



CHERRY AB (PLC)

END OF YEAR REPORT

INTERIM REPORT 4

1 JANUARY - 31 DECEMBER 2015



BEST ONLINE GAMING OPERATOR
2014 & 2015 & 2016

Highlights

Fourth quarter: 72 percent growth in revenue and a positive EBITDA of MSEK 23.4

- Group revenue increased by 72 percent to MSEK 172.5 (100.2). Online makes up 74 percent (58) of the group revenue.
- Profitability improved considerably and EBITDA amounted to MSEK 23.4 (-6.5). EBIT amounted to MSEK 16.4 (-10.6).
- The result after tax was MSEK 12.9 (-15.3), equivalent to SEK 0.63 (-1.13) per share after dilution and minority interests.
- Online Gaming grew by 109 percent and EBITDA amounted to MSEK 15.4 (-4.3).
- Yggdrasil Gaming grew by 696 percent and EBITDA amounted to MSEK 4.9 (-1.4). Yggdrasil has been awarded a UK operator licence during the quarter and the first customers are expected to go live by the end of Q1 2016.
- Restaurant Casino increased turnover by 5 percent and EBITDA amounted to MSEK 4.9 (5.0).
- In October, Cherry acquired an additional 4 percent of the shares in the Malta-based company Almor Holding Limited - a leading online casino in German speaking markets. Cherry now owns 75 percent of Almor.
- In December, Cherry acquired 100 percent of the shares in Malta based Moorgate Media Ltd. The company owns affiliate agreements related to the Web Resorts business. Cherry also acquired 100 percent of the domain, customer database and website Norgespill.com. The acquisitions are expected to increase Online Gaming's EBITDA by MEUR 1.5 per year and the total purchase price amounted to MEUR 4.75.

Full year 2015: Strong revenue and profit growth within all business areas

- Group turnover increased by 56 percent compared to the previous year and amounted to MSEK 528.7 (340.0).
- Online makes up 69 percent (55) of the group revenue.
- Profitability improved considerably and EBITDA amounted to MSEK 35.9 (-17.9). EBIT amounted to MSEK 13.3 (-32.9).
- The result after tax amounted to MSEK 6.4 (-39.3), equivalent to SEK -0.06 (-2.96) per share after dilution and minority interests.
- Online Gaming grew by 91 percent and EBITDA amounted to MSEK 21.8 (-18.3).
- Yggdrasil Gaming grew by 357 percent and EBITDA amounted to MSEK 5.2 (-4.6).
- Restaurant Casino increased turnover by 9 percent and EBITDA increased by 13 percent to MSEK 19.4 (17.1).
- During the year Cherry made five acquisitions: Game Lounge, Almor, the domains and agreements of a leading Finnish affiliate, Moorgate Media Ltd and Norgespill.com.

Important events after the end of the quarter

- 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".
- Cherry has applied to list its shares on Nasdaq Stockholm. The listing is expected to take place during 2016.
- The board proposes that no dividend is distributed for the financial year 2015. This is due to the acquisitions and investments Cherry has made during 2015, in line with the company's strategy, and which has been reflected by the impressive share price development. The board intends to continue its growth-focused strategy, by growing both organically and through acquisitions. This is deemed to be well-aligned with the company's dividend policy of distributing at least 50 percent of the net profit.

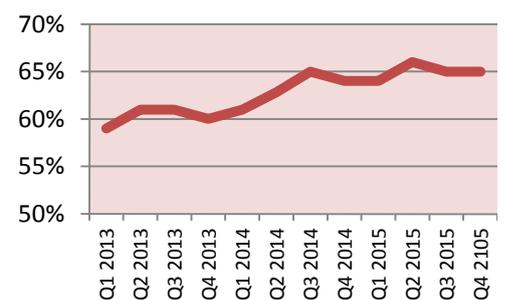
Group	Q4 2015	Q4 2014	2015	2014
Revenue	171,1	99,8	527,3	334,5
Other revenue	1,5	0,4	1,5	5,5
EBITDA	23,4	-6,5	35,9	-17,9
EBIT	16,4	-10,6	13,3	-32,9
Earnings per share	0,63	-1,13	-0,06	-2,96
Cash and liquid assets	23,7	54,3	23,7	54,3

Online Gaming	Q4 2015	Q4 2014	2015	2014
Revenue	118,7	56,8	350,1	183,1
EBITDA	15,4	-4,3	21,8	-18,3
Deposit amount	284,5	115,4	833,6	390,6
New customers	91 275	43 832	594 524	159 218
Active players	70 746	22 197	70 746	22 197

