

Interim Report 1 2012 – First Quarter
January 1 – March 31, 2012

Cherryföretagen AB (publ)
Stockholm, May 9, 2012



Cherry offers fun and excitement on land, at sea and online.

All figures in this report are in million SEK. Numbers in parenthesis indicate the amount of the corresponding period for the previous year.

Highlights

First quarter – EBIT increased with 143 percent – all Business Areas increase EBIT

- Group turnover increased with 22 percent and amounted to MSEK 119.1 (97.4).
- EBITDA increased with 80 percent and amounted to MSEK 11.9 (6.6).
- EBIT increased with 143 percent and amounted to MSEK 9.0 (3.7).
- Online Gaming increased EBIT with 65 percent and amounted to MSEK 8.6 (5.2).
- Restaurant Casino increased EBIT with 61 percent and amounted to MSEK 2.9 (1.8).
- Maritime Gaming increased EBIT and amounted to MSEK -0.5 (-1.2).
- The result after tax amounted to MSEK 7.0 (3.8) equivalent SEK 0.55 (0.33) per share after minority interests.
- The revenue from Online Gaming increased with 38 percent to MSEK 67.6 (48.8).
- Number of active customers in Online Gaming rose in the first quarter and amounted to 34 345 (32 960).
- Cherry Malta is preparing to launch EuroSlots.com and has applied for a gaming license in Malta.
- Cherry has acquired all shares in Cherry Services Ltd (Cyprus) and Mr Chris Söderman has started as new Managing Director for Cherry Services Ltd.

Events after the end of the quarter

- The court has ruled in favor of Cherry regarding a theft at a gaming hall in Denmark, that took place in 2008. In total, Cherry was awarded about MSEK 1.0.
- Cherry has signed an agreement concerning Gröne Jägaren in Stockholm.
- Cherry has terminated the agreement with Betsson Ltd. for renegotiation.

Key performance indicators	Q1 2012	Q1 2011	Full year 2011	Full year 2010	Full year 2009
Revenues	119,1	97,4	444,0	374,9	269,0
Other operating income - additional purchase price Online Gaming			23,8		
Sum operating revenues	119,1	97,4	467,8	374,9	269,0
Operating profit/loss (EBIT)	9,0	3,7	36,6	23,3	3,2
Earnings per share after dilution (SEK)	0,55	0,33	2,81	1,63	0,51
Online Gaming					
Number of registered customers at end of period	246 161	125 057	218 502	89 934	
Number of active players during the period	34 345	32 960	40 316	17 502	
Deposit amount (SEK million) during the period	147,1	152,0	627,3	563,0	
Restaurantcasino					
Number of venues Cherry operates casino in Sweden	224	239	240	247	247
Maritime Gaming:					
Number of vessels Cherry operates Maritime Casino	66	68	66	68	71

A Word from the CEO, Emil Sunvisson

Compared to 2011, it is very satisfying to note that all business areas now show better results and that the Online Gaming is growing fast at the same time. The start of 2012 is positive. Cherry continues to face many challenges. In particular, we need to focus on the profitability within Maritime gaming. We challenge the problems through improvement programs but also by renewing our crew. The rapid re-regulation of the European markets, that we are witnessing, creates exciting new opportunities but also new demands on both our products and our organization.

Online gaming - Strong growth

Cherry's focus on online gaming machines continues to generate growth and profits. The operations are conducted in cooperation with strong and competent partners. The business is mainly concentrated to Scandinavia. Preparations are underway to address new European markets with EuroSlots.com, which is a prerequisite for continued profitable growth. Meanwhile EuroLotto has focused on activating the large customer base, that was built up over the past year, which has led to reduced marketing expenses for the 1st quarter.

Restaurant Casino - Yet another strong quarter

Both sales and profit for the business area Restaurant Casino outperformed last year. In particular, sites with seasonally limited activities during the winter months have contributed positively. Cherry has, in the 1st quarter, increased our market share, despite a declining market, and signed an agreement with one of the best gaming locations in Stockholm, Gröne Jägaren. It is with great pleasure that I note that Cherry consolidates its leading position by taking over important gaming locations and market shares from our competitors.

Maritime Gaming - Recovering from low levels

Seasonally, 1st quarter is weak within Maritime gaming when many ship owners take their vessels out of service for maintenance during the off season. In terms of turnover the business in Scandinavian waters and around the British Isles is improving and in the Mediterranean is doing worse, compared to 1st quarter 2011. The total is in line with last year. In terms of earnings, the situation looks better, due to lower costs.

