



**Cherry**

# CHERRY AB (PLC)

INTERIM REPORT 3

1 JANUARY - 30 SEPTEMBER 2016

# SUPER HEROES



BEST ONLINE GAMING OPERATOR  
2014 & 2015 & 2016

## Highlights

### Third quarter: Revenues grew 39% to MSEK 214.0 and EBITDA increased 78% to MSEK 30.9

- Group revenue increased by 39 percent year-on-year to MSEK 214.0 (154.1).
- Profitability improved considerably and EBITDA increased 78% year-on-year to MSEK 30.9 (17.4). EBIT amounted to MSEK 21.5 (11.0). The result was burdened with acquisition costs for ComeOn and Nasdaq listing costs of MSEK -4.0.
- The result after tax was MSEK 31.1 (12.1), equivalent to SEK 1.33 (0.65) per share after dilution and minority interests.
- At the end of July, Cherry acquired 49 percent of shares in ComeOn Malta Ltd. ComeOn's revenue amounted to MSEK 263 (an increase of 36 percent) and adjusted EBITDA amounted to MSEK 78 (+115 percent). Cherry's share of ComeOn's earnings after acquisition depreciations (MSEK -6.8) amounted to MSEK 21.9 and is included in financial items.
- Online Gaming revenue grew organically by 39 percent and EBITDA amounted to MSEK 18.1 (11.5). *The figures do not include ComeOn and Game Lounge. Game Lounge is now reported as a separate business area.*
- Game Lounge's revenue grew by 167 percent and EBITDA increased 104 percent to MSEK 6.0 (2.9).
- Yggdrasil Gaming's revenue grew by 299 percent and EBITDA increased 385 percent to MSEK 9.2 (1.9).
- Restaurant Casino's revenue amounted to MSEK 39.5 (42.5) and EBITDA amounted to MSEK 4.2 (5.3).

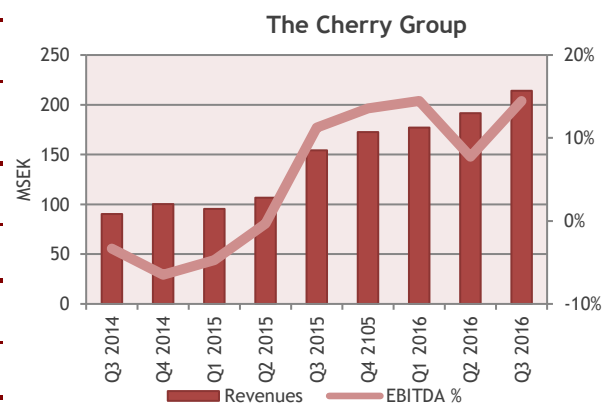
### Nine-month interim period: Revenues grew 64% to MSEK 583.0 and 49% of ComeOn was acquired

- Group revenue increased by 64 percent compared to the previous year and amounted to MSEK 583.0 (356.2).
- EBITDA increased by 472 percent and amounted to MSEK 71.4 (12.5). EBIT amounted to MSEK 45.0 (-3.1).
- The result after tax amounted to MSEK 57.0 (-6.4) equivalent to SEK 2.41 (-0.72) per share after dilution & minority interest. The result was burdened with acquisition costs for ComeOn and Nasdaq listing costs of MSEK 9.1.
- Online Gaming revenue grew by 78 percent and EBITDA amounted to MSEK 35.5 (-0.6). *The figures do not include ComeOn and Game Lounge. Game Lounge is now reported as a separate business area.*
- Game Lounge's revenue grew by 173 percent and EBITDA amounted to MSEK 13.6 (7.0).
- Yggdrasil Gaming's revenue grew by 465 percent and EBITDA amounted to MSEK 26.9 (0.3).
- Restaurant Casino's revenue amounted to MSEK 114.1 (117.2) and EBITDA amounted to MSEK 11.8 (14.5).

### Important events after the end of the quarter

- ComeOn is enjoying rapid organic growth and good profitability. As a result, ComeOn's management updated its forecast for the full year 2016 and now expects sales of approximately MSEK 1,000 with an operating profit of MSEK 260. Cherry believes that ComeOn, from an accounting perspective, will consolidate from 1 October, 2016, provided the Board decides to exercise the option to acquire the remaining shares in ComeOn.
- Cherry intends, together with ABG Sundal Collier as financial advisor, to examine the possibility of a further bond issue under its existing bond (ISIN SE0008321616). The proceeds are intended to be used to partially finance the acquisition of the remaining shares in ComeOn, provided the Board decides to exercise the option to acquire the remaining 51 percent of the shares.
- To maintain focus and continue to deliver strong growth with good margins while rapidly integrating the acquired companies, we have revised the schedule considering Cherry's Nasdaq Stockholm listing, which is now expected during the first half of 2017.

Group	Q3		Jan-Sep	
	2016	2015	2016	2015
Revenue	214,0	154,1	583,0	356,2
EBITDA	30,9	17,4	71,4	12,5
EBIT	21,5	11,0	45,0	-3,1
<b>Online Gaming - Cherry iGaming</b>				
	Q3	Q3	Jan-Sep	Jan-Sep
	2016	2015	2016	2015
Revenue	142,8	102,6	389,8	219,5
EBITDA	18,1	11,5	35,5	-0,6
<b>Performance-based marketing - Game Lounge</b>				
	Q3	Q3	Jan-Sep	Jan-Sep
	2016	2015	2016	2015
Revenue	15,9	6,0	38,3	14,0
EBITDA	6,0	2,9	13,6	7,0
<b>Restaurant Casino - Cherry Spelglädje</b>				
	Q3	Q3	Jan-Sep	Jan-Sep
	2016	2015	2016	2015
Revenue	39,5	42,5	114,1	117,2
EBITDA	4,2	5,3	11,8	14,5
<b>Game Development - Yggdrasil Gaming</b>				
	Q3	Q3	Jan-Sep	Jan-Sep
	2016	2015	2016	2015
Revenue	21,0	5,3	55,1	9,8
EBITDA	9,2	1,9	26,9	0,3



*Game Lounge, which previously was reported under Online Gaming, is reported separately from Q3 2016.*

*ComeOn's figures are only reported under Financial items as Results from participations in associated companies*

## CEO's third quarter comments

Cherry continues to grow substantially faster than the market. For the third quarter, organic growth amounted to 38 percent and total growth to 39 percent. The formula for success is based on the strategy Cherry implemented two years ago, in which we have developed our business areas and added strategic acquisitions of fast-growing companies where the founders and entrepreneurs continue to stay active in the business. Today, Cherry is an innovative and fast-growing gaming company, operating across a broad part of the gaming value chain. Our business areas provide Cherry with diversified and profitable revenues from four separate and strong business areas, with the potential for strong onwards development. To clearly illustrate our business, beginning from the third quarter of this year, the Board has decided to separately report Game Lounge, which is active in performance-based marketing. Cherry's online activities continue to grow substantially faster than the market and now accounts for 82 percent (72) of Group sales.

