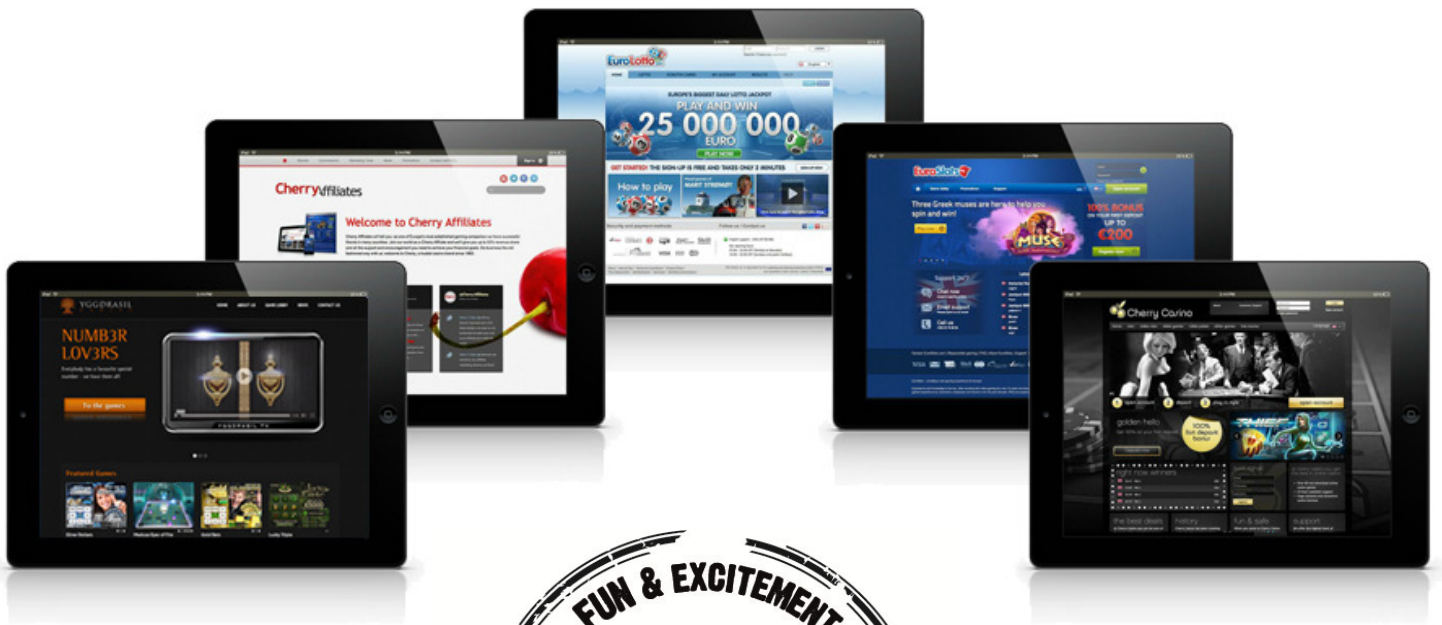




Cherry

Cherry AB (PLC)

Interim Report 1 2013 - First Quarter
1 January - 31 March 2013



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Highlights

First quarter - the Automaten sites were sold for MSEK 286 - Online Gaming grew with 35 percent.

- Group turnover increased with 14 percent and amounted to MSEK 59.8 (52.3).
- EBIT amounted to MSEK -1.3 (1.4).
- On the 19th of February Cherry completed the sales of the Automaten sites for MSEK 286. The result for the divested operations amounted to MSEK +26.4.
- The Group Cash amounted to MSEK 262.7 (45.3) at the end of the period.
- The result after tax amounted to MSEK -2.0 (0.0) equivalent to SEK -0.15 (0.00) per share after dilution.
- Earnings per share (including divested operations) amounted to SEK 1.84 (0.55) per share.
- Online Gaming grew during the first quarter with 35 percent and deposits within Online Gaming increased with 84 percent.
- Restaurant Casino increased the turnover and the market share increased to 59 percent (56) of the active gaming tables.
- In January Cherry was awarded a license in the German state of Schleswig-Holstein to provide online casino gaming.
- In January Cherry filed a lawsuit at the Oslo City Court against the Norwegian state regarding the injunction issued by the Lottery-og Stiftelsestilsynet, against Cherry AB concerning Eurolotto.com.