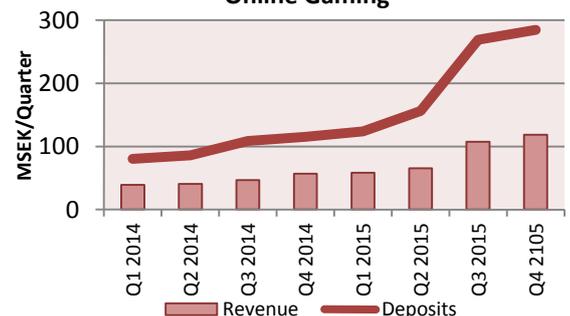
Restaurant Casino	Q4 2015	Q4 2014	2015	2014
Revenue	44,3	42,1	161,5	148,0
EBITDA	4,9	5,0	19,4	17,1
Number of casino venues	260	269	260	269

Yggdrasil Gaming	Q4 2015	Q4 2014	2015	2014
Revenue	10,4	1,3	20,1	4,4
EBITDA	4,9	-1,4	5,2	-4,6
Signed agreements	2	2	27	18
Integrated customers	2	6	20	14

Market share Restaurant Casino



Online Gaming



CEO's comments on the fourth quarter

The fourth quarter has provided continued strong growth and a substantial increase in profits, with Group revenue up a full 72 percent for the period. Cherry's online business continues to grow extremely quickly and now accounts for 74 percent (58) of the Group's sales and is expected to continue grow faster than the market. In February 2016, Cherry received three awards at the industry's largest online exhibition, the International Gaming Awards, serving as a seal of quality on our business and strong recognition for the hard work all our teams have put in this past year.

Cherry's Online Gaming business achieved very strong growth of 109 percent and substantially improved earnings for the period. The activity on our gaming sites increased substantially and the number of active players increased by 219 percent compared with Q4 2014. Online Gaming is well positioned today, with a platform that makes it possible to quickly and efficiently add new products and skins. In addition to the licences the Group already holds, Cherry will continue to look for local licences in markets where we can expect strong growth, and has therefore initiated an application process to obtain an operator's licence in the UK. In December, Jonas Wåhländer was appointed CEO of Cherry Malta, adding enhanced leadership and experience working with business models involving large numbers of consumer-focused transactions. The Online Gaming teams were also proud to receive two awards at the International Gaming Awards, when we were recognised as the "Online Gaming Operator of the Year" for the third year in a row, while EuroLotto.com was awarded the "Lottery Operator of the Year".

In the fourth quarter Yggdrasil achieved continued strong growth, as revenues increased by 696 percent and the EBITDA margin reached 47 percent. Yggdrasil obtained an operator's licence in the UK during the period and the rollout of existing contracts is expected at the end of the first quarter in 2016. In addition, Yggdrasil has been invited to apply for a Gibraltar licence. Also during a busy quarter, Yggdrasil delivered two new quality games (Nirvana and Doubles), which were well received by both customers and operators. Two new agreements were signed and in February 2016 an agreement was also signed with the world's largest operator, Bet365. Yggdrasil has launched new marketing tools for operators, known as "Boost". Among many of the innovations Boost brings is a tool in the gaming client that allows operators to run tournaments between its customers and with other operators. In February 2016 Yggdrasil was named best "iGaming Software Supplier" at the International Gaming Awards, which is a stamp of quality for Yggdrasil's product portfolio. As new operators are deployed, more games will also be launched for existing customers, growing the gaming portfolio. Yggdrasil's revenues and profits are expected to increase even further.

Restaurant Casino continues to deliver solid results. During the fourth quarter, the business delivered stable growth while earnings were in line with Q4 2014. Continued training of staff and further development of the business have led to stronger key figures during the year and in December, which is considered the best month of the year, an all-time high turnover per session was delivered. In July 2015 employer contributions for young people were raised, which over time will have an effect on the industry as well as on Restaurant Casino's profitability. We will therefore continue to work for an increase in permitted stakes. After the quarter, Aaron Egfors was appointed CEO of Restaurant Casino. This will allow us to clarify the leadership and streamline the Group's organisation; this is also expected to increase our focus to maintain a large market share.

Cherry is the only private gaming operator to have been invited to participate in the reference group discussing new gaming legislation for the Swedish market. The latest update is that new Swedish gaming legislation is expected to be in place by July 2018. Cherry welcomes a gaming market that is open for everyone with transparent and responsible stakeholders, and we also want to create more jobs in Sweden and compete on fair terms.