During the quarter, Cherry finalised the acquisition of 49 percent of ComeOn and, until December 31, 2016, holds an option to acquire the remaining 51 percent of the company. The acquisition means that Cherry strengthens its position in online gaming and enhances our position against competitors, both in Scandinavia and in other European markets, while adding strong brands. Cherry also strengthens its client base within sports betting, which accounts for about one quarter of ComeOn's revenue. Both the business segment Online Gaming - Cherry iGaming and ComeOn are growing substantially faster than the market with strong profitability and this allows for further investment in existing brands with continued expansion into new markets. Together with ComeOn's management and founders, the work to quickly maximize our common values and offering has been drawn up. The integration process is ongoing. For the third quarter, ComeOn reports organic growth of 36 percent and a preliminary revenue of approximately SEK 263 million, with EBIT amounting to about SEK 78 million. If they had consolidated, Cherry Group and ComeOn would have had a revenue, for the third quarter of 2016, of approximately SEK 475 million and an EBITDA of about SEK 109 million. ComeOn's management has, based on the quarterly report, revised its forecast for the full year and expects a revenue of approximately SEK 1,000 million with an operating profit of approximately 260 million for 2016. Already this year, the acquisition is expected to have a significant positive effect on earnings per share, and from the fourth quarter ComeOn will be consolidated, provided the option of a further 51 per cent is called upon. Cherry is positive to ComeOn's strong growth, good profitability and future development.

During the quarter, Cherry's business area Online Gaming - Cherry iGaming had very strong organic growth of 39 percent. The activity on our gaming sites increased substantially. Active customers increased by as much as 47 percent while deposited amounts were up by 38 percent, compared to the third quarter of 2015. During the quarter, gross gaming surplus from mobile devices increased by 116

percent. During the quarter, we continued to upgrade our gaming sites with our latest technology and new product verticals. Among other things, EuroSlots entered a partnership with a large master affiliate and the site has also been updated with the latest technology.

Our new business area, Game Lounge, continues to develop strongly and is one of the fastest growing companies within performance-based marketing and the creation of customer contacts (leads) online. Growth was 167 percent with a healthy profit, despite major investments in new markets, SEO and marketing to build strong brands. Going forward, we expect continued strong growth with improved margins.

During the third quarter, Gaming Development - Yggdrasil Gaming continued its outstanding performance, as revenues grew by 299 percent with an EBITDA margin of 44 percent. The bet amount (bet turnover) increased by 445 percent. Mobile gaming accounted for 54 percent (35) of the total Gross Win Game. Yggdrasil has, during the quarter, received two additional licences for the re-regulated market of Romania, creating opportunities for new contracts. Also during the quarter, three new and innovative quality games were delivered, which were well received by both customers and operators. The world's largest gaming operator, bet365, went live in August and a contract was signed with the operator Casumo. Yggdrasil continues to launch additional, innovative, and industry-first promotional tools, such as "BRAG", where players can share their gaming actions on social media, and, after the end of the quarter, the promotional tool "Missions", taking gamification to a new level. As new operators are deployed, more games are launched at existing customers and the gaming portfolio grows, Yggdrasil's revenues will increase further.

Restaurant Casino - Cherry Spelglädje continues to deliver solid earnings and the strategic acquisition of Betman AB will increase both sales and earnings from the fourth quarter. Cherry is the only private gaming company included in the peer group for new gaming legislation in Sweden, and with a market share of 68 percent, is well positioned to benefit from any future increase of bets. A motion has been filed by MP Jan R Andersson (M) to raise the stakes for Restaurant casino games.

In order to keep focused on delivering robust growth with good margins while rapidly integrating recent acquisitions, the Board has revised the timetable concerning Cherry's change of listing to Nasdaq Stockholm, which is now expected to take place during the first half of 2017. Despite our size in terms of staff, we are still an agile and entrepreneurial organisation where flexibility is important, and we currently believe that management must maintain all focus on integrating the newly acquired businesses and delivering strong growth in profitability.

Our ambition is to continue to grow faster than the market, and we are well prepared to do this, both through organic growth and via acquisitions. /Fredrik Burvall, CEO

## The Group

The figures include ComeOn only under financial items as profit from shares in associated companies.

### Third quarter

The Group's revenues increased by 39 percent to MSEK 214.0 (154.1). Organic revenue amounted to 38 percent. EBITDA and EBIT for the Group improved considerably and amounted to MSEK 30.9 (17.4) and MSEK 21.5 (11.0), respectively. The EBITDA margin increased to 14.4 percent, to be compared with an EBITDA margin of 6.8 percent for the full year 2015.

Net financial items amounted to MSEK 10.6 (2.8) where Cherry's share of ComeOn's profit for the period 1 August, 2016 - 30 September, 2016 amounted to MSEK 21.9 after acquisition depreciations of MSEK -6.8, while the interest expense for the bond that finances the purchase amounted to MSEK -9.6 (0.0) for the third quarter. Net financial items were affected by MSEK -0.9 (3.0), as a result of exchange rate revaluations of claims and liabilities in euros.

The Group's consolidated profit after financial items amounted to MSEK 32.1 (13.8) and profit after tax amounted to MSEK 31.1 (12.1), equivalent to SEK 1.33 (0.65) per share after dilution and minority interest.

### Nine-month interim period

The Group's revenue increased by 64 percent and amounted to MSEK 583.0 (356.2). EBITDA for the Group improved considerably and amounted to MSEK 71.4 (12.5) and EBIT amounted to MSEK 45.0 (-3.1).

Net financial items amounted to MSEK 16.9 (-1.1) where Cherry's share of ComeOn's profit for the interim period amounted to MSEK 21.9 after acquisition depreciation of -6.8 MSEK, while the interest expense for the bond that finances the purchase amounted to MSEK -9.6 (0.0) for the third party. Net financial items were affected by MSEK 5.5 (-1.0) as a result of exchange rate revaluations of claims and liabilities in euros.

The Group's consolidated profit after financial items amounted to MSEK 61.9 (-4.2) and profit after tax amounted to MSEK 57.0 (-6.4), equivalent to SEK 2.41 (-0.72) per share after dilution and minority interest.

### Important events during the third quarter

- At the end of July, Cherry completed the acquisition of 49 percent of the shares in ComeOn Malta Ltd. The purchase price was paid with 2,901,461 B-shares in Cherry AB (publ) and EUR 39.7 million in cash, a total of EUR 80 million. The new share issue, directed to the sellers of ComeOn, represents a dilution of 16.8 percent of the shares and 11 percent of the voting rights in

Cherry. Cherry's profit share is reported as an associated company under financial items and is included from the 1 August, 2016.

## Business Areas

Cherry's operations are divided into the following business areas: *Online Gaming - Cherry iGaming, Performance-based marketing - Game Lounge, Restaurant Casino - Cherry Spelglädje, Game development - Yggdrasil Gaming and Development Projects*. From the third quarter 2016, it has been decided to report Game Lounge separately, which was previously included in the business area Cherry iGaming. The figures for Game Lounge are also reported separately historically. See accounting principles (p. 11) for more information.

