	86,305	71,486
Average number of outstanding shares during the period (thousands)	90,391	86,305	86,305	80,990	71,486
Earnings per share before dilution (SEK)	0.03	0.24	6.64	0.27	0.04
Earnings per share after dilution (SEK)	0.03	0.24	6.54	0.27	0.04
Alternative Performance Measures:					
Operating margin (EBITDA,%)	17.3	15.4	20.5	14.5	7.7
Operating margin (EBIT,%) *	11.2	9.6	13.5	10.1	3.2
Return on equity, rolling 12 months (%)**	64	134	116	13	26
Operating cash flow per share (SEK)	0.54	0.17	1.84	-0.43	0.01
Equity per share (SEK)	17.06	8.73	10.84	6.77	2.42
Equity/assets ratio (%)	44	21	25	50	52
Quick ratio (%)	132	26	26	139	103
Investments in fixed assets (MSEK)	26	10	-85	397	7
Average number of employees (yearly full-time equivalents)	591	622	405	326	307
Number of employees at end of period	1,160	1,130	1,140	882	847
Number of registered shareholders	6,888	6,158	5,628	4,606	4,092
Share price at the end of the period (SEK) ***	60.00	321.00	251.50	168.00	137.25

* The key performance indicator has been adjusted to the revaluation of the purchase price for ComeOn.

** Key ratios include a positive revaluation of the initial shareholding in ComeOn amounting to 510 MSEK.

*** The share price at the end of the period was affected by the completed share split 1: 5 as per July 3, 2017.

Financial definitions and alternative performance measures

Revenue

Gaming income reported net after deductions for winnings, bonuses and loyalty programs. Cherry reports its share of lottery earnings as income.

Cost of sales

Cost of sales in gaming operations refer directly to costs such as gaming shares at venues, gaming taxes and licenses, purchased materials, and services purchased directly related to gaming operations.

Average equity

Equity at the start of the fiscal year, plus closing equity divided by two.

Return on equity

The 12-month rolling result after tax attributable to the parent company's shareholders in relation to average equity attributable to the parent company's share-holders. This is a measure of capital returns that is commonly used by investors, analysts and management to evaluate the Company's ability to generate returns on the capital provided by its shareholders.

Profit margin

Result after financial items in relation to sales for the period.

Operating margin

Operating profit in relation to sales for the period. This is a measure of profitability commonly used by investors, analysts and management to evaluate the profitability of the Company.

Operating profit before depreciation (EBITDA)

Result before tax, financial items, depreciation and write-downs. This is a measure of profitability commonly used by investors, analysts and management to evaluate the profitability of the Company.

Operating profit (EBIT)

Result before tax and financial items. Commonly used by investors, analysts and management to evaluate the profitability of the Company.

Adjusted operating profit (EBIT)

Result before tax and financial items, adjusted for items affecting comparability.

Equity/assets ratio

Equity at the end of the period in percent of balance sheet total at the end of the period. This is a measure commonly used by investors, analysts and management to evaluate the capital structure of the Company and its ability to meet its short- and long-term obligations.

Liquidity ratio

Current assets excluding inventories in relation to current liabilities, including proposed but not adopted share dividends. This is a measure commonly used by investors, analysts and management to evaluate the short-term liquidity of the Company.

Number of employees

The number of persons employed in the last month salaries were paid.

Average number of employees

Number of employees converted to full time positions.

Average number of outstanding shares

Weighted average of the number of outstanding shares during the period.

Earnings per share

Result after tax in relation to average number of outstanding shares during the period.

Earnings per share after dilution

Profit for the year divided by the weighted average of the number of outstanding shares during the year, adjusted for additional number of shares during conversion and options with dilution effect.

Cash flow from operating activities per share

The cash flow in relation to average number of outstanding shares during the period. This is a measure used by investors, analysts and management to evaluate the financial development of the Company and its ability to generate a positive cash flow.

Equity per share

Equity in relation to the number of shares at the end of the period. This is a measure commonly used by investors, analysts and management to evaluate the financial position of the Company.

Dividends per share

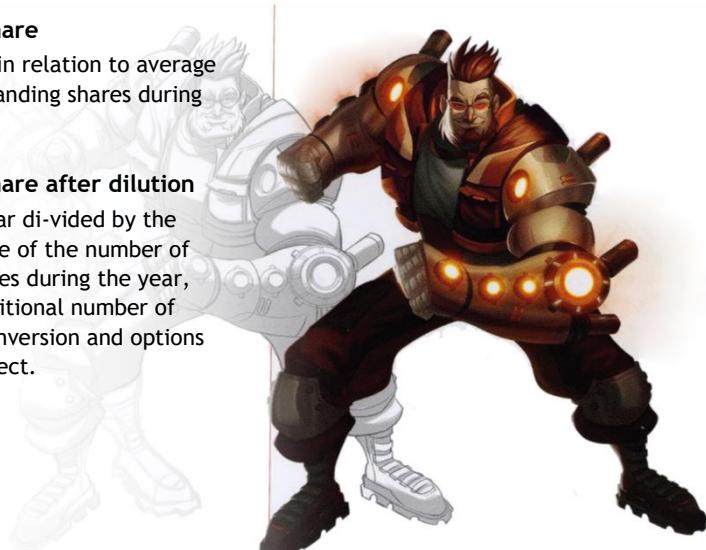
Completed/proposed dividend.

Organic growth

Growth adjusted for acquisitions and disposals made during the period. Commonly used by investors, analysts and management to evaluate the growth of the Company.

Gross game win

Bet amounts less win amounts.



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. Cherry operates within five diversified business areas, *Online Gaming* through ComeOn!, *Performance-based Marketing* through Game Lounge, *Game Development* through Yggdrasil Gaming and Highlight Games, *Gaming technology* through XCaliber, and *Restaurant Casino* through Cherry Spelglädje. The objective is to grow organic in combination with strategic acquisitions of fast-growing companies. Cherry employs around 1,100 people and has almost 6,900 shareholders. The Company's B-shares are listed on AktieTorget.

Read more on www.cherry.se



For further information, please contact

Financial calendar 2017/2018

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Interim report
January - September 2017,
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Year-end report 2017,
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