All in all, Cherry is very well positioned to continue to grow faster than the market, both organically and through acquisitions, focusing on rapidly increasing profitability. We now look forward to continue to spread the joy of playing, both online and at the pub!

Fredrik Burvall, CEO



The Group

Fourth quarter

The Group's revenue increased by 72 percent to MSEK 172.5 (100.2). EBITDA and EBIT for the Group improved considerably and amounted to MSEK 23.4 (-6.5) and MSEK 16.4 (-10.6), respectively.

The Group's consolidated profit after financial items amounted to MSEK 11.1 (-14.9) and profit after tax amounted to MSEK 12.9 (-15.3), equivalent to SEK 0.63 (-1.13) per share after dilution and minority interest.

Net financial items were negatively affected with MSEK -5.4 by exchange rate revaluations on internal receivables in Euro.

Full year

The Group's turnover increased by 56 percent and amounted to MSEK 528.7 (340.0). The profit of the group improved considerably. EBITDA amounted to MSEK 35.9 (-17.9) and EBIT amounted to MSEK 13.3 (-32.9). The profit was negatively affected by acquisition costs of MSEK 2.4.

The Group's consolidated profit after financial items amounted to MSEK 6.9 (-37.4) and profit after tax amounted to MSEK 6.4 (-39.3), equivalent to SEK -0.06 (-2.96) per share after dilution and minority interest.

Net financial items reduced negatively with MSEK -6.3 by exchange rate revaluations on internal receivables in Euro.

Business Areas

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



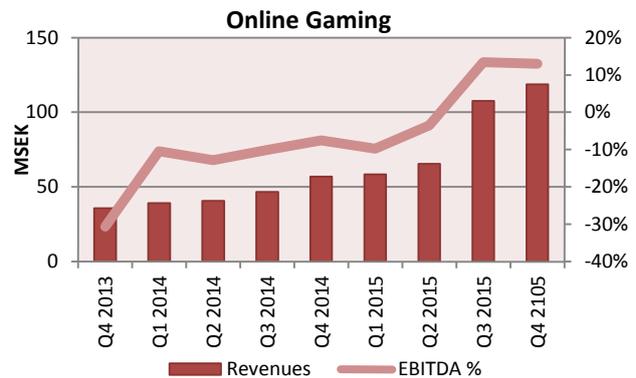
Online Gaming

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.

Fourth quarter

During the fourth quarter, turnover increased by 109 percent and amounted to MSEK 118.7 (56.8). Profits improved significantly. EBITDA amounted to MSEK 15.4 (-4.3) and EBIT amounted to MSEK 12.3 (-6.2).

Online Gaming showed strong growth during the fourth quarter and deposits increased by 147 percent and amounted to MSEK 284.5 (115.4). The number of active customers increased by 219 percent and amounted to 70,746 (22,197). During the fourth quarter the number of new customers amounted to 91,275 (43,832). The number of registered customers amounted to 1,072,763 (478,239) at the end of the quarter.



Marketing activities for Online Gaming during the fourth quarter amounted to MSEK 31.1 (24.0). 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 been intensified to increase profitability of the existing customer base. Volumes on mobile and tablet and amounted to 34 percent (28) of Online Gaming's total Gross Game Win during the fourth quarter, excluding Almor brands that have not yet been migrated to Cherry's platform. Including the not yet migrated Almor brands, the share of mobile/tablet amounted to 27 (28) percent. Once the remaining Almor brands have been migrated to Cherry's platform, their mobile/tablet share is expected to increase.

During the fourth quarter, Sunmaker.com was migrated to Cherry's platform, lotteries were launched on SpilleAutomater.com and an additional loyalty program was introduced.

Full year

For the full year, turnover increased by 91 percent and amounted to MSEK 350.1 (183.1). EBITDA amounted to MSEK 21.8 (-18.3) and EBIT amounted to MSEK 11.8 (-25.0). The figures include Almor's brands from 1 July 2015. Marketing activities for Online Gaming for the full year amounted to MSEK 109.8 (85.4).

Important events during the fourth quarter

- On 1 October 2015 Cherry’s second white label, SuomiCasino.com, was launched in cooperation with Game Lounge.
- In October, Cherry acquired an additional 4 percent of the shares in the Malta based company Almor Holding Limited - a leading online casino in German speaking markets. After the acquisition Cherry owns 75 percent of Almor’s total shares.
- In December, Cherry acquired 100 percent of the shares in the Malta-based company Moorgate Media Ltd. The company owns affiliate license agreements in cooperation with Web Resort. 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.