### Online Gaming - Cherry iGaming

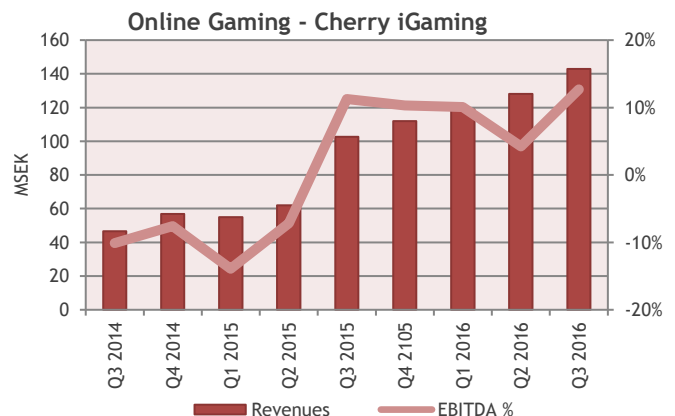
This business area includes online casino, sports betting and lottery on computers, tablets and mobiles on CherryCasino.com, EuroSlots.com, EuroLotto.com, SveaCasino.com, SuomiAutomaatti.com, SunMaker.com, SunnyPlayer.com and SpilleAutomater.com. Web Resorts offers games on sites including NorgesSpill.com and NordicSlots.com. The acquisition of ComeOn is not included in the figures below.



### Third quarter/Interim period

During the third quarter, revenue increased by 39 percent and amounted to MSEK 142.8 (102.6). Profits improved significantly. EBITDA increased 57 percent and amounted to MSEK 18.1 (11.5) and EBIT amounted to MSEK 14.0 (9.2).

Cherry iGaming continued to show strong growth during the third quarter and deposits increased by 38 percent and amounted to MSEK 371.4 (269.2). The number of active customers increased by 47 percent and amounted to 88,752 (60,300). During the third quarter, the number of new customers amounted to 105,493 (426,274), where the comparison numbers includes the Almor-acquisition where the whole customer base from the acquisition was registered in the third quarter of 2015. The number of registered customers amounted to 1,383,253 (981,488) at the end of the quarter.



Marketing activities increased for Cherry iGaming during the third quarter, and amounted to MSEK 46.2 (26.9), which was equivalent to 32 percent of revenues. Above all, significant marketing spends on CherryCasino.com, SpilleAutomater.com, SunMaker.com and SunnyPlayer.com, resulted in a large increase in customer intake and deposits. Cherry's work with customer loyalty programmes has continued and contributed to increased profitability. Volumes on mobile and tablet amounted to 44 percent (27) of Cherry iGaming's total Gross Game Win during the third quarter, excluding the Almor brands. Including the Almor brands, the share of mobile/tablet amounted to 36 (20) percent, as SunMaker.com was migrated to Cherry's platform in December 2015 and SunnyPlayer.com in February 2016.

During the nine-month interim period, revenue increased by 78 percent and amounted to MSEK 389.8 (219.5). EBITDA amounted to MSEK 35.5 (-0.6) and EBIT amounted to MSEK 23.2 (-6.0).

**Important events during the third quarter**

- The site EuroSlots was relaunched with increased marketing power thanks to a new partnership with Malta- and Denmark-based Power Media Group and their affiliate network Matching Visions. A master affiliate agreement was signed and the site has received a makeover. Cherry iGaming is expecting increased activity on the site through this cooperation, which will focus on European markets.
- Lotto has been added to CherryCasino.com.

**Important events after the interim report**

- Signed agreement with Evolution Gaming regarding Live Casino. The agreement gives Cherry's brands access to Evolution's whole range of standardised and exclusive Live Casino games in real time from Evolution's studio in Latvia. Cherry also gets access to Evolution's local services for Europe, including Live Casino games in local languages in real time from Evolution's studio in Malta. The product is expected to be integrated by the end of the fourth quarter 2016.

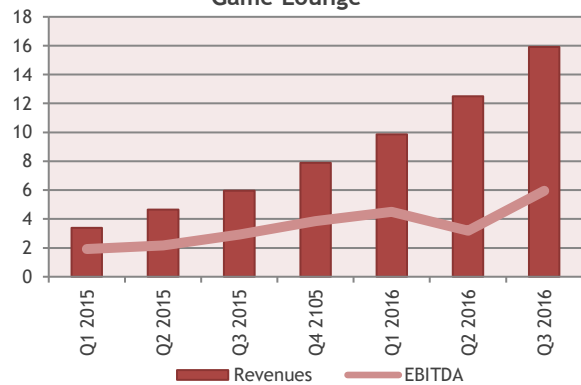
**Performance-based Marketing - Game Lounge**



Game Lounge is one of the fastest growing European companies within 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. iGaming operators such as Betsson, Cherry and others. The company works with a business model that is based on revenue sharing with iGaming operators, where Game Lounge delivers high quality customers to operators through organic traffic. Game Lounge is working with building strong brands for its sites and is investing considerably in marketing, content on sites and search engine optimisation (SEO) for various keywords. The company currently operates in nine markets and the CEO is Jonas Cederholm. Cherry is holding 51% of the company with the option to acquire a further 49% after 2017 for a multiple of 4.5 x EBIT.

**Perfomanced-based marketing - Game Lounge**



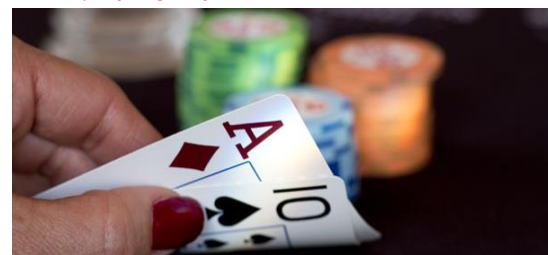
**Third quarter/Interim period**

During the third quarter, revenue increased by 167 percent and amounted to MSEK 15.9 (6.0), of which MSEK -2.3 (-0.9) was internal revenue from Cherry's gaming sites, including Game Lounge's share of the revenues from the white label-sites SveaCasino.com and SuomiAutomaatti.com. EBITDA amounted to MSEK 6.0 (2.9) and EBIT amounted to MSEK 4.8 (2.0). The focus on building strong brands, enhancing SEO and entering new markets has initially had a negative impact on to the company's earnings, but is expected to generate significant growth and contribute to increased earnings going forward.

During the nine-month interim period, revenue increased by 173 percent and amounted to MSEK 38.3 (14.0), of which MSEK -5.1 (-2.1) refers to internal revenues from Cherry. EBITDA amounted to MSEK 13.6 (7.0) and EBIT amounted to MSEK 10.7 (5.6).

**Restaurant Casino - Cherry Spelglädje**

Traditional casino table games (blackjack and roulette) operate in approximately 250 Swedish restaurants, nightclubs and



hotels. Cherry Spelglädje also offers Event Casino for companies and private individuals.

**Third quarter/Interim period**

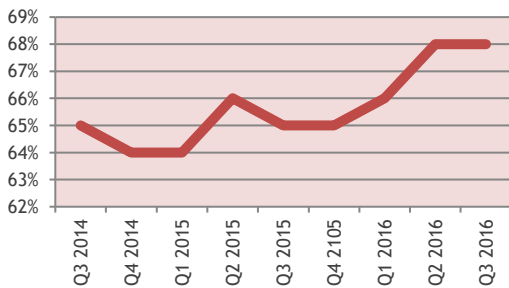
During the third quarter of 2016, revenue amounted to MSEK 39.5 (42.5). EBITDA amounted to MSEK 4.2 (5.3) and EBIT amounted to MSEK 3.4 (4.2). The revenue decrease is explained by a lower frequency of visitors to nightclubs during the period. A large recruitment of new croupiers has also had a negative effect on revenue and profitability during the initial training period, but is expected to show return on investment in time. The increased employer contributions for young people are affecting the margins negatively to some extent, but it could also open opportunities for Cherry to acquire competitors. The acquisition of Betman AB will be consolidated from the fourth quarter 2016.