Events after the end of the quarter

- The board has to the Annual General Meeting proposed a share redemption program equivalent to SEK 11.20 per share.
- Cherry has as the first customer signed an agreement and invested in the new company Yggdrasil Gaming Ltd. Yggdrasil offers an innovative range of number games and in May, the company was awarded a Class 4 license from the LGA in Malta.
- After the Norwegian Lotteritilsynet announced that it would not take any further action against Cherry AB, Cherry has decided to revoke the lawsuit against the Norwegian Government regarding EuroLotto.com.

Key performance indicators

	Q1 2013	Q12012	Full year 2012	Full year 2011
Revenues	59,8	52,3	231,5	187,0
Operating profit/loss (EBIT)	-1,3	1,4	6,1	-18,2
Earnings per share after dilution (SEK)	-0,15	0,00	0,16	-1,29
Earnings per share from total operations after dilution including divested operations (SEK)	1,84	0,55	2,30	2,81
Cash and liquid assets (SEK million)	262,7	45,3	59,0	30,4
Online Gaming				
Number of new registered customers during the period	228 934	125 469	196 240	101314
Number of active players	20 001	16 966	15 016	21591
Deposit amount (SEK million) during the period	53,8	29,3	165,9	83,6
Restaurantcasino				
Number of venues Cherry operates casino in Sweden	246	224	243	240

Emil Sunvisson, CEO, comments the first quarter

Automaten sites - *The sale of the Automaten sites for MSEK 286 has had a major effect on the quarter.*

We are very pleased to have been able to realize the value in the Automaten sites and can conclude that the Automaten sites have been a very good and profitable business for Cherry and Cherry's shareholders. The sale is a new start for Cherry's online business, where future growth will be created from our own platform, where, we ourselves, control customers, products and offers. Cherry got a very strong cash position, even after the proposed extraordinary dividend, which will be used for an even more aggressive marketing strategy and strategic investments to ensure future growth. An example of our new ventures is the investment in the new company Yggdrasil, which has a great growth potential, although the company still is in an early stage and has a lot to prove.

Online Gaming- *Intensified efforts creating growth from our own platform,*

We can conclude that EuroSlots has developed positively, contributing to a healthy growth during the first quarter. The business is increasing rapidly, and a number of new initiatives will be rolled out during the year, including the re-launch of CherryCasino.com and the launch of regional adapted sites.

I interpret Lotteritilsynet's notification that it will not take further action against Cherry as a victory for us and for the Norwegian players looking for an alternative to Norsk Tipping. We will continue to offer EuroLotto to our customers in Europe, Norway included.

Restaurant Casino - *Solid performance*

The first quarter was characterized by a somewhat lower activity in nightclubs, which has negatively affected Cherry. At the same time the acquired entities deliver results as expected. We are actively working to find additional revenues to increase the value created in our operations.

The Group

First quarter

The Group's turnover increased by 14 percent till MSEK 59.8 (52.3). EBIT for the Group amounted to MSEK -1.3 (1.4).

The group's consolidated profit after financial items amounted to MSEK -2.1 (0.2) and profit after tax amounted to MSEK -2.0 (0.0), equivalent to SEK -0.15 (0.00) per share after dilution and minority interest.

Cherry strengthened its liquid funds significantly when the Automaten sites were sold. Cherry has, related to the sale, written down the goodwill related to the acquisition of the Automaten sites to SEK 0. The result from divested operations amounted to MSEK +26.4. Earnings per share (including divested operations) amounted to SEK 1.84 (0.55) per share.

Return on equity was -1 percent (0) and on total assets -1 percent (0). The groups consolidated cash amounted to MSEK 262.7 (45.3) at the end of the period and the equity/assets ratio percent was 86 (69).

Business Segment

Cherry's operations are divided into two business segments and development projects:

Online Gaming - Cherry operates Online Gaming through the sites Euroslots.com, EuroLotto.com, CherryCasino.com and affiliate operations from CherryAffiliates.com, all operated by subsidiaries in Malta.

Restaurant Casino - traditional casino table games (blackjack, roulette) operated in approximately 240 Swedish restaurants, nightclubs and hotels. Cherry also offers Event Casino for companies and private individuals.

Development Projects - the various development projects within the Group are aimed at creating new services and products to support Cherry's business concept and strategy. Until the product/service has been launched and established, the costs are taken centrally in the Group and are reported for the segment as "Development Projects" to make it transparent how much is being generated by the Group's business segments.

Online Gaming - First quarter

During the first quarter of 2013, turnover increased with 35 percent and amounted to MSEK 27.4 (20.3). EBIT amounted to MSEK -0.9 (0.5).