Important events after the interim report

- After the end of the quarter, Game Lounge has changed the name of SuomiCasino.com to SuomiAutomaatti.com. The reason is that Game Lounge intends to use SuomiCasino.com as an affiliate site and thereby increase its revenues.
- In February, the new CherryCasino.com was launched, with improved customer usability and a sportsbook.
- In February, Cherry also won big at the International Gaming Awards. Cherry was awarded “Online Gaming Operator of the Year” for the third year in a row and EuroLotto was awarded “Lottery Operator of the Year”.



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.



Fourth quarter

During the fourth quarter of 2015, turnover increased by 5 percent and amounted to MSEK 44.3 (42.1). EBITDA amounted to MSEK 4.9 (5.0) and EBIT amounted to MSEK 3.8 (3.9). The turnover increase 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.



Full year

During the full year, turnover increased by 9 percent and amounted to MSEK 161.5 (148.0). EBITDA increased by 13 percent and amounted to MSEK 19.4 (17.1). EBIT increased by 16 percent to MSEK 14.8 (12.8).

Important events during the fourth quarter

- Cherry’s market share amounted to 65 percent (64) of the active gaming tables according to the December 2015 statistics from the Swedish Lotteries and Gaming Authority. At the end of the quarter, Cherry had casinos at 260 gaming venues (269) with a total of 369 gaming tables (375).
- During the fourth quarter, twelve new agreements were signed, while five 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 O’Learys Mall of Scandinavia, Public Täby and Harrys Upplands Väsby among others.

Important events after the full year report

- After the end of the quarter 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.

Fourth quarter

During the fourth quarter the turnover increased by 696 percent and amounted to MSEK 10.4 (1.3), of which MSEK 2.2 (0.4) was internal revenue from Cherry's gaming sites. EBITDA amounted to MSEK 4.9 (-1.4) and EBIT amounted to MSEK 2.1 (-2.6). During the quarter an impairment test was performed and intangible assets were written off by MSEK 0.4.

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 "Nirvana" and "Doubles" were released. In December, Yggdrasil's second pooled progressive jackpot "Joker Millions" was won for the amount of EUR 460,000.

In the fourth quarter, bet turnover increased by 991 percent and amounted to MSEK 2,283 MSEK (209). The number of player transactions (bets) increased by 792 percent and amounted to 204.3 million (22.9). Mobile's share of Gross Game Win increased to 42 percent (7).



Full year

During the full year, turnover increased by 357 percent and amounted to MSEK 20.1 (4.4), of which MSEK 4.5 (1.2) was internal revenue from Cherry's gaming sites. EBITDA improved and amounted to MSEK 5.2 (-4.6) and EBIT amounted to MSEK -2.7 (-8.6).

For the full year, bet turnover increased by 544 percent and amounted to MSEK 3,888 MSEK (604). The number of player transactions (bets) increased by 521 percent and amounted to 352.3 million (56.7).

Yggdrasil Gaming has signed a total of 27 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 17 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 85.6 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 fourth quarter

- Yggdrasil received an operator license in the UK.
- Two new contracts were signed and one new operator went live during the fourth quarter.
- One new contract was signed with regards to Joker Millions.
- The game "Doubles" was released in October and "Nirvana" in November.
- After the quarter, an agreement was signed with Hero Gaming, which operates the sites CasinoHero and Casitabi.

Important events after the full year report

- In February, an agreement was signed with Bet365.
- In February, Yggdrasil was awarded "iGaming Software Supplier" at the International Gaming Awards.
- Yggdrasil has been invited to apply for a gaming license in Gibraltar and the application process has been initiated.
- The game "Incinerator" was launched after the end of the quarter.
- An additional three agreements have been signed with existing customers with regards to the UK market.



Acquisitions

Moorgate Media Ltd and NorgesSpill.com

In December, Cherry acquired 100 percent of the shares in the Malta-based company Moorgate Media Ltd. The company owns affiliate license agreements related to the Web Resorts cooperation. Cherry also acquired 100 percent of the domain, customer database and gaming site of NorgesSpill.com. The acquisitions will be consolidated from 1 January 2016.

Cherry paid MEUR 4.0 for 100 percent of the shares in Moorgate Media Ltd that operates the affiliate business. It is expected that the acquisition will have a positive effect on Cherry's revenues with an estimated MEUR 0.4 as well as a positive impact on EBITDA with an estimated MEUR 1.2 on an annual basis. Today, the affiliate business is accounted for as a cost within the Online Gaming business area. The acquisition will be depreciated over five years. In addition to the acquisition of Moorgate, Cherry has acquired NorgesSpill.com for MEUR 0.75. The acquisition of NorgesSpill.com is expected to add another MEUR 0.3 to Cherry's EBITDA.