During the nine-month interim period, revenue amounted to MSEK 114.1 (117.2). EBITDA amounted to MSEK 11.8 (14.5) and EBIT amounted to MSEK 9.5 (11.0).

**Important events during the third quarter**

- Cherry's market share amounted to 68 percent (65) of active gaming tables, according to the September 2016 statistics from the Swedish Lotteries and Gaming Authority. At the end of the quarter, Cherry had casinos at 250 gaming venues (253) with a total of 351 gaming tables (350).

**Market share Cherry Spelglädje**



- During the third quarter, eight new agreements were signed, while seven gaming venues were closed due to concept changes, bankruptcies or because they were not profitable. Other than that, another seven closed for the season. Cherry signed agreements with Lion Bar Örebro, Harrys Strängnäs and Bellmans Halmstad among others.
- In September, Cherry signed an agreement to take over the gaming agreements, casino personnel and equipment from Betman AB from 1 October, 2016. Betman operates restaurant casino in 15 venues with 27 gaming tables in the Stockholm area, Sälen and Visby. The acquisition is expected to contribute MSEK 11.0 in revenue and a positive EBITDA of MSEK 2.0. The purchase price, which includes the maximum additional purchase price, amounts to MSEK 3.9. The deal is expected to

generate ROI in less than two years. MSEK 2.2 is paid in cash on acquisition and the additional purchase price will be paid during Q3 2017.

**Important events after the interim report**

- Vice CEO for Cherry Spelglädje AB, Per-Anders Persson, resigned on 31 October.
- A proposal has been submitted by the member of the parliament Jan R Andersson (M) to raise the maximum bet for Restaurant Casino

**Game Development - Yggdrasil Gaming**

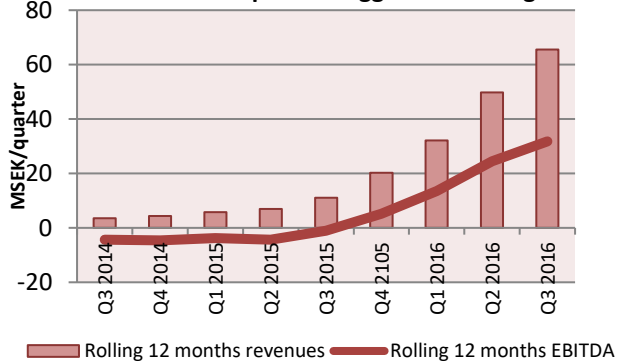
Yggdrasil Gaming develops computer, mobile and tablet games. Yggdrasil Gaming has licences in Malta, UK, Gibraltar and Romania. Yggdrasil licenses and distributes its products to various gaming operators.



**Third quarter/Interim period**

During the third quarter, revenue increased by 299 percent and amounted to MSEK 21.0 (5.3), of which MSEK 3.0 (1.2) was internal revenue from Cherry's gaming sites. The EBITDA margin amounted to 44 percent and EBITDA amounted to MSEK 9.2 (1.9), while EBIT amounted to MSEK 5.8 (0.0).

**Games development - Yggdrasil Gaming**



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 "Legend of the White Snake Lady", "Big Blox" and "Double Dragons" were launched.

In the third quarter, bet turnover increased by 445 percent. The number of player transactions (bets) increased by 427 percent and amounted to 438 million (83). Mobile's share of Gross Game Win increased to 54 percent (35), which is very competitive when comparing with other game developers.

At the end of the quarter, Yggdrasil had launched their games with 26 operators, including bet365, Betsson, Unibet, LeoVegas, Vera&John, GVC, Mr Green and Cherry. During the quarter two agreements were signed, whereof one was with Casumo.

During the nine-month interim period, revenue increased by 465 percent and amounted to MSEK 55.1 (9.8), of which MSEK 9.2 (2.3) was internal revenue from Cherry's gaming sites. The EBITDA margin improved strongly and amounted to 49 percent and EBITDA amounted to MSEK 26.9 (0.3), while EBIT amounted to MSEK 18.1 (-4.8).

Yggdrasil Gaming has signed a total of 37 agreements. Four agreements have been terminated due to customers having discontinued their operations or due to legal changes. Yggdrasil has signed eight agreements for its progressive jackpot games, Joker Millions and Empire Fortune, of which seven are live. Yggdrasil Gaming has signed agreements with seven operators in the UK, of which all are live with Yggdrasil's games.

Yggdrasil's games portfolio now consists of 27 video slots and a number of innovative lottery and keno games.

During the quarter, Yggdrasil also launched its White Label Studios concept. The industry-first concept allows operators to build custom slots through Yggdrasil White Label Studios. Operators using the new studio will be assigned a dedicated team that will produce fully customised, permanently exclusive content based upon Yggdrasil's award-winning technology platform and promotional tools. Clients will require minimal technical competence in games design, with White Label Studios handling the construction of the game client, provision of the remote game servers, performance testing, certification and translation. Yggdrasil White Label Studios has capacity for up to two partners by Q2 2017, with further capacity added during H2 2017.

After the quarter, Yggdrasil White Label Studios signed its first agreement with an operator, which has chosen to remain anonymous. The first games via the agreement are expected to be delivered to the operator during 2017.

Yggdrasil has achieved a position as a quality game developer and continues to take market share from its

competitors. The company's revenues are expected to rise as the number of games and operators increase. Many signed operators have still not launched all Yggdrasil 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 84.8 percent at the end of the quarter. Key personnel within Yggdrasil hold the remaining ownership and have options to subscribe to new shares, which would reduce Cherry's ownership to 84 percent at the lowest.

#### Important events during the third quarter

- The games "Legend of the White Snake Lady", "Big Blox" and "Double Dragons" were launched.
- In August, bet365 went live.
- In August, Yggdrasil launched a new, industry-first promotional tool called "BRAG", where players can share their game sequences on social media.
- In September, two agreements were signed, whereof one was with Casumo.
- Yggdrasil launched a white label development studio for iGaming Operators.
- In September, Yggdrasil was awarded two licences by the Romanian National Gambling Office which gives Yggdrasil the right to offer its games and marketing tools to licensed operators in Romania.

#### Important events after the third quarter

- The games "Empire Fortune" and "Super Heroes" were launched in October. "Empire Fortune" is Yggdrasil's second progressive jackpot game.
- In October, Yggdrasil launched the marketing tool Missions, which enables operators to add gamification elements to Yggdrasil's games.
- Yggdrasil White Label Studios signed its first agreement with an operator, which has chosen to remain anonymous. The first games are expected to be delivered to the operator during 2017.
- In order to best facilitate continued growth and development of the business area, the Board has decided to establish a parent company for the business area Yggdrasil Gaming. The purpose of the parent company is to recruit the expertise required to allow for continued strong growth.