In January Cherry was awarded a license in the German state of Schleswig-Holstein to provide online casino gaming. Cherry expect to launch Euroslots.com in Germany during the second quarter. During the first quarter Euroslots.com was launch in Norway.

During the first quarter the deposits increased with 84 percent and amounted to 53.8 MSEK (29.3) and the number of active clients increased with 18 percent and amounted to 20 001 (16 966). During the first quarter the number of new customers increased with 35 percent and amounted to 32 694 (24 155) and the number of registered customers within Online Gaming amounted to 228 934 (125 469) at the end of the quarter. The figures are adjusted for divested and discounted operations. Marketing activities for Online Gaming in 2013 will increase, which is expected to lead to strong growth, but a negative margin in the business area for the second and third quarter.

Important events during the first quarter interim report:

- Cherry's subsidiary PlayCherry Ltd (Malta) was in January awarded a license in the German state of Schleswig-Holstein to provide online casino gaming.
- In January Cherry filed a lawsuit at the Oslo City Court against the Norwegian state regarding the injunction against Cherry AB concerning Eurolotto.com.
- On the 19th of February Cherry completed the sales of the Automaten sites for MSEK 286. In connection with the divestment, Cherry acquired the gaming site CherryCasino.com for MSEK 1.0.

Important events after the interim report period:

- After the Norwegian Lotteritillsynet announced that it would not take any further action against Cherry AB, Cherry has decided to revoke the lawsuit against the Norwegian government regarding EuroLotto.com. Cherry plans to continue to offer games on EuroLotto.com in the European market, Norway included.

The sale of the Automaten sites

On February 19, Cherry sold the Automaten sites (Trademarks and domain names related to SverigeAutomaten, NorgesAutomaten and DanmarksAutomaten) to Betsson AB for SEK 286 million. The purchase price consisted of shares in Betsson valued to SEK 225 million, which were sold for SEK 228.7 million before transaction costs, and SEK 60 million to be paid in cash, 12 months after the deal.

Goodwill arising from the acquisition of the Automaten group in 2010, have been written down to SEK 0.0 million, which affects the capital gain with SEK -264.1 million. The result for the divested operations amounted to MSEK +26.4.

Revenue from divested operations	47.2
Cost from divested operations	-42.9
Profit from divested operations to the date of disposal	4,3
Capital gain	286.2
Impairment of goodwill	-264.1
Capital gain from disposal	0,0
Profit from divested operations (MSEK)	26,4

Restaurant Casino - First quarter

During the first quarter 2013, turnover increased with 1 percent and amounted to MSEK 32.4 (32.0). During the first quarter many of cherry's partners experienced a low activity at night clubs and restaurants which also had a negative effect on Cherry. EBIT amounted to MSEK 2.7 (2.9).

Important events during the first quarter:

- Cherry's market share increased and amounted to 59 percent (56) of the active gaming tables according to the 2013 March statistics from the Swedish Lotteries and Gaming Authority. Cherry had at the end of the first quarter casinos at 246 gaming locations (224) with a total of 354 gaming tables (327)
- Cherry has during the first quarter entered into 2 new restaurant casino agreements in Sweden. Cherry closed 6 casino locations in Q1 due to poor profitability, lost alcohol permits, bankruptcy and concept changes for the gaming location. This while 4 gaming location has closed for the season.

Development projects

During the first quarter 2013, revenues within the development projects amounted to MSEK 0.0 (0.0) and EBIT to MSEK -0.7 (0.0).

Development projects - Yggdrasil Gaming:

Cherry has after the end of the reporting period, as the first customer, signed an agreement with the newly started gaming company Yggdrasil Gaming Ltd. Cherry has also through the subsidiary Cherry Malta Ltd made an financial investment in Yggdrasil, and are (to 95%) the majority owner of the company, prior the exercise of options granted to management of Yggdrasil. Until further notice, Yggdrasil will be reported under the business area development projects.

Yggdrasil Gaming is a new gaming company founded by industry veteran Fredrik Elmquist. With its concept of "NUMB3RS L0V3RS" Yggdrasil offers a wide range of lottery games, including action-packed 3DKeno, scratch cards for both stray players and high rollers. The games are available both on PC, mobile and tablet devices, and offers support for 11 European languages and multiple currencies. Yggdrasil will provide its portfolio of games to gaming operators with a focus on Europe. Yggdrasil has applied for a Class 4 license from the LGA in Malta.

