

Cherry acquires remaining shares in Game Lounge

Cherry AB (publ) (“Cherry”) - STO: CHER-B.ST - has today signed an agreement to acquire the remaining shares in leading affiliate company Game Lounge Sweden AB (“Game Lounge”), thus gaining 100-percent ownership.

Cherry currently owns 95 percent of Game Lounge, which in turn owns 100 percent of Game Lounge Ltd. Cherry has today signed an agreement to acquire the remaining 5 percent of Game Lounge. The purchase consideration consists of three parts and can amount to a maximum SEK 260 million.

The first part of the purchase consideration is fixed and amounts to SEK 100 million to be paid in cash when Cherry gains control of the shares. The second part of the purchase considerations amounts to SEK 60 million and is conditional on Game Lounge’s consolidated EBITDA for the period 1 January 2019 to 30 June 2019 exceeding SEK 90 million. In the event that the target of SEK 90 million is not reached as per 30 June 2019, the measurement period will be extended until 30 September 2019, at which time, Game Lounge’s consolidated EBITDA shall amount to at least SEK 150 million. The third part of the purchase consideration amounts to SEK 100 million and requires Game Lounge’s consolidated EBITDA to exceed SEK 300 million for any consecutive four calendar quarter period between 1 July 2019 and 31 December 2021, or between 1 October 2019 and 31 December 2021 in the event that the measurement period for the second part of the purchase consideration is extended in accordance with the above. Cherry is entitled to pay all or part of the second and third parts of the purchase consideration in Class B shares in Cherry.

The sellers are employees of Game Lounge. Against this background, the acquisition constitutes a so-called related-party transaction and must therefore be approved by a general meeting in Cherry. Cherry’s Board of Directors will prepare a written account of the acquisition and obtain an independent valuation statement (*fairness opinion*) regarding Game Lounge.

The operations in Game Lounge have developed well and Cherry’s Board of Directors makes the assessment that the company will continue to enjoy favourable market conditions into the future and that it is therefore desirable to increase Cherry’s holding to 100 percent. The sellers will remain in their senior positions, are shareholders in Cherry and also participate in incentive program within the Cherry Group. Accordingly, the Board of Directors assesses that the terms of the acquisition, including the purchase consideration, are in line with the market and will therefore recommend that Cherry’s Annual General Meeting approve the acquisition in accordance with the principal terms above.

For further information, please contact:

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This information is such that Cherry AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication under the auspices of the contacts detailed above on 17 October 2018, at 3:50 p.m. CET.

CHERRY IN BRIEF

Cherry is an innovative and fast-growing gaming company with operations in gaming, media and entertainment. The company was founded in 1963 and today, Cherry operates through five diversified business areas: *Online Gaming, Game Development, Online Marketing, Gaming Technology, and Restaurant Casino*. The Group's objective is to grow organically in combination with strategic acquisitions of fast-growing companies. Cherry employs some 1,400 people and has about 9,250 shareholders. The company's class B share is listed on the Nasdaq Stockholm exchange, Mid Cap segment. More information is available at www.cherry.se.