## Acquisitions

### ComeOn

On 2 May, 2016, Cherry AB (publ) signed an agreement to acquire 49 percent of the shares in ComeOn Malta Ltd. with an option to acquire the remaining 51 percent. The acquisition of the first 49 percent was finalised on the 20 July, 2016. ComeOn is a leading company in the rapidly expanding online gaming markets on desktop, tablet and mobile. ComeOn's offering complements Cherry with well-known brands and strong positions, mainly in online casino and sports betting.

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

With its successful multi-brand strategy, ComeOn enjoys a strong position in each of its main markets. ComeOn markets games under several well-established brands such as ComeOn.com, Mobilbet.com, CasinoStugan.com, folkeautomaten.com, Suomikasino.com. GetLucky.com, Mobilautomaten.com and Kasyno.pl. Cherry will strengthen its customer base within sports betting, which accounted for approximately one quarter of ComeOn's revenues.

ComeOn expects to have sales of MSEK 1,000 with an operating profit of approximately MSEK 260 in 2016. The company's depreciation is insignificant.

### Facts ComeOn

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

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

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

### Reporting of ComeOn

Cherry's share of ComeOn's results will be taken up in the report among financial items, the result from associated companies, from 1 August, 2016. As previously announced, Cherry has an option to acquire the remaining 51 percent shares in ComeOn. The option can be exercised during the period 1 October, 2016 to the 31 December, 2016. When the control of the company changes from significant to controlling, the company shall be consolidated under the IFRS. Cherry has up to date not called for the option. When an option to acquire a controlling influence can be

exercised, however, controlling interest is deemed to exist. Cherry believes, therefore, that ComeOn, from an accounting perspective, will be consolidated from 1 October, 2016, provided the option is exercised.

### Third quarter and interim period

*The numbers have not been audited and are adjusted for non-recurrent expenses or expenses that are not related to the reporting period.*

*ComeOn financial information					
*The figures have not been audited and are adjusted for non-recurrent cost and cost not related to the reporting period.					
Figures in MSEK	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	ComeOn FY 2016 ESTIMATE
Revenue	263	194	711	535	1 000
Revenue growth vs 2015	36%		33%		
EBITDA	78	36	178	105	261
EBITDA margin	30%	19%	25%	20%	26%
EBIT	78	36	177	104	260
EBIT margin	30%	19%	25%	19%	26%
Number of registered customers	1 521 948	981 002	1 521 948	869 548	
Number of new registered customers	138 969	111 453	409 016	322 041	
Growth vs 2015	25%		27%		
Number of active players	195 980	149 264	195 980	149 264	
Growth vs 2015	31%		31%		
Deposit amount	745,8	558,0	2 108,2	1 571,3	
Growth vs 2015	34%		34%		
Total Mobile gaming % vs Gamewin	50%	45%	48%	43%	
Sportsbook share of Revenue	25%	28%	24%	27%	
Casino share of Revenue	75%	72%	76%	73%	

\*Currency used for 2016 SEK/EURO - 9,3731 and for 2015 SEK/EURO - 9,3724

During the third quarter, revenues increased 36 percent to MSEK 263 (194). The result increased substantially with an EBITDA of MSEK 78 (36) and EBIT of MSEK 78 (36). The revenue growth is organic and the profit improvement is explained by increasing volumes and lower costs of sales.

During the third quarter, growth continued for ComeOn and deposited amounts increased by 34 percent to MSEK 746 (558). The number of active customers increased by 31 percent to 195,980 (149,264). New customers increased by 25 percent to 138,969 (111,453). The number of registered customers was 1,521,948 (981,002) at the end of the period. ComeOn's mobile share of Gross Game Win amounted to 50 percent (45).

For the interim period, revenues increased by 33 percent to MSEK 711 (535). EBITDA amounted to MSEK 178 (105) and EBIT to MSEK 177 (104).

### Pro-forma Cherry and ComeOn

The table below describes how the combined Cherry and ComeOn group would look if the companies' accounts had been consolidated for the interim period. Intra-group sales to Yggdrasil Gaming have been eliminated. The numbers have not been audited and complete review of Cherry and ComeOn's figures are



adjusted for non-recurring expenses or expenses that are not attributable to the reporting period.

*Pro-forma Group (Cherry and ComeOn)				
<i>*Figures in MSEK. The figures have not been audited</i>				
	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015
Revenue	475	347	1 291	891
Revenue growth vs 2015	37%		45%	
EBITDA	109	54	250	117
EBITDA margin	23%	15%	19%	13%

*\*ComeOns figures are adjusted for non-recurrent cost and cost not related to the reporting period.*

### Financial information

The total consideration is calculated based on a multiple of 10 times the operating profit (EBIT) for 2016, and will be paid in two tranches. In tranche one, which took place 20 July, 2016, Cherry acquired 49 percent of the shares in ComeOn for a consideration of EUR 80 million. This part of the consideration will be deducted from the payment of the final and total consideration in tranche two. The acquisition of the shares in ComeOn has been financed with a combination of new shares and cash. The consideration in step one was made with 50.4 percent new shares and 49.6 percent cash. The price for the shares was fixed at SEK 128.25. The cash part was financed through a four-year senior secured bond. Initially EUR 50 million was issued within a frame of EUR 200 million with maturity on 11 July, 2020. The bond comes with a floating interest rate of Euribor 3 month + 9.00 percent, with a minimum interest rate of 9.00 percent. Interest is to be paid quarterly. Amortisation starts year two with quarterly amortisations of 2.5 percent of the initially drawn amount. The bond is expected to be traded on Nasdaq Stockholm starting September 2016. In total, more than 70 investors participated in the bond issue. At the end of the third quarter the latest average price of the bond amounted to 104.33.

Cherry expects a positive effect on earnings for 2016 from the ownership in ComeOn. Cherry's share of ComeOn's result after net financial items in 2016 is expected to be approximately MSEK 55 to MSEK 60 after acquisitions depreciations have been deducted. Cherry's transaction costs for the acquisition is expected to affect the 2016 result by approximately MSEK 8-10. In addition, EUR 1 million will be paid in fees for the first bond, which will be expensed during the bond's tenure. The shares (the 49 percent) will be accounted for as a minority shareholding and will therefore not affect Cherry's sales or operating profit, but is expected to have a positive effect on earnings per share.

The final and total consideration for the shares in ComeOn will also be paid with a combination of newly-issued shares and cash. The cash part is to be financed with an expansion of the corporate bond, and the price for the new share issue will be calculated as the

volume weighted average share price during the fifteen trading days following Cherry's announcement to exercise the option to acquire the remaining 51 percent in ComeOn (tranche two). The option can be exercised during the period 1 October, 2016 to 31 December, 2016. Should Cherry decide not to use the option, then the seller has the right to repurchase the shares in ComeOn for EUR 40 million. The total consideration can be a maximum of EUR 280 million on a debt-free basis.

The acquisition of the 49 percent of the shares ComeOn has the following effects on Cherry's assets and liabilities:

MSEK	Fair value, 49 %
Intangible Assets	
Trade name och trademarks	182
Technology	21
Customer Relationships	56
Fixed Assets	2
Trade and other receivables	26
Cash	69
Deferred tax	-16
Debts and liabilities	-82
Identified net assets	260
Goodwill	532
<b>Purchase price</b>	<b>-792</b>
Purchase price transferred in October 2016	27
Payment with shares	389
<b>Net effect on cash and cash equivalents</b>	<b>-376</b>

The acquisition balances are not definitive.