The Group

First quarter interim report;

The Group's revenue increased by 22.3 percent and amounted to MSEK 119.1 (97.4). The increase in revenues is primarily related to business area Online Gaming, but also to another strong quarter from Restaurant Casino.

EBITDA increased with 80.3 percent and amounted to MSEK 11.9 (6.6) and EBIT increased with 143.2 percent and amounted to MSEK 9.0 (3.7).

The group's consolidated profit after financial items amounted to MSEK 7.6 (3.9) and profit after tax amounted to MSEK 7.0 (3.8), equivalent of SEK 0.55 (0.33) per share after dilution and minority interest.

Return on equity was 2 percent (1) and on total assets 2 percent (1). The Group's consolidated cash amounted to MSEK 45.3 (24.2) at the end of the year and equity/assets ratio percent was 69 (66).

Business Segments

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

- Online Gaming - Cherry operates Online Gaming from Malta through the sites SverigeAutomaten.com, NorgesAutomaten.com, DanmarksAutomaten.com, PlayCherry.com, EuroLotto.com and affiliate operations from CherryAffiliates.com, all operated by subsidiaries in Malta.
- Restaurant casino - traditional casino table games (blackjack, roulette) operated in approximately 230 Swedish restaurants, nightclubs and hotels. They also offer Event Casino for companies and private individuals.
- Maritime Gaming - operates games (Slot machines and Table games) on 66 vessels, of which 11 in the Mediterranean Sea and the Black Sea, 39 vessels in the Baltic Sea and 16 in the English Channel / North Sea and Irish Sea.
- 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 2012, revenues rose with 38.5 percent and amounted to MSEK 67.6 (48.8).

EBIT increased with 65.4 percent and amounted to MSEK 8.6 (5.2). NorgesAutomaten, SverigeAutomaten and DanmarksAutomaten deliver stable results for both the first quarter and for the full year 2011. Revenues from CherryAffiliate.com increased significantly during the first quarter.

During the first quarter has Cherry focused on developing the large acquired EuroLotto customer database and marketing costs has been lowered compared to quarter 1 2011.

Cherry continues with a significant growth in customer intake and at the end of the quarter the number of new customers amounted to 27 659 (35 123) and number of registered customers within Online Gaming amounted to 246 161 (125 057). The decrease in new customers is primarily related to less marketing for EuroLotto compared to first quarter 2011. Deposit for the first quarter amounted to MSEK 147.1 (152.0) and the number of active clients rose by 4.2 percent, to 34 345 (32 960) customers.

Important events during the first quarter:

- Cherry Malta is preparing to launch EuroSlots.com during the third quarter of 2012 and has applied for a gaming license in Malta. The decision means that Cherry will get full control of the product offering and also get a



better financial leverage with a low variable cost, which over time will enhance the margin of the Online Gaming business. Cherry Malta will continue to work together with our strong and competent partners for our established brands. Cherry maintains its growth focus within Online Gaming with continued investments in new innovative products, which is the foundation for future value creation.

Important events after the end of the quarter:

- Cherry Malta through its subsidiary Inprom Ltd has terminated the agreement with Betsson Ltd. for renegotiation. The agreement covers the sites NorgesAutomaten.com, SverigeAutomaten.com and DanmarksAutomaten.com. The agreement is valid until April in 2013.

Restaurant Casino– First quarter

In the first quarter 2012, revenues increased with 10.0 percent and amounted to MSEK 31.9 (29.0) and EBIT increased with 61.1 percent and amounted to MSEK 2.9 (1.8). The increase in revenue and EBIT improvement can mainly be explained by the fact that Cherry has been taking gaming locations from its competitors. Cherry has also invested in credit card machines at a majority of the gaming locations, which has resulted in increased turnover. Previously, Cherry has been making its organization more effective and reduced the number of regions from three to two in order to improve profitability and efficiency.

Important events during the first quarter:

- Cherry's market share is 56 percent (53), based on the number of active gaming tables according to statistics from Lotteriinspektionen in March 2012.
- Cherry has during the first quarter entered into three new restaurant casino agreements in Sweden. Cherry closed 17 gaming locations in Q1 due to poor profitability, bankruptcy and concept changes for the gaming location. Two gaming location has been opened for the season.
- Cherry has signed an agreement concerning Gröne Jägaren in Stockholm which is one of Stockholm most famous pubs. The gaming location will be opened in July.

Maritime Gaming – First quarter

During the first quarter of 2012 revenues amounted to MSEK 19.6 (19.6) and EBIT improved and amounted to MSEK -0.5 (-1.2).