The acquisition of Moorgate Media Ltd was paid with shares in Cherry where the subscription price of the shares amounted to SEK 119.33 per share and was based on the average closing price of the Cherry shares during the period 16 - 23 of December. The acquisition of NorgesSpill is paid in cash where EUR 0.6 million were paid during Q1 2016 and the remaining EUR 0.15 million will be paid once NorgesSpill.com has been migrated to Cherry's platform.

The acquisition of Moorgate Media Ltd and Norgesspill.com is expected to have the following effect on Cherry's assets and liabilities:

MSEK	Fair Value
Intangible fixed assets	40,2
Tangible fixed assets	0,0
Current receivables	0,0
Liquid assets	0,0
Deferred tax	-1,8
Other liabilities	0,0
Identified net assets	38,4
Goodwill	4,6
Purchase price	-42,5
Paid by shares	36,5
Additional purchase price to be paid after migration	1,4
Liquid assets in acquired business	0,0
Net effect on cash	-4,6

The acquisition balances are not definitive

Almor Holding

At the beginning of July, Cherry acquired 71 percent of the shares in the Malta-based company Almor Holding Limited - a leading online casino in German speaking markets. The business is consolidated by Cherry from 1 July 2015. In October, Cherry acquired an additional 4 percent of shares in Almor Holding Limited. After the acquisition, Cherry's ownership amounts to 75 percent of Almor's total shares.

The acquisition of Almor is expected to have the following effect on Cherry's assets and liabilities:

MSEK	Fair Value
Intangible fixed assets	14.8
Tangible fixed assets	0.0
Current receivables	11.1
Liquid assets	0.0
Deferred tax	-0.9
Other liabilities	-4.6
Identified net assets	20.3
Goodwill	39.7
Purchase price	-42.4
Paid by shares	21.2
Liquid assets in acquired business	0.0
Net effect on cash	-21.2

The acquisition balances are not definitive

Almor's most well-known brands - Sunmaker, Sunnyplayer and Kingplayer - have attained a strong position in their core markets since launch in 2011, and offer a vast variety of online casino games and a sportsbook. Almor is estimated to be the largest operator of Merkur Slots (developed by Edict eGaming), one of the most popular slots in Almor's main markets. Until September, neither Sunmaker nor Sunnyplayer had a mobile/tablet solution. Upon the migration to Cherry's platform, a mobile/tablet solution will be implemented on Almor's brands. Cherry expects additional synergies and increased volumes once the migrations are completed.

In 2014, Almor's net gaming revenue amounted to MEUR 11.1 and the EBITDA to MEUR 1.2. As of 1 January, 2015, Germany started to charge VAT at a rate of 19%. This is, however, offset by a net gaming revenue of MEUR 7.2 and an EBITDA of approximately MEUR 1.0 for the first six months of 2015.

The purchase price for 71 percent of the shares in Almor Holding Limited was MEUR 4.6. Payment of the initial purchase price was made 50% in cash and 50% in Cherry shares. After the new issue, the number of shares in Cherry AB increased with 546,239 of series B. In October, an additional 4 percent was purchased in cash for the price of MEUR 0.76 (7.1 MSEK). After this

purchase in October, Cherry's ownership amounts to 75 percent of the shares.

Cherry has, through a call option, the right to acquire the remaining part of Almor within four years and two months. The call options for future acquisition of additional shares are based on a multiple of five-times operating profit. In the event that Cherry exercises the option, payment can be made either through shares in Cherry or in cash. The shares will then in all cases be valued based on the average closing price over the previous three trading days and the three trading days that follow, including the date of acquisition. The seller has an option to sell the remaining shares no sooner than July 2020. In this event and if Cherry has not acquired the remaining part of the company at the termination of the contract, and the seller so requests, a valuation is then made by a renowned external agency.

Game Lounge - domains & affiliate business - Finland

During July, Cherry-owned Game Lounge acquired the domains and affiliate agreements of a leading Finnish affiliate for MEUR 1.2. The acquisition is expected to increase EBITDA figures by more than MEUR 0.6 annually, bring in more than 10,000 new depositing customers to Cherry and other operators over three years and quickly increase volumes on current Cherry brands. The acquisition is fully financed by Game Lounge operations and the deal is expected to generate ROI in less than two years. It is consolidated from the third quarter and the domains and affiliate agreements will be depreciated over five years.

Game Lounge

Cherry acquired 51 percent of the shares of Game Lounge Ltd on 28 January, 2015. The business is consolidated from 1 February and has contributed positively to the result during the full year. The business has developed above expectations.

