



Press release

Cherryföretagen AB (publ)
Stockholm, Sweden, 19 December, 2005

CHERRY PROPOSES TO SPLIT THE COMPANY IN THREE PARTS

- The Board proposes that Cherryföretagen is split into three independently listed companies
- The division is performed to clarify the value of each operation by creating three clear investment alternatives
- Cherry changes name to Betsson
- The proposal for the general meeting is intended to be presented during first quarter 2006
- Cherry is expected 2005 to have a turnover of SEK 435 million (311)
- Betsson (currently Cherry Online) is expected to at least double their turnover during 2006

The Board has determined that the three operational branches could be developed more rapidly and stronger on their own. A split also gives better transparency of the different businesses and gives shareholders the possibility to choose their desired risk level and area of operations.

"The Internet-based operations will grow more quickly and with a higher profitability in their own companies, Cherry Casino will receive more attention. I also believe that the market will appreciate having three clear investment alternatives", says Pontus Lindwall, CEO of Cherry.

In connection with the division, it will be suggested that Cherry change their name to Betsson AB (publ). The goal of the Board is to present a suggestion outlining the division during the first quarter of 2006 and that the division is to be concluded at the latest during second quarter 2006. The goal is for all companies to be listed.

The three parts have been proposed as:

- Betsson – presently Cherry Online with online gaming via Betsson.com and online casinos
- Net Entertainment – development and sales/licensing of games and gaming systems
- Cherry Casino - traditional casino games and gaming machines, mainly in Sweden, Denmark and on cruise ships

The proposal will be formed so Betsson continues its operations under the publicly traded holding company Cherryföretagen AB (publ). It will be recommended that Cherry change their name to Betsson.

Today, the business areas run independent operations with limited benefits from collaboration. The cooperations that exist between the business areas have terms adjusted to the market and are regulated by contracts.

Cherry Online

Within Cherry Online, prospectively Betsson, Internet gaming is operated on the global market, for instance via Betsson and CasinoEuro.com. The offerings include poker, casino games and sports betting. There are also plans for other products. The operations are driven from Malta and Great Britain, both of which have well-regulated gaming markets. Net sales increased during the first nine months of the year to SEK 101.4 million (18.8), and profits rose to SEK 8.8 million (-2.6). Business is growing strongly and profitability is good.



Net Entertainment

Net Entertainment develops gaming software for licensing to customers, today consisting of around 30 different gaming companies such as Unibet, Gamebookers, Ogame, Bet24, and 24hpoker. Revenues consist of royalties and other proceeds from sales. Net sales rose to SEK 36.2 million (26.9) during the first nine months of the year, and operating profits increased to SEK 26.6 million (16.0). The operations are growing strongly and show a very good profitability.

Cherry Casino

Cherry Casino operates traditional gaming with Black Jack and roulette at restaurants, gaming on cruise ships in international traffic, gaming machines and other traditional gaming activities. The bulk of the operations are run in Sweden and Denmark. Cherry Casino has approximately 700 employees. Net sales during the first nine months of the year amounted to SEK 177.7 million (182.6), with an operating profit of SEK 5.2 million (6.4). Cherry Casino's operations have a stable cash flow.

The collaborations between the business areas apply to Betsson who use casino software developed by Net Entertainment. Betsson also has an agreement with Cherry Casino regarding game distribution.

A division requires approval at the general meeting. A call for an extraordinary general meeting will be distributed as soon as detailed plans have been determined by the board. The proposal is supported by shareholders corresponding to more than 70% of the votes.

Cherry Online expects to have a turnover of approximately SEK 155 million during 2005. Net Entertainment will turnover approximately SEK 65 million (including internal turnover of SEK 20 million) and Cherry Casino is expected to have a turnover of approximately SEK 235 million for the year 2005. Betsson expects to at least double their turnover during 2006 and have more than 400,000 members by the end of the year.

Invitation to a press and analysts' conference

On account of this information, Cherry will be holding a telephone press and analysts' conference. Chairman of the Board John Wattin and CEO Pontus Lindwall will be participating in the conference.

Time: 14.30

Telephone number: Call Cherry to receive the telephone number and code; +46 8-506 403 00

For further information, contact:

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Cherry is a publicly traded Swedish gaming company with around 4,400 shareholders. The company's B-share is listed on the Stockholm Stock Exchange's O-List. Operations are concentrated mainly in online, casino and machine gaming. Gaming operations are primarily run via the online casinos and the betting exchange Betsson.com. Through Cherry Casino, gaming operations are run in restaurants in Sweden, on cruise ships and amusement halls. Cherry employs approximately 800 people.

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