Some recovery of the revenues has been observed in Scandinavia, at the same time the situation is stabilized around the British Islands, while the Mediterranean continues to have a difficult situation. Since most of the Maritime sales are in Euros and GBP, the stronger SEK has an immediate impact on the Group's revenues and result. The business unit continues to focus on acquiring new customers, improving efficiency, optimizing gaming environments and cost control to meet the current economic situation.

Cherry is a market leader in Europe within Maritime Gaming. Cherry is recognized as a market leader in Scandinavia and has about 40 percent (40) of the market, measured in number of ships that currently has on board gaming. In the Mediterranean, Cherry estimates that the market share is about 20 percent (18) measured in number of vessels that now provide gaming on board its ships. In the English Channel / North Sea / Irish Sea, Cherry is recognized as the market leader, with a market share of approximately 28 percent (25), measured in number of ships that currently has gaming on-board.

Important events during the first quarter:

- Cherry has acquired all shares in Cherry Services Ltd (Cyprus) and in Briseis Development Corporation (Liberia) and Mr. Chris Söderman has been appointed new Managing Director for Cherry Services Ltd. Cherry's payment for the acquisition was partly in cash at closing, SEK 1.3 m, and partly with a conditional additional purchase price of SEK 0.4 m. Mr. Söderman has previously worked at the Swedish Trade Council in Athens and as a consultant within maritime sales in the Mediterranean area.



Important events after the end of the quarter:

- The court has ruled in favor of Cherry regarding a theft at a gaming hall in Denmark, which took place in 2008, where equipment was destroyed and cash was stolen. In total, Cherry was awarded DKK 556 782 plus interest and expenses by the court, meaning a total amount of about MSEK 1.0.

Development projects

Cherry focuses on finding profitable products / services that support the Group's business concept and long-term strategy. During the first quarter revenues within the development projects amounted to MSEK 0.0 (0.0) and EBIT to MSEK 0.0 (-0.1).

Cash, financing and financial position

The Group's consolidated cash amounted to MSEK 45.3 (24.2) on March 31. Interest bearing liabilities amounted to MSEK 15.6 (13.4).

Staff and Organisation

The average number of employees for the Group (calculated as fulltime positions) during the period was 203 (203). The total number of employees at the end of the period was 693 (691).

Risks and Uncertainties

For a description of the risks and uncertainties please see the 2011 Annual Report. Cherryföretagen AB has received a claim from The Norwegian Gaming and Foundation Authority, where they demand Cherry to cease with the marketing and offering of the game EuroLotto.com to Norwegian players. Cherry has contested the demands of the Norwegian Gaming and Foundation Authority 5 of May, 2011. The Norwegian Gaming and Foundation Authority pursue the matter on the Euro lottery July 8, 2011, through to Lotterinemnda in Norway, (The Lottery Board). On October 28, 2011, The Norwegian Gaming and Foundation Authority announced that its injunction against Cherry stands firm. On January 9, 2012, the Kulturdepartementa announced that its injunction against Cherry stands firm. Some possible fine has not been set. Cherry is considering the appeal in the matter in a public court in Norway.

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.

Sales for the full year totalled MSEK 0.5 (0.4) million and profit after financial items totalled MSEK -3.3 (-1.9). The parent company's investments in non-current assets totalled TSEK 33 (418) for the reporting period. Cash and cash equivalents amounted to MSEK 19.0 (2.6) at the closing date.

Outlook

The market for restaurant casino is shrinking every year. An increase in maximum allowed bets could generate growth and jobs. Cherry sees long-term positive trend in the business area Maritime gaming and growth can be achieved both organically and through acquisitions. The industry is cyclical and is affected at present by the current recession, especially in the south of Europe. The business area online gaming is expected to grow in line with the online gaming market.

In September 2011, H2 Gambling Capital estimated that the European online gaming market would grow by 18.4 percent to 18.5 billion USD in 2012. 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.



Annual General Meeting

Annual General Meeting in Cherryföretagen AB will be held on Wednesday 9 May 2012, at 16.00 in the company's offices at Södra Långgatan 23, 4th floor in Solna.

Financial calendar 2012

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

Interim report 2, Tuesday, August 28, 2012

Interim report 3, Tuesday, November 13, 2012

Year End report 2012, Interim report 4, Tuesday, February 19, 2013

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. As of January 1, 2010, Cherry applies the revised IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements including consequential amendments to other standards. Information about the Group's accounting and valuation principles, the annual report 2010, published April 20th, 2011, is available on the company website. Regarding the parent company the Council for Financial Reporting has cancelled its statement UFR 2; Group contributions and shareholder contributions and replaced them with guidance in RFR 2; Accounting for Legal Entities. Cherryföretagen AB has thus changed its accounting policy regarding paid Group contributions.