Game Lounge Ltd is an affiliate company with cutting-edge expertise in search engine optimization (SEO). The acquisition is expected to enable Cherry to increase volumes quickly on current brands, as well as acquiring more customers at a significantly lower cost. It is also expected to increase both Cherry's revenues and EBIT in the next few years and bring in more than 40,000 new depositing customers over a three-year period.

In cooperation with Cherry, Game Lounge has launched two white labels, SveaCasino.com and SuomiAutomaatti.com.

The purchase price for 51 percent of the shares in Game Lounge was MSEK 13.3 (MEUR 1.43) on joining and maximum MSEK 18.6 (MEUR 2) in a conditional

additional purchase price, which may be paid no earlier than 13 months after closing. Cherry assesses that the conditions for the additional purchase price will be fulfilled during 2016. Payment of the purchase price can be made in cash or through shares. The deal also includes a call option which means that Cherry can acquire the remaining shares in Game Lounge, three years after closing.

The acquisition of Game Lounge is expected to have the following effect on Cherry's assets and liabilities:

MSEK	Fair Value
Intangible fixed assets	3.9
Tangible fixed assets	0.1
Other receivables	0.5
Liquid assets	2.2
Deferred tax	-0.2
Loan	-0.8
Other liabilities	-1.8
Identified net assets	3.9
Goodwill	58.6
Purchase price	-31.9
Conditional purchase price	18.6
Liquid assets included in the acquisition	2.2
Net effect on cash	-11.1

(The acquisition balances are not definitive)

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.

Full year

Revenues within Development Projects amounted to MSEK 0.0 (0.0). EBIT amounted to MSEK -2.4 (0.0) due to acquisition costs for Almor and Game Lounge.

Cash and liabilities

The Group's consolidated cash amounted to MSEK 23.7 (54.3) on 31 December. Interest bearing liabilities amounted to MSEK 2.8 (4.1). At the end of the quarter there were overdue receivables from two of Cherry's partners, amounting to MSEK 6.1. The majority has been settled during January.

Customer liabilities, including the provision for accumulated jackpots, amounted to MSEK 17.9 (3.2). 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 0.6 (2.0).

The company has a sound cash position and an overdraft facility, which amounts to MSEK 25.0.

Dividend

The board proposes that no dividend is distributed for the financial year 2015. This is due to the acquisitions and investments Cherry has made during 2015, in line with the company's strategy, and which has been reflected by the impressive share price development. The board intends to continue its growth-focused strategy, by growing both organically and through acquisitions. This is deemed to be well-aligned with the company's dividend policy of distributing at least 50 percent of the net profit.

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

Upon finalising the acquisition of Almor Holding Ltd, Cherry made a new issue, which forms part of the purchase price. The number of shares increased with 546,239 of series B. The new issue was supported by the resolution at the Annual General Meeting held May 12, 2015. The total number of shares in Cherry AB (plc) amounted as of 10 July, 2015 to 13 987 812 shares, of which 997,600 Class A shares and 12,990,212 Class B, representing a total of 22,966,212 votes.

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 254 (195). The total number of employees at the end of the period was 795 (752).

Risks and uncertainties

For a description of the risks and uncertainties please see the Annual Report 2014, on the company website, and the Outlook section in this report.

Nomination committee

In accordance with the decision at Cherry's annual general meeting held on 12 May, 2015, the members of the Nomination Committee for AGM 2016 have been appointed.

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

The Nomination Committee shall, for the next AGM in 2016, submit proposals on the number of directors to be elected, the directors' remunerations, the composition of the Board of directors, a Chairman of the board, auditor(s), remuneration for the auditor (-s) and the Chairman at the AGM. Furthermore, the Nomination Committee shall submit a proposal on a new instruction for the Nomination Committee at the next AGM.

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

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 full year amounted to MSEK 2.8 (3.1) and profit after financial items amounted to MSEK -13.7 (-17.5). The parent company's investments in tangible and intangible fixed assets amounted to TSEK 27 (24). Cash and liquid funds amounted to MSEK -9.8 (44.7) 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 2014. 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 16:00. 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 10, 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.petterson@cherry.se

Annual Report

The Annual Report for 2015 will be published at the latest 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 1: 12 May, 2016
- 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 21, 2015, and is available on the company website www.cherry.se.