As the first customer an agreement has been made with PlayCherry Ltd concerning launching products on some of Cherrys gaming sites. Yggdrasil indirectly employees about 20 people in Malta, Eastern Europe and the Nordic countries, especially within development, design and operation.

The Global lottery market amounted to 262 billion dollars in 2011. A large part of the lottery market is expected to move online, in what is called 'the Final Frontier' within

the gaming market. This after the successful establishments of sportbets, bingo, casino and poker. Yggdrasil intend to be a key player for operations who want to take market shares of lottery games online.

The financial investments is expected to have a neutral effect on Cherry's results during the full year 2013 while the turnover is expected to increase. Cherry has so far invested MSEK 5.1 in Yggdrasil in the form of share capital and shareholder loans.

Cash, financing and financial position

The Group's consolidated cash amounted to MSEK 262.7 (45.3) on March 31. Interest bearing liabilities amounted to MSEK 1.6 (15.6).

Staff and Organization

The average number of employees for the Group (calculated as fulltime positions) during the period was 173 (141). The total number of employees at the end of the period was 694 (630).

Risks and Uncertainties

For a description of the risks and uncertainties please see the 2012 Annual Report.

The Parent Company

The parent company provides and sells internal services to other group companies in the areas of finance, accounting, administration and management, and also has some external licensing revenues. Turnover for the full year 2012 amounted to MSEK 0.5 (0.5) and profit after financial items amounted to MSEK -87.9 (-3.3). Related to the impairment of goodwill related to the Automaten sites the shares in the subsidiary have been written down by MSEK 286.9. The parent company's investments in non-current assets amounted to MSEK 104 (33). Cash and cash equivalents amounted to MSEK 227.3 (19.0) at the closing date. Cherry's headquarter has during February changed address to Blekhölmstorget 30, 111 64, Stockholm.

Outlook

The segment Online Gaming is expected to grow faster than the online gaming market. In November 2012, H2 Gambling Capital estimated that the European online gaming market would grow by 9.1 during 2013. Online gaming is exposed to intense competition and subject to a regulatory environment that may change rapidly in the different European countries. Cherry will launch several products/services that fall within the business development projects and that supports Cherry's business concept and long term strategy.

The legal situation for gaming on the Internet changes continuously by 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 announced that they work with new legislation that will be consistent with

EU requirements.

The market for restaurant casino is shrinking every year. An increase in maximum allowed bets could generate growth and jobs. Jan R Andersson (M) has submitted a motion to the Swedish Parliament (2012/13: Kr221) implying that the maximum bet for Black Jack should be adjusted to SEK 200 from the current level of around SEK 70. The motion is expected to be dealt with by the Ministry of Culture during 2013.

Cherry has not issued a forecast for the full year 2013.

Financial calendar 2013

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

- Interim report 2, Wednesday, August 28, 2013
- Interim report 3, Wednesday, November 6, 2013
- Year End report 2013, Interim report 4, Tuesday, February 18, 2014

Proposed dividends

The board propose to the annual general meeting to decide on a dividend to the shareholders of MSEK 143.4 (9.6), corresponding to SEK 11.20 per share (0.75) through a share redemption program, of which SEK 1.20 is the ordinary dividend and SEK 10 represents the extraordinary dividend to shareholders. Provided that the Annual General Meeting approves the Boards proposal, the following dates are applicable;

15 of May 2013

The last trading day with Cherry shares before the split, included the right to redemption shares.

16 of May 2013

The first trading day with Cherry shares after the split, excluded the right to redemption shares.

20 of May 2013

The record date for the share split and right to redemption shares.

22 of May - 5 of June 2013

Trading with redemption shares through Aktietorget (B-shares) or through the broker firm Erik Penser (A-shares).

14 of June 2013

Redemption amount estimated to be paid to holders of redemption shares.

Annual General Meeting

Annual General Meeting in Cherry AB will be held in Stockholm on Tuesday 7 of May 2013, at 15.00.

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 Parent Company applies the same principles as the Group apart from the exceptions in paragraph of RFR 2; Reporting for legal persons. Starting in the fourth quarter of 2012 the Group applies IFRS 5. This as a result of the divestment of the Maritime Gaming segment. IFRS 5 specifies how the divested operations shall be presented and the information to be provided for discontinued operations. Income from discontinued operations shall be presented separately in the income statement, and in the company income statement it is listed under the item "Income from discontinued operations" (net of tax).