Cherry's share of ComeOn's profit for 1 August, 2016 to 30 September, 2016 amounted to MSEK 21.9 after depreciations on the acquired assets of MSEK 6.8 during the same period.

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

The dilution in Cherry in step one (acquisition of 49 percent of ComeOn) amounts to 16.8 percent of the number of shares and 11 percent of the voting rights.

### 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.

#### Interim period

Revenues within Development projects amounted to MSEK 0.0 (0.0). EBIT amounted to MSEK -9.1 (-2.4) due to costs for the Nasdaq Stockholm listing and the acquisition of ComeOn.

#### Cash and liabilities

The Group's consolidated cash amounted to MSEK 84.7 (10.0) on 30 September. The Group has a continued strong liquidity and an unused overdraft facility of MSEK 20.

Interest bearing liabilities amounted to MSEK 473.2 (3.1) because Cherry has issued a bond of MEUR 50 to finance the ComeOn acquisition. At the end of the quarter there were overdue receivables from two of Cherry's partners, amounting to MSEK 21.4. MSEK 4.8 of these has been settled as of 25 October

Customer liabilities, including the provision for accumulated jackpots, amounted to MSEK 36.4 (7.4). 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 4.9 (2.5).

#### Share issue in connection to the acquisition of Moorgate Media Ltd

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

#### Share issue in connection to the acquisition of Game Lounge Ltd

Cherry has, during the third quarter 2016, paid a deferred purchase price of EUR 2.0 million for 51 percent of the shares in Game Lounge Ltd. The deferred payment was made with EUR 1.2 million in cash and with 62,500 B-shares in Cherry AB (publ). The new share issue was approved at an extra shareholders meeting held on 16 March, 2016.

#### Share issue in connection to the acquisition of ComeOn Malta Ltd

On 20 July, 2016, Cherry completed the acquisition of 49 percent of the shares in ComeOn Malta Ltd. The purchase price was paid with 2,901,461 B-shares in Cherry AB (publ) and EUR 39.7 million in cash, in total EUR 80 million. The share price was fixed at SEK 128.25 per share. The new share issue, directed to the sellers of ComeOn, represents a dilution of 16.8 percent of the shares and 11% of the voting rights in Cherry. The new share issue was approved at an extra shareholders' meeting on 10 June, 2016. After the registration of the new share issues related to the acquisitions of Game Lounge and ComeOn, the total number of shares in Cherry AB (publ) amounts to 17,261,075 shares, of which 997,600 are A-shares and 16,263,475 are B-shares, representing a total of 26,239,475 votes.

#### Listing on Nasdaq Stockholm

To retain focus on delivering strong growth with good margins while rapidly integrating the latest acquisitions, the board has revised the schedule considering the listing on Nasdaq Stockholm for Cherry, which is now expected during the first half of 2017. Despite our workforce size, we are still a flexible and entrepreneurial organisation where agility is important. We believe that management needs to focus efforts into the integration of the acquired businesses and continue to deliver strong growth with profitability.

#### Staff and organisation

The average number of employees for the Group (calculated as full-time positions) during the period was 326 (245). The total number of employees at the end of the period was 882 (759).

#### Risks and uncertainties

For a description of the risks and uncertainties, please see the Annual Report 2015, the public bond prospect 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, 2016, the following members of the Nomination Committee for AGM 2017 have been appointed:

The following nomination committee has been formed based on ownership at 30 September 2016, and consists of Pontus Lindvall (appointed by Per Hamberg), Tom Anders Melheim (appointed by Klein Group AS), Emil Svård (appointed by Prunus Avium Ltd) and Rolf Åkerlind (Chairman Cherry AB). The nomination committee together represents 36.5 percent of the votes and 34.8 percent of the shares in Cherry AB.

The Nomination Committee shall, for the next AGM in 2017, 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. The Nomination Committee shall motivate their suggested board members, having in mind a diverse composition of the board. 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](mailto: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. Revenue for the interim period amounted to MSEK 2.3 (2.0) and profit after financial items amounted to MSEK -6.7 (-6.6). The parent company's investments in tangible and intangible fixed assets amounted to TSEK 18 (27). Cash and liquid funds amounted to MSEK 35.1 (-13.5) at the closing date.

### Outlook

Cherry's Online Gaming business area Cherry iGaming is expected to grow faster than the general online gaming market. H2 Gambling Capital estimates that the global online gaming market will grow by an average of eight percent during the years 2015-2021. Mobile gaming is expected to grow faster and H2GC assesses that the growth will amount to 17 percent on average for the period 2015-2021. 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 licence 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 with the implementation of a national gaming licensing system is ongoing. 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 new gaming regulation in Sweden.

The Business area for Game Lounge is expected to grow significantly faster than the market. The market growth is expected to follow the development of online gaming, which is estimated at about an eight percent average per year according to H2GC during the years 2015-2021.

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 an eight percent average per year, according to H2GC during the years 2015-2021.

Cherry will launch products and services that fall within the business area of Development Projects and support the company's business concept and growth strategy. For further information, see the Annual Report for 2015. Cherry has not issued a forecast for 2016.

### Financial calendar

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

- Full year report/Interim report 4-2016: Tuesday, 21 February, 2017
- Interim report 1-2017, Wednesday, 10 May, 2017
- Annual General Meeting, Tuesday, 16 May, 2017 in Stockholm. Time and place will be announced later.
- Interim report 2-2017, Thursday, 24 August, 2017
- Interim report 3-2017, Wednesday, 8 November, 2017
- Full year report/Interim report 4-2017: Wednesday, 21 February, 2018

### 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. 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 analyse the Cherry business and trends. These KPIs are not meant to replace but to complement those KPIs which are defined in IFRS. More information about the measures used by Cherry can be found under the section 'Definitions of key figures' at the end of the report.

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 2015 (p. 38-43), which was published on April 20, 2016, and is available on the company website [www.cherry.se](http://www.cherry.se).

Given the positive development within Performance-based marketing - Game Lounge, this segment is reported as a separate business area from Q3 2016. Comparison figures are reported for all periods and financial information for the business area Online Gaming - Cherry iGaming, which Game Lounge was a part of earlier, has been restated for all periods.