This report has not been subject to a review by the auditors.

Stockholm, 9 of May, 2012

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President and CEO

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Cherry in brief

Cherry is a public Swedish Gaming Company with its B share listed on AktieTorget and approximately 2000 share holders. Cherry specializes in casinos, slot machines and Internet gaming. Gaming is operated via subsidiaries in restaurants in Sweden, on board vessels servicing Northern Europe, the English Channel/Irish Sea and the Mediterranean and on the Internet from Malta (SverigeAutomaten.com, NorgesAutomaten.com, DanmarksAutomaten.com, PlayCherry.com and EuroLotto.com). Cherry employs approximately 700 people. www.cherry.se

Amounts in SEK million unless otherwise specified

Consolidated income statement	Q1 2012	Q12011	Full year 2011	Full year 2010	Full year 2009	Full year 2008
Revenues	119,1	97,4	444,0	374,9	269,0	228,2
Other operating income - additional purchase Online Gaming			23,8	0,0	0,0	0,0
Total operating revenues	119,1	97,4	467,8	374,9	269,0	228,2
Operating expenses	-107,2	-90,8	-419,8	-340,7	-254,2	-214,5
Operating income (EBITDA)	11,9	6,6	48,0	34,2	14,8	13,7
Depreciation and amortisation	-2,9	-2,9	-11,4	-10,9	-11,6	-11,3
Operating profit/loss (EBIT)	9,0	3,7	36,6	23,3	3,2	2,4
Financial items	-1,4	0,2	-1,3	-3,1	-0,1	0,1
Profit before tax	7,6	3,9	35,3	20,2	3,1	2,5
Tax	-0,6	-0,1	-1,5	-0,2	-1,4	-2,1
Profit after tax	7,0	3,8	33,8	20,0	1,7	0,4
Attributable to:						
Parent company shareholders	7,0	4,2	36,0	20,9	2,1	-0,9
Minority interest	0,0	-0,4	-2,2	-0,9	-0,4	1,3
Profit after tax	7,0	3,8	33,8	20,0	1,7	0,4
Earnings per share before dilution (SEK)	0,55	0,33	2,81	2,10	0,52	-0,24
Earnings per share after dilution (SEK)	0,55	0,33	2,81	1,63	0,51	-0,24
Statement of total income	Q1 2012	Q12011	Full year 2011	Full year 2010	Full year 2009	Full year 2008
Profit/loss for the period	7,0	3,8	33,8	20,0	1,7	0,4
Translation gains/losses on consolidation, overseas operations	-3,9	-2,9	-2,1	-35,4	-2,1	4,6
Total income for the period	3,1	0,9	31,7	-15,4	-0,4	5,0
Group per segment/business area	Q1 2012	Q12011	Full year 2011	Full year 2010	Full year 2009	Full year 2008
Revenues						
Restaurant Casino	31,9	29,0	125,8	124,2	114,9	111,3
Maritime Gaming	19,6	19,6	99,1	116,0	150,3	115,7
Online Gaming	67,6	48,8	219,1	133,8	0,0	0,0
Other operating income - additional purchase Online Gaming	0,0	0,0	23,8	0,0	0,0	0,0
Group-wide	0,0	0,0	0,0	0,0	0,5	0,6
Development Projects	0,0	0,0	0,0	0,9	3,3	0,6
The Group	119,1	97,4	467,8	374,9	269,0	228,2
Operating profit/loss (EBIT)						
Restaurant Casino	2,9	1,8	10,1	10,1	10,4	9,1
Maritime Gaming	-0,5	-1,2	-2,7	-1,7	1,4	3,1
Online Gaming	8,6	5,2	17,3	25,3	0,0	0,0
Other operating income - additional purchase Online Gaming	0,0	0,0	23,8	0,0	0,0	0,0
Group-wide	-2,0	-2,0	-11,7	-8,1	-5,5	-5,9
Development Projects	0,0	-0,1	-0,2	-2,3	-3,1	-3,9
The Group	9,0	3,7	36,6	23,3	3,2	2,4

Amounts in SEK million unless otherwise specified

Consolidated balance sheet	2012-03-31	2011-03-31	2011-12-31
Intangible assets	349,3	357,5	353,0
Property, plant and equipment	27,1	28,5	28,7
Other long-term receivables	0,6	0,5	0,6
Deferred tax receivables	0,2	0,2	0,2
Inventories	1,0	1,1	1,0
Current receivables	49,5	49,9	54,1
Cash and cash equivalents	45,3	24,2	30,4
Total assets	473,0	461,9	468,0
Shareholders' equity	327,2	303,9	325,5
Long-term interest bearing liabilities	8,2	6,7	8,4
Other long-term liabilities	73,4	96,9	72,8
Deferred tax payables	0,4	1,3	0,4
Current interest bearing liabilities	7,4	6,7	7,4
Other current liabilities	56,4	46,4	53,5
Total equity and liabilities	473,0	461,9	468,0