Information about the Group's accounting and valuation principles, the annual report 2011, published April 15th, 2012, is available on the company website.

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, 7 of May, 2013

Emil Sunvisson

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Cherry in brief

Cherry is a Swedish gaming company established in 1963 specialized in online casinos and online slot machines; (EuroSlots.com, EuroLotto.com and CherryCasino.com), through subsidiaries in Malta, and in casinos in restaurants in Sweden. Cherry employs around 700 people and has more than 2 400 shareholders. The Company's B-shares are listed on AktieTorget.

Amounts in SEK million unless otherwise specified

Consolidated income statement (remaining operations)	Q1 2013	Q12012	Full year 2012	Full year 2011
Revenues	59,8	52,3	231,5	187,0
Total operating revenues	59,8	52,3	231,5	187,0
Cost of sales	-24,4	-20,3	-89,4	-67,1
Gross profit	35,4	32,0	142,1	143,7
Marketing expenses	-10,4	-8,2	-35,6	-45,7
Personnel expenses	-20,8	-18,3	-75,9	-76,0
Other expenses	-3,9	-2,8	-18,7	-11,9
Operating income (EBITDA)	0,3	2,7	11,8	-13,7
Depreciation and amortisation	-1,6	-1,3	-5,7	-4,5
Operating profit/loss (EBIT)	-1,3	1,4	6,1	-18,2
Financial items	-0,8	-1,2	-3,8	-1,1
Profit before tax	-2,1	0,2	2,3	-19,3
Tax	0,1	-0,2	-0,2	0,6
Profit after tax	-2,0	0,0	2,1	-18,7
Profit for divested operations	26,4	7,0	28,2	52,5
Attributable to:				
Parent company shareholders	24,4	7,0	30,4	36,0
Minority interest	0,0	0,0	0,0	-2,2
Profit after tax	24,4	7,0	30,4	33,8
Earnings per share from remaining operations before dilution (SEK)	-0,16	0,00	0,17	-1,29
Earnings per share from remaining operations after dilution (SEK)	-0,15	0,00	0,16	-1,29
Earnings per share from total operations before dilution including divested operations (SEK)	1,91	0,55	2,37	2,81
Earnings per share from total operations after dilution including divested operations (SEK)	1,84	0,55	2,30	2,81
Statement of total income	Q1 2013	Q12012	Full year 2012	Helår 2011
Profit/loss for the period	24,4	7,0	30,4	33,8
Translation gains/losses on consolidation, overseas operations	-7,8	-3,9	-12,8	-2,1
Total income for the period	16,6	3,1	17,6	31,7
Group per segment/business area	Q1 2013	Q12012	Full year 2012	Helår 2011
Revenues				
Restaurant Casino	32,4	32,0	134,5	125,8
Online Gaming	27,4	20,3	96,9	61,1
Development Projects	0,0	0,0	0,0	0,0
Group-wide	0,0	0,0	0,1	0,1
The Group	59,8	52,3	231,5	187,0
Operating profit/loss (EBIT)				
Restaurant Casino	2,7	2,9	12,3	10,1
Online Gaming	-0,9	0,5	3,0	-16,4
Group-wide	-2,4	-2,0	-8,8	-11,7
Development Projects	-0,7	0,0	-0,4	-0,2
The Group	-1,3	1,4	6,1	-18,2