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, 9 November 2016**

Fredrik Burvall  
Chief Executive Officer

### For further information, please contact:

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*This information is information that Cherry AB is obligated to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 9 November, 2016 at 08:30 CET.*

Amounts in SEK million unless otherwise specified

<b>Consolidated income statement (remaining operations)</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>Jan-Sep 2016</b>	<b>Jan-Sep 2015</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY2013</b>
Revenues	214,0	154,1	583,0	356,2	527,3	334,5	266,3
Other revenue - revaluation of additional purchase price	0,0	0,0	0,0	0,0	1,5	5,5	0,0
<b>Total operating revenues</b>	<b>214,0</b>	<b>154,1</b>	<b>583,0</b>	<b>356,2</b>	<b>528,7</b>	<b>340,0</b>	<b>266,3</b>
Cost of sales	-70,1	-59,8	-204,2	-135,3	-204,7	-129,5	-110,9
<b>Gross profit</b>	<b>143,9</b>	<b>94,3</b>	<b>378,8</b>	<b>220,9</b>	<b>324,0</b>	<b>210,5</b>	<b>155,4</b>
Marketing expenses	-54,6	-30,0	-136,9	-81,3	-113,1	-87,9	-69,2
Personnel expenses	-45,3	-37,0	-132,4	-101,1	-140,7	-119,0	-90,0
Other expenses	-13,2	-10,0	-38,0	-26,0	-34,3	-21,5	-20,2
<b>Operating income (EBITDA)</b>	<b>30,9</b>	<b>17,4</b>	<b>71,4</b>	<b>12,5</b>	<b>35,9</b>	<b>-17,9</b>	<b>-24,0</b>
Depreciation and amortisation	-9,4	-6,4	-26,4	-15,6	-22,6	-15,0	-9,9
<b>Operating profit/loss (EBIT)</b>	<b>21,5</b>	<b>11,0</b>	<b>45,0</b>	<b>-3,1</b>	<b>13,3</b>	<b>-32,9</b>	<b>-33,9</b>
Results fr participations in associated companies	21,8	0,0	21,8	0,0	0,0	-10,2	-0,8
Interest expense on bond	-9,6	0,0	-9,6	0,0	0,0	0,0	0,0
Revaluation of claims and liabilities in EUR	-0,9	3,0	5,5	-1,0	-6,3	4,7	0,7
Other financial items	-0,8	-0,1	-0,9	-0,1	0,0	0,9	2,0
<b>Profit before tax</b>	<b>32,1</b>	<b>13,8</b>	<b>61,9</b>	<b>-4,2</b>	<b>6,9</b>	<b>-37,4</b>	<b>-32,1</b>
Tax	-1,0	-1,7	-4,9	-2,3	-0,5	-1,9	-1,6
<b>Profit after tax</b>	<b>31,1</b>	<b>12,1</b>	<b>57,0</b>	<b>-6,4</b>	<b>6,4</b>	<b>-39,3</b>	<b>-33,7</b>
Profit for divested operations	0,0	0,0	0,0	0,0	0,0	0,0	25,5
<b>Attributable to:</b>							
Parent company shareholders	21,9	9,2	36,4	-9,8	-0,9	-38,3	-7,9
Minority interest	9,3	3,0	20,6	3,4	7,3	-1,0	-0,3
<b>Profit after tax</b>	<b>31,1</b>	<b>12,1</b>	<b>57,0</b>	<b>-6,4</b>	<b>6,4</b>	<b>-39,3</b>	<b>-8,2</b>
Earnings per share from remaining operations before dilution	1,35	0,65	2,44	-0,72	-0,06	-2,99	-2,66
Earnings per share from remaining operations after dilution	1,33	0,65	2,41	-0,72	-0,06	-2,96	-2,53
<b>Statement of total income</b>	<b>Q3 2016</b>	<b>Q3 2015</b>	<b>Jan-Sep 2016</b>	<b>Jan-Sep 2015</b>	<b>FY 2015</b>	<b>FY 2014</b>	<b>FY2013</b>
Profit/loss for the period	31,1	12,1	57,0	-6,4	6,4	-39,3	-8,2
Translation gains/losses on consolidation	2,2	0,5	2,7	1,9	1,4	-1,6	-4,9
<b>Total income for the period</b>	<b>33,3</b>	<b>12,7</b>	<b>59,7</b>	<b>-4,6</b>	<b>7,9</b>	<b>-40,9</b>	<b>-13,1</b>

Amounts in SEK million unless otherwise specified

Group per segment/business area	Q3 2016	Q3 2015	Jan-Sep 2016	Jan-Sep 2015	FY 2015	FY 2014	FY2013
<b>Revenues</b>							
Online Gaming - Cherry iGaming	142,8	102,6	389,8	219,5	331,4	183,1	127,5
Performance-based marketing - Game Lounge	15,9	6,0	38,3	14,0	21,9		
Elimination, Game Lounge revenues from Cherry	-2,3	-0,9	-5,1	-2,1	-3,1		
Restaurant Casino - Cherry Spelglädje	39,5	42,5	114,1	117,2	161,5	148,0	138,3
Game development - Yggdrasil Gaming	21,0	5,3	55,1	9,8	20,1	4,4	0,9
Elimination, Yggdrasil revenues from Cherry	-3,0	-1,2	-9,2	-2,3	-4,5	-1,2	-0,6
Development Projects	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other revenue - revaluation of additional purchase price	0,0	0,0	0,0	0,0	1,5	5,5	0,0
Group-wide	0,0	0,0	0,1	0,1	0,0	0,2	0,2
The Group	214,0	154,1	583,0	356,2	528,7	340,0	266,3
<b>Operating profit/loss before depreciation and amortization (EBITDA)</b>							
Online Gaming - Cherry iGaming	18,1	11,5	35,5	-0,6	10,9	-18,3	-28,1
Performance-based marketing - Game Lounge	6,0	2,9	13,6	7,0	10,9		
Restaurant Casino - Cherry Spelglädje	4,2	5,3	11,8	14,5	19,4	17,1	16,0
Game development - Yggdrasil Gaming	9,2	1,9	26,9	0,3	5,2	-4,6	-2,5
Development Projects	-4,0	-2,4	-9,1	-2,4	-2,4	0,0	0,0
Group-wide	-2,5	-1,9	-7,3	-6,4	-8,1	-12,1	-9,4
The Group	30,9	17,4	71,4	12,5	35,9	-17,9	-24,0
<b>Operating profit/loss (EBIT)</b>							
Online Gaming - Cherry iGaming	14,0	9,2	23,2	-6,0	3,3	-25,0	-33,0
Performance-based marketing - Game Lounge	4,8	2,0	10,7	5,6	8,5		
Restaurant Casino - Cherry Spelglädje	3,4	4,2	9,5	11,0	14,8	12,8	12,6
Game development - Yggdrasil Gaming	5,8	0,0	18,1	-4,8	-2,7	-8,6	-3,8
Development Projects	-4,0	-2,4	-9,1	-2,4	-2,4	0,0	0,0
Group-wide	-2,5	-1,9	-7,4	-6,4	-8,2	-12,1	-9,7
The Group	21,5	11,0	45,0	-3,1	13,3	-32,9	-33,9