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, 18 February, 2016

Fredrik Burvall

CEO Cherry AB (PLC)

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Cherry in brief

Cherry is a Swedish gaming company established in 1963 specialized in online casinos and lotteries (www.CherryCasino.com, www.EuroLotto.com, www.EuroSlots.com, www.SpilleAutomater.com, www.NordicSlots.com, www.NorgesSpill.com, www.SveaCasino.com, www.SuomiAutomaatti.com, www.Sunmaker.com, www.SunnyPlayer.com and www.Kingplayer.com), affiliate business through Game Lounge and games development (www.Yggdrasil.com), through subsidiaries in Malta. Cherry is the market leader in casinos in restaurants and nightclubs in Sweden. Cherry employs around 750 people and has more than 3,800 shareholders. The Company's B-shares are listed on AktieTorget.

Amounts in SEK million unless otherwise specified

	Q4 2015	Q4 2014	Full Year 2015	Full Year 2014	Full Year 2013
Consolidated income statement (remaining operations)					
Revenues	171,1	99,8	527,3	334,5	266,3
Other revenue - revaluation of additional purchase price Online Gaming	1,5	0,4	1,5	5,5	0,0
Total operating revenues	172,5	100,2	528,7	340,0	266,3
Cost of sales	-69,4	-38,6	-204,7	-129,5	-110,9
Gross profit	103,1	61,6	324,0	210,5	155,4
Marketing expenses	-31,8	-24,8	-113,1	-87,9	-69,2
Personnel expenses	-39,7	-38,1	-140,7	-119,0	-90,0
Other expenses	-8,2	-5,2	-34,3	-21,5	-20,2
Operating income (EBITDA)	23,4	-6,5	35,9	-17,9	-24,0
Depreciation and amortisation	-7,1	-4,1	-22,6	-15,0	-9,9
Operating profit/loss (EBIT)	16,4	-10,6	13,3	-32,9	-33,9
Financial items	-5,3	-4,3	-6,4	-4,5	1,8
Profit before tax	11,1	-14,9	6,9	-37,4	-32,1
Tax	1,8	-0,4	-0,5	-1,9	-1,6
Profit after tax	12,9	-15,3	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	8,9	-15,0	-0,9	-38,3	-7,9
Minority interest	3,9	-0,3	7,3	-1,0	-0,3
Profit after tax	12,9	-15,3	6,4	-39,3	-8,2
Earnings per share from remaining operations before dilution (SEK)	0,64	-1,21	-0,06	-2,99	-2,66
Earnings per share from remaining operations after dilution (SEK)	0,63	-1,13	-0,06	-2,96	-2,53
Earnings per share from total operations before dilution including divested operations (SEK)	0,64	-1,21	-0,06	-2,99	-0,66
Earnings per share from total operations after dilution including divested operations (SEK)	0,63	-1,13	-0,06	-2,96	-0,63
Statement of total income					
Profit/loss for the period	12,9	-15,3	6,4	-39,3	-8,2
Translation gains/losses on consolidation, overseas operations	-0,4	-1,2	1,4	-1,6	-4,9
Total income for the period	12,5	-16,5	7,9	-40,9	-13,1
Group per segment/business area					
	Q4 2015	Q4 2014	Full Year 2015	Full Year 2014	Full Year 2013
Revenues					
Online Gaming	118,7	56,8	350,1	183,1	127,5
Restaurant Casino	44,3	42,1	161,5	148,0	138,3
Yggdrasil Gaming	10,4	1,3	20,1	4,4	0,9
Elimination, internal revenues from Yggdrasil to Cherry	-2,2	-0,4	-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	1,5	0,4	1,5	5,5	0,0
Group-wide	0,0	0,0	0,0	0,2	0,2
The Group	172,5	100,2	528,7	340,0	266,3
Operating profit/loss before depreciation and amortization (EBITDA)					
Online Gaming	15,4	-4,3	21,8	-18,3	-28,1
Restaurant Casino	4,9	5,0	19,4	17,1	16,0
Yggdrasil Gaming	4,9	-1,4	5,2	-4,6	-2,5
Development Projects	0,0	0,0	-2,4	0,0	0,0
Group-wide	-1,7	-5,8	-8,1	-12,1	-9,4
The Group	23,4	-6,5	35,9	-17,9	-24,0
Operating profit/loss (EBIT)					
Online Gaming	12,3	-6,2	11,8	-25,0	-33,0
Restaurant Casino	3,8	3,9	14,8	12,8	12,6
Yggdrasil Gaming	2,1	-2,6	-2,7	-8,6	-3,8
Development Projects	0,0	0,0	-2,4	0,0	0,0
Group-wide	-1,7	-5,7	-8,2	-12,1	-9,7
The Group	16,4	-10,6	13,3	-32,9	-33,9