Amounts in SEK million unless otherwise specified

Consolidated balance sheet	2013-03-31	2012-03-31	2012-12-31
Intangible assets	13,7	349,3	272,2
Property, plant and equipment	7,0	27,1	7,3
Other long-term receivables	0,4	0,6	0,4
Deferred tax receivables	0,0	0,2	0,0
Inventories	0,6	1,0	0,6
Current receivables	121,3	49,5	46,6
Cash and cash equivalents	262,7	45,3	59,0
Total assets	405,7	473,0	386,1
Shareholders' equity	348,8	327,2	332,2
Long-term interest bearing liabilities	0,9	8,2	1,1
Other long-term liabilities	0,0	73,4	0,0
Deferred tax payables	0,1	0,4	0,1
Current interest bearing liabilities	0,7	7,4	0,7
Other current liabilities	55,2	56,4	52,0
Total equity and liabilities	405,7	473,0	386,1
Consolidated cash flow statement (total operations)	Jan- Mar 2013	Jan- Mar 2012	Full year 2012
Profit after financial items	24,3	7,6	32,0
Adjustments for non-cash items	-19,1	3,7	9,6
Taxes paid	-0,2	0,0	-1,3
Cash flow from operating activities before changes in working capital	5,0	11,3	40,3
Changes in working capital	-13,6	7,0	0,8
Cash flow from operating activities	-8,6	18,3	41,1
Net investments	-3,8	-3,3	-15,1
Change in long-term receivables	0,0	0,0	0,2
Sales of shares and property, plant and equipment	217,7	0,0	27,8
Cash flow from investing activities	213,9	-3,3	12,9
Contribution from minority	0,0	0,0	-1,3
Dividend	0,0	0,0	-9,6
Change in long-term liabilities	-0,2	0,0	-13,3
Cash flows from financing activities	-0,2	0,0	-24,2
Change in cash and cash equivalents	205,1	15,0	29,8
Cash and liquid assets at beginning of period	59,1	30,4	30,4
Exchange rate differences	-1,5	-0,1	-1,2
Cash and liquid assets at end of period	262,7	45,3	59,0
Attributable to divested business	Jan- Mar 2013	Jan- Mar 2012	Full year 2012
Cash flow from operating activities	5,2	10,5	26,6
Cash flow from investment activities	216,7	-0,7	24,4
Cash flow from financial activities	0,0	-1,1	-1,8
Changes in Group equity	2013-03-31	2012-03-31	
Opening balance	332,1	325,5	
New share issue	0,0	-1,4	
Total profit/loss	16,6	3,1	
Equity, end of period	348,7	327,2	
Attributable to:			
Parent company shareholders	348,7	327,2	
Minority interest	0,1	0,0	
Total equity	348,8	327,2	

Amounts in SEK million unless otherwise specified. Result affecting key performance indicators have been adjusted for the divested operations, Business segment Maritime Gaming and the Automaten sites.

Group key performance indicators

	Jan-Mar 2013	Jan-Mar 2012	Full year 2012	Full year 2011
	2013-03-31	2012-03-31	2012-12-31	2011-12-31
Number of outstanding shares at the end of the period (thousands)	12 803	12 803	12 803	12 803
Average number of outstanding shares during the period (thousands)	12 803	12 803	12 803	12 803
Number of own shares	0,0	0,0	0,0	0,0
Number of registered shareholders	2 464	1932	1932	1956
Published price at the end of the period (SEK)	34,00	29,00	29,00	17,70
Earnings per share before dilution (remaining operations)	-0,16	0,00	0,17	-1,29
Earnings per share after dilution (remaining operations)	-0,15	0,00	0,16	-1,29
Earnings per share from total operations before dilution including divested operations (SEK)	1,91	0,55	2,37	2,81
Earnings per share from total operations after dilution including divested operations (SEK)	1,84	0,55	2,30	2,81
Cash flow per share (SEK)	16,03	1,17	2,33	0,33
Equity per share (SEK)	27,25	25,56	25,95	25,42
Executed dividend per share (SEK)	0,00	0,00	0,75	0,75
Return on equity (percent)	-1	0	1	-5
Return on total capital (percent)	-1	0	1	-4
Return on capital employed (percent)	-1	0	1	-5
Operating margin (EBITDA, percent)	0,5	5,0	5,1	-7,3
Operating margin (EBIT, percent)	-2,1	2,6	2,7	-9,7
Profit margin (percent)	-3,5	0,4	1,0	-10,3
Equity/assets ratio (percent)	86	69	86	70
Quick ratio (percent)	688	76	87	87
Net investments (SEK million)	3,8	-3,3	15,1	6,1
Cash and liquid assets (SEK million)	262,7	45,3	59,0	30,4
Average number of employees (full-time equivalents)	173	146	160	145
Number of employees at end of period	694	630	677	656
Restaurantcasino				
Number of venues Cherry operates casino in Sweden	246	224	243	240

Online Gaming:

	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Number of registered customers at end of period	228 934	196 240	168 285	148 301	125 469
Number of new registered customers during the period	32 694	27 955	19 984	22 832	24 155
*Number of active players during the period	20 001	15 016	13 555	17 519	16 966
Deposit amount (SEK million) during the period	53,8	51,0	47,5	38,1	29,3

Online Gaming:

	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Number of registered customers at end of period	10134	70 077	44 867	28 896
Number of new registered customers during the period	31237	25 210	15 971	28 896
*Number of active players during the period	21591	22 668	20 629	16 317
Deposit amount (SEK million) during the period	29,5	20,1	19,3	14,7

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