Amounts in SEK million unless otherwise specified

Consolidated balance sheet	2016-09-30	2015-09-30	2015-12-31
Intangible assets	226,4	175,7	167,9
Property, plant and equipment	14,4	10,2	10,9
Share in Associated companies	814,5	0,0	0,0
Other long-term receivables	0,0	0,8	0,1
Inventories	0,0	0,1	0,0
Current receivables	163,1	61,4	86,6
Cash and liquid assets (SEK million)	84,7	10,0	33,8
<b>Total assets</b>	<b>1303,2</b>	<b>258,2</b>	<b>299,4</b>
Shareholders' equity	650,5	159,1	156,9
Long-term interest bearing liabilities	472,0	2,8	1,6
Deferred tax payables	2,7	1,4	1,1
Current interest bearing liabilities	1,2	0,3	1,2
Other current liabilities	176,8	94,6	138,6
<b>Total equity and liabilities</b>	<b>1303,2</b>	<b>258,2</b>	<b>299,4</b>
<b>Consolidated cash flow statement (total operations)</b>	<b>2016-09-30</b>	<b>2015-09-30</b>	<b>2015-12-31</b>
Profit after financial items	61,9	-4,2	6,9
Adjustments for non-cash items	-3,8	17,5	23,3
Taxes paid	-1,2	-1,7	0,8
<b>Cash flow from operating activities before changes in working capital</b>	<b>56,8</b>	<b>11,6</b>	<b>31,0</b>
Changes in working capital	-51,0	-1,9	-1,9
<b>Cash flow from operating activities</b>	<b>5,8</b>	<b>9,7</b>	<b>29,1</b>
Net investments	-41,8	-21,1	-20,0
Investment in acquisition of subsidiaries/associated companies	-376,3	-32,3	-39,3
Change in long-term receivables	0,2	-0,1	0,6
<b>Cash flow from investing activities</b>	<b>-417,9</b>	<b>-53,6</b>	<b>-58,6</b>
New share issue	0,9	0,6	0,5
Change in long-term liabilities	470,4	-0,9	-1,2
<b>Cash flows from financing activities</b>	<b>471,3</b>	<b>-0,4</b>	<b>-0,7</b>
<b>Change in cash and cash equivalents</b>	<b>59,1</b>	<b>-44,2</b>	<b>-30,2</b>
Cash and liquid assets at beginning of period	23,7	54,3	54,3
Exchange rate differences	1,9	-0,1	-0,4
<b>Cash and liquid assets at end of period</b>	<b>84,7</b>	<b>10,0</b>	<b>23,7</b>
* Liquid assets	84,7	10,0	33,8
Overdraft facility	0,0	0,0	-10,1
<b>Changes in Group equity</b>	<b>2016-09-30</b>	<b>2015-09-30</b>	
Opening balance	156,9	94,3	
Non cash issue	433,4	21,7	
Acquisition of minority	0,6	47,8	
Total profit/loss	59,7	-4,6	
<b>Equity, end of period</b>	<b>650,5</b>	<b>159,1</b>	
<b>Attributable to:</b>			
Parent company shareholders	584,2	108,2	
Minority interest	66,3	51,0	
<b>Total equity</b>	<b>650,5</b>	<b>159,1</b>	

Amounts in SEK million unless otherwise specified

	Jan-Sep 2016	Jan-Sep 2015	FY 2015	FY 2014
Group key performance indicators	2016-09-30	2015-09-30	2015-12-31	2014-12-31
Number of outstanding shares at the end of the period (thousands)	17 261	13 988	13 988	13 442
Average number of outstanding shares during the period (thousands)	14 924	13 624	13 700	12 827
Number of own shares	0,0	0,0	0,0	0,0
Number of registered shareholders	4 606	2 948	3 867	2 411
Share price at the end of the period (SEK)	168,00	58,00	134,00	34,50
Earnings per share before dilution (remaining operations)	2,44	-0,72	-0,06	-2,99
Earnings per share after dilution (remaining operations)	2,41	-0,72	-0,06	-2,96
Cash flow per share (SEK)	3,96	-3,25	-2,20	-1,15
Equity per share (SEK)	33,85	11,38	11,22	7,01
Executed dividend/redemption programme per share (SEK)	0,00	0,00	0,00	4,00
Return on equity (percent)	10	-10	-1	-28
Return on total capital (percent)	9	-2	3	-19
Return on capital employed (percent)	11	-3	6	-27
Operating margin (EBITDA, percent)	12,3	3,5	6,8	-5,3
Operating margin (EBIT, percent)	7,7	-0,9	2,5	-9,7
Profit margin (percent)	10,6	-1,2	1,3	-11,0
Equity/assets ratio (percent)	50	62	54	58
Quick ratio (percent)	139	75	85	151
Net investments (SEK million)	4 18,1	53,5	59,2	24,0
Cash and liquid assets (SEK million)	84,7	10,0	33,8	54,3
Average number of employees (full-time equivalents)	326	245	254	195
Number of employees at end of period	882	759	795	752
<b>Restaurant Casino</b>				
Number of venues Cherry operates casino in Sweden	250	253	260	269

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

Online Gaming:	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Number of registered customers at end of period	1383 253	1277 760	1177 103	1072 763	981488
Number of new registered customers during the period	105 493	100 657	104 340	91275	426 274
Number of active players during the period	88 752	79 049	79 378	70 746	60 300
Deposit amount (SEK million) during the period	3714	328,1	308,6	284,5	269,2

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

Starting Q3 2015, the figures include 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.

### 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 four diversified business areas, *Online Gaming* through **Cherry iGaming**, *Performance-based Marketing* through **Game Lounge**, *Game Development* through **Yggdrasil Gaming** and *Restaurant Casino* through **Cherry Spelglädje**. The objective is to grow organic in combination with strategic acquisitions of fast-growing companies. Cherry employs around 900 people and has more than 4,600 shareholders. The Company's B-shares are listed on AktieTorget.



## Definitions of key figures

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

**RUNNING COSTS IN GAMING OPERATIONS:** Running costs 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 TOTAL CAPITAL:** Balance sheet total at the start of the fiscal year, plus balance sheet total at the end of the fiscal year divided by two.

**AVERAGE CAPITAL EMPLOYED:** Balance sheet total reduced by non-interest bearing liabilities, including deferred tax liabilities at the start of the fiscal year, plus closing balance divided by two.

**AVERAGE EQUITY:** Equity at the start of the fiscal year, plus closing equity divided by two.

**RETURN ON TOTAL CAPITAL:** Result after financial items with the amendment for financial expenses in relation to average total capital.

**RETURN ON CAPITAL EMPLOYED:** Result after financial items with the amendment for financial expenses in relation to average capital employed.

**RETURN ON EQUITY:** Result after tax in relation to average equity.

**PROFIT MARGIN:** Result after financial items in relation to sales for the period.

**OPERATING MARGIN:** Operating profit in relation to sales for the period.

**OPERATING PROFIT BEFORE DEPRECIATION (EBITDA):** Result before tax, financial items, depreciation and write-downs.

**OPERATING PROFIT (EBIT):** Result before tax and financial items.

**EQUITY RATIO:** Equity at the end of the period in per cent of balance sheet total at the end of the period.

**ACID-TEST RATIO:** Current assets excluding inventories in relation to current liabilities, including proposed but not adopted share dividends.

**TIMES INTEREST EARNED:** Result after financial items with the amendment for financial expenses in relation to financial expenses.

**NUMBER OF PERSONS EMPLOYED:** 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.

**PROFIT PER SHARE:** Result after tax in relation to average number of outstanding shares during the period.

**PROFIT 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. Calculated in accordance with IAS 33 Profit per share.

**CASH FLOW PER SHARE:** The cash flow in relation to average number of outstanding shares during the period.

**EQUITY PER SHARE:** Equity in relation to the number of shares at the end of the period.

**DIVIDENDS PER SHARE:** Completed/proposed dividend.

**NUMBER OF (REGISTERED) SHAREHOLDERS:** Number of Euroclear and nominee-registered shareholders according to the list of shareholders/share register kept by Euroclear.