Amounts in SEK million unless otherwise specified

Consolidated balance sheet	2015-12-31	2014-12-31
Intangible assets	167,9	52,1
Property, plant and equipment	10,9	11,2
Share in Associated companies	0,0	0,3
Other long-term receivables	0,1	0,8
Inventories	0,0	0,2
Current receivables	86,6	43,2
Cash and liquid assets (SEK million)	23,7	54,3
Total assets	289,3	162,1
Shareholders' equity	156,9	94,3
Long-term interest bearing liabilities	1,6	2,8
Deferred tax payables	1,1	0,5
Current interest bearing liabilities	1,2	1,3
Other current liabilities	128,5	63,2
Total equity and liabilities	289,3	162,1
Consolidated cash flow statement (total operations)	FY 2015	FY 2014
Profit after financial items	6,9	-37,4
Adjustments for non-cash items	23,3	20,3
Taxes paid	0,8	-1,3
Cash flow from operating activities before changes in working capital	31,0	-18,4
Changes in working capital	-1,9	5,2
Cash flow from operating activities	29,1	-13,2
Net investments	-20,0	-16,5
Investment in acquisition of subsidiaries/associated companies	-39,3	-7,5
Change in long-term receivables	0,6	0,1
Sales of shares and property, plant and equipment	0,0	60,0
Cash flow from investing activities	-58,6	36,1
New share issue	0,5	10,6
Dividend/Redemption programme	0,0	-51,2
Change in long-term liabilities	-1,2	2,9
Cash flows from financing activities	-0,7	-37,7
Change in cash and cash equivalents	-30,2	-14,8
Cash and liquid assets at beginning of period	54,3	68,4
Exchange rate differences	-0,4	0,7
Cash and liquid assets at end of period	23,7	54,3
Attributable to divested business	FY 2015	FY 2014
Cash flow from operating activities	0,0	0,0
Cash flow from investment activities	0,0	60,0
Cash flow from financial activities	0,0	0,0
Changes in Group equity	FY 2015	FY 2014
Opening balance	94,3	175,8
New issue	21,7	10,3
Acquisition of minority	40,8	0,3
Dividend	-7,7	-51,2
Total profit/loss	7,9	-40,9
Equity, end of period	156,9	94,3
Attributable to:		
Parent company shareholders	114,1	95,5
Minority interest	42,8	-1,2
Total equity	156,9	94,3

Amounts in SEK million unless otherwise specified.

Result affecting key performance indicators have been adjusted for the divested Automaten sites.

Group key performance indicators

	FY 2015	FY 2014	FY 2013
	2015-12-31	2014-12-31	2013-12-31
Number of outstanding shares at the end of the period (thousands)	13 988	13 442	12 803
Average number of outstanding shares during the period (thousands)	13 700	12 827	12 803
Number of own shares	0,0	0,0	0,0
Number of registered shareholders	3 867	2 411	2 329
Published price at the end of the period (SEK)	134,00	34,50	31,20
Earnings per share before dilution (remaining operations)	-0,06	-2,99	-2,66
Earnings per share after dilution (remaining operations)	-0,06	-2,96	-2,53
Earnings per share from total operations before dilution including divested operations (SEK)	-0,06	-2,99	-0,66
Earnings per share from total operations after dilution including divested operations (SEK)	-0,06	-2,96	-0,63
Cash flow per share (SEK)	-2,20	-1,15	0,66
Equity per share (SEK)	11,22	7,01	13,73
Executed dividend/redemption programme per share (SEK)	0,00	4,00	11,20
Return on equity (percent)	-1	-30	-13
Return on total capital (percent)	3	-19	-10
Return on capital employed (percent)	6	-27	-13
Operating margin (EBITDA, percent)	6,8	-5,3	-9,0
Operating margin (EBIT, percent)	2,5	-9,7	-12,7
Profit margin (percent)	1,3	-11,0	-12,0
Equity/assets ratio (percent)	54	58	75
Quick ratio (percent)	85	151	303
Net investments (SEK million)	59,2	24,0	40,2
Cash and liquid assets (SEK million)	23,7	54,3	68,4
Average number of employees (full-time equivalents)	254	195	179
Number of employees at end of period	795	752	706
Restaurant Casino			
Number of venues Cherry operates casino in Sweden	260	269	257

Online Gaming:

	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
** Number of registered customers at end of period	1 072 763	981 488	555 214	514 926	478 239
** Number of new registered customers during the period	91 275	426 274	40 288	36 687	43 832
** Number of active players during the period *	70 746	60 300	26 185	23 742	22 197
** Deposit amount (SEK million) during the period	284,5	269,2	156,2	123,7	115,4

*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.