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First North Notification: Financing of subsidiary

Wannakey A/S

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Financing of subsidiary

Background

By First North announcement no. 26 dated 18 March 2009, Wannakey A/S notified that it had transferred its activities into the subsidiary, RedAntenna A/S.

The purpose of the establishment of the subsidiary was to make it possible for one or more new investors to invest in a “clean” company with no old debts. The establishment was carried out in order to prepare for agreements being made with new investors regarding an investment in RedAntenna A/S.

Wannakey A/S and RedAntenna A/S has since then attempted to attract investors to RedAntenna A/S. The aim was to attract external investors who would contribute with up to DKK 10 million.

The Board and Management of Wannakey A/S has now concluded that the attempt has not been as successful as the management had until now believed possible.

In order to secure funding for the operation of RedAntenna A/S until the end of 2009, the shareholders of RedAntenna A/S, including Wannakey A/S, have found it necessary to seek a smaller scale equity contribution from external and internal sources.

Financing of subsidiary

Today, seven investors have agreed to provide DKK 1.15 million to RedAntenna A/S. The capital is provided as an equity investment against the issue of 575,000 new shares in RedAntenna A/S to the investors. The capital has today been paid in cash to RedAntenna A/S.

The seven investors are controlled by the following persons:

- Per Conradsen and Arne Vangsted (board members and shareholders in Wannakey A/S) provide a total of DKK 0.4 million in cash.
- Four employees or consultants to RedAntenna A/S (Anders Hjort, Nicolai Dvinge, Lisbeth Chawes and Tim Chawes, or parties related to them) provide a total of DKK 0.75 million in cash.

The key persons involved in the development, marketing and design of the RedAntenna product will by the investment become direct shareholders in RedAntenna A/S, allowing the company to minimize costs and to ensure maximum dedication from the key persons.

Consultancy agreement and issue of warrants in subsidiary

Today, RedAntenna A/S has made a consultancy agreement with two of the above mentioned consultants (Lisbeth and Tim Chawes). The two consultants shall assist RedAntenna A/S with marketing of the company's products from July 2009 until 31 December 2009.

The total fee payable to the two consultants amounts to between DKK 0.15 and 0.3 million, depending on fulfilment of bonus targets. If the consultants fulfil their bonus targets, they will also be awarded warrants in RedAntenna A/S, giving them the right to subscribe for up to 200,000 new shares in RedAntenna A/S against cash payment of DKK 2 per share, i.e. the same price as payable in connection with the share subscription agreed today.

Effect on Wannakey A/S

Wannakey A/S has spent more than DKK 20 million on the development of the RedAntenna product now owned by RedAntenna A/S. The equity contribution described herein is made at a price of DKK 2 per share in RedAntenna A/S, i.e. based on a pre-money valuation of RedAntenna A/S of DKK 3 million.

The dilution of Wannakey's shareholding is partly a consequence of Wannakey's lack of own funds to pay for the further development and marketing of the product and partly a consequence of a decision to get a closer cooperation with the persons who have the required skills to make the product a success.

Prior to the equity contribution described herein, Wannakey A/S held 1,462,500 out of 1,500,000 shares in RedAntenna A/S.

After the equity contribution, Wannakey A/S will hold 1,462,500 out of 2,075,000 shares in RedAntenna A/S. RedAntenna A/S has further issued a total of 515,000 warrants to the CEO, CFO and the two consultants.

By the equity contribution, the ownership interest of Wannakey A/S in RedAntenna A/S will (prior to exercise of warrants) be diluted from 97.5 % to 70.5 % and may (provided all issued warrants are vested and exercised) be diluted to 56.5 %.

Future expectations

The current round of financing is deemed sufficient for the continued operation of RedAntenna A/S during 2009, but without the aggressive growth strategy previously notified.

The current expectation is that RedAntenna A/S will from the beginning of 2010 get a positive result from its operations, even without a second round of financing. If these expectations are fulfilled, the current plan is not to carry out a second round of financing at such time.

Further information:

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Wannakey - welcome to Marketplace

Through centuries producers, sellers and buyers have met in a marketplace to exchange goods in a simple and uncomplicated way. Wannakey have now developed the concept into a modern digital marketplace with endless possibilities for distribution, marketing and sales of digital products – without borders, without impediments and without risk.

We believe that innovative digital products from developers all over the world should be accessible to everyone. But also that everyone who adds value to the products in the marketplace should have their fair part of the shared work in developing, distributing and selling the products. This simple and fair principle is the cornerstone of the innovative and intelligent Wannakey. Based on the idea that “you should do what you are best at – and let others do the rest”, Wannakey creates immediate synergy, advantages and returns for developers, tenderers and users of digital products.

All transactions are protected by the patent pending Wannakey-technology, which automatically ensures license rights, precise distribution of revenue and at the same time contains a simple and safe platform for exchange, distribution, marketing and sale of digital products.

For further information about Wannakey, we refer you to the company’s website www.wannakey.com