Consolidated cash flow statement	Jan- march 2012	Jan-march 2011	Full Year 2011
Profit after financial items	7,6	3,9	35,3
Adjustments for non-cash items	3,7	2,3	-13,0
Taxes paid	0,0	-0,6	0,2
Cash flow from operating activities before changes in working capital	11,3	5,6	22,5
Changes in working capital	7,0	1,6	2,3
Cash flow from operating activities	18,3	7,2	24,8
Net investments	-3,3	-2,5	-6,1
Change in long-term receivables	0,0	0,0	-0,1
Cash flow from investing activities	-3,3	-2,5	-6,2
New share issue	0,0	0,0	0,4
Dividend	0,0	0,0	-9,6
Change in long-term liabilities	0,0	-6,7	-5,3
Cash flows from financing activities	0,0	-6,7	-14,5
Change in cash and cash equivalents	15,0	-2,0	4,1
Cash and liquid assets at beginning of period	30,4	26,4	26,4
Exchange rate differences	-0,1	-0,2	-0,1
Cash and liquid assets at end of period	45,3	24,2	30,4

Changes in Group equity	2012-03-31	2011-03-31
Opening balance	325,5	303,0
New share issue	-1,4	0,0
Dividend	0,0	0,0
Total profit/loss	3,1	0,9
Equity, end of period	327,2	303,9
Attributable to:		
Parent company shareholders	327,2	299,7
Minority interest	0,0	4,2
Total equity	327,2	303,9

Amounts in SEK million unless otherwise specified

Group key performance indicators

	Jan-march 2012	Jan-march 2011	Full year 2011	Full year 2010	Full year 2009	Full year 2008
	2012-03-31	2011-03-31	2011-12-31	2010-12-31	2009-12-31	2008-12-31
Number of outstanding shares at the end of the period (thousands)	12 803	12 803	12 803	12 803	4 001	3 955
Average number of outstanding shares during the period (thousands)	12 803	12 803	12 803	9 944	3 971	3 955
Number of own shares	0,0	0,0	0,0	0,0	0,0	0,0
Number of registered shareholders	2 000	2 038	1 956	2 097	2 274	2 388
Published price at the end of the period (SEK)	23,60	26,00	17,70	28,00	14,00	9,20
Earnings per share before dilution (SEK)	0,55	0,33	2,81	2,10	0,52	-0,24
Earnings per share after dilution (SEK)	0,55	0,33	2,81	1,63	0,51	-0,24
Cash flow per share (SEK)	1,17	-0,15	0,33	1,58	0,05	-1,27
Equity per share (SEK)	25,56	23,74	25,42	23,67	14,43	14,57
Dividend per share (SEK)	0,00	0,00	0,75	0,75	0,0	0,0
Return on equity (percent)	2	1	11	12	3	-2
Return on total capital (percent)	2	1	7	8	4	2
Return on capital employed (percent)	2	1	10	12	6	3
Operating margin (EBITDA, percent)	10,0	6,8	10,3	9,1	5,5	6,0
Operating margin (EBIT, percent)	7,6	3,8	7,8	6,2	1,2	1,0
Profit margin (percent)	6,4	4,0	7,5	5,4	1,2	1,1
Equity/assets ratio (percent)	69	66	70	64	58	68
Quick ratio (percent)	76	92	87	94	139	159
Net investments (SEK million)	3,3	2,5	6,1	59,5	16,0	16,6
Cash and liquid assets (SEK million)	45,3	24,2	30,4	26,4	11,1	10,9
Average number of employees (full-time equivalents)	203	203	203	216	212	183
Number of employees at end of period	693	691	720	730	752	625
Restaurantcasino						
Number of venues Cherry operates casino in Sweden	224	239	240	247	247	210
Maritime Gaming:						
Number of vessels Cherry operates Maritime Casinos on	66	68	66	68	71	53
Online Gaming:	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010
Number of registered customers at end of period	246 161	218 502	178 763	146 863	125 057	89 934
Number of new registered customers during the period	27 659	39 739	31 900	21 806	35 123	7 556
*Number of active players during the period	34 345	40 316	40 994	37 181	32 960	17 502
Deposit amount (SEK million) during the period	147,1	155,8	164,5	155,0	152,0	146,4

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