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Acquisition of Swiss GenevaLogic significantly strengthens Danware's position in Education

Danware has signed an agreement with GenevaLogic to acquire all shares in the company. GenevaLogic is a world leader in the development of computer-based education tools. With the acquisition, Danware significantly strengthens its position in the Education business area and will become a world-leading player offering the most comprehensive product range in computer-based teaching. The acquisition triggers an adjustment of the 2008 profit guidance to revenue in the range of DKK 110-120 million and an unchanged EBITDA loss of DKK 10 million.

- Danware acquires the Swiss company GenevaLogic AG, which is currently owned by a number of Swiss shareholders. The transaction is expected to be completed with effect at 1 July 2008.
- GenevaLogic is a leading provider of computer-based education tools.
- The purchase price for the shares is DKK 42.5 million, of which DKK 25 million will be paid by way of new Danware shares. In addition, the three major shareholders in GenevaLogic will be offered a DKK 5 million warrant program under which warrants for subscription of new Danware shares will be exercisable after 24 months of the transaction closing. Moreover, Danware will provide a guarantee of up to DKK 10 million, which is dependent on the development of Danware's share price over a 24-month period. Danware takes over a minor operating debt.
- Danware expects to achieve development, sales and administration synergies. With the capabilities of the combined enterprise, Danware will be in a position to offer its customers the most comprehensive product range in teaching software.
- On a full-year basis, the acquisition is expected to contribute additional revenue of approximately DKK 30 million. In 2008, the acquisition is expected to contribute approximately DKK 15 million to Danware's revenue.
- An extraordinary general meeting, to be held on 26 June 2008, will be called as soon as possible in order to authorise the Board of Directors to increase the share capital by a nominal amount of up to DKK 1,838,235 in a private placement to the three current major shareholders of GenevaLogic: NewBorn Consulting Network L.P., Mayya Partners Limited and Kirk Greiner. The issue is expected to take place on 1 July 2008.
- The profit guidance for 2008 is revised in connection with the acquisition of GenevaLogic, and revenue is now expected to be in the range of DKK 110-120 million (previous forecast: DKK 100-110 million) and EBITDA is expected to be unchanged at a loss of DKK 10 million.

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Acquisition of GenevaLogic

Danware has entered into an agreement with GenevaLogic to acquire all the company's shares, which are held by a group of private shareholders.

The company is a leading international provider of software products for computer-based teaching at schools, institutions of higher education and private enterprises. The main product is Vision, which as a management tool for classroom teaching used in more than 50,000 classrooms globally. Vision is a product similar to NetOp School. The company's other products complement Danware's existing products to a large extent.

GenevaLogic's products have been translated into nine languages and the company has some 10,000 customers in over 30 countries.

GenevaLogic was established in 1996 and is headquartered in Langenthal, Switzerland and Portland, Oregon in the USA.

GenevaLogic has 44 employees, 20 of which are employed in Switzerland, 20 in the USA, 3 in Germany and one in the United Kingdom.

In 2007, GenevaLogic generated revenue of DKK 37.8 million and its EBITDA was DKK 0.2 million. The profit for 2007 was impacted by extraordinary non-recurring income. For 2008, the company forecasts revenue of around DKK 30 million and an EBITDA of approximately DKK 1.0 million. In the past couple of years, the company has implemented a growth strategy for its distribution and intensively developed the future product platform. GenevaLogic has forecast a continued positive trend in the company's activities for the coming financial year.

The acquisition is expected to take place at 1 July 2008. The agreement is subject to normal terms, including that no regulatory approval of the transaction is required.

Consideration and funding

The consideration for the shares is DKK 42.5 million, and Danware will take over a minor net operating debt.

Of the purchase consideration, DKK 17.5 million is payable in cash and the remaining DKK 25 million is payable in the form of shares in Danware A/S. A lock-up agreement has been made, prohibiting the new owners from selling the Danware shares within 24 months of the acquisition. Following the transaction and the share increase, the new shareholders will hold up to 8.7% of the shares in Danware A/S.

In addition, the three major shareholders in GenevaLogic will be offered a warrant programme of up to 73,529 Danware shares, the warrants for new Danware shares being exercisable during the period from 24 to 36 months after the transaction closing. The exercise price of the warrants will be determined at the market price at the date of grant of the warrants, corresponding to the average quoted price of the company's shares during the last 10 business days prior to the issue of the warrants.

Moreover, Danware will provide a guarantee of up to DKK 10 million, depending on the development of Danware's share price after a 24-month period.

The acquisition of GenevaLogic is expected to be funded in part through a capital increase in Danware (see below).



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Reasons for the acquisition

For a number of years, Danware has developed and marketed market-leading computer-based teaching products. However, Danware's size has made it difficult to attain sufficient international market awareness of its products, optimise sales of the products and thus obtain critical mass. The computer-based teaching market is currently undergoing a rapid development, and market growth is strong. Capitalising on this potential to strengthen the company's position in the Education business area is part of Danware's strategy.

The acquisition of GenevaLogic means that the company will significantly expand its resources in terms of development as well as sales and will be able to offer customers even better and wider-ranging products.

Since the Company was established, GenevaLogic has worked exclusively on the development of software products for computer-based teaching and possesses strong capabilities in this field – both in terms of technology and in terms of market knowledge. Danware's development resources will thus be strengthened significantly.

Merging the activities of GenevaLogic and Danware will produce a world-leading player in software solutions for classroom teaching and other teaching software solutions. The company will be able to offer customers the most complete range of computer-based teaching products, and Danware will in future be able to take a leading position in the development of new, innovative products. Among other things, GenevaLogic is currently working on developing a web-based classroom teaching program which customers can download from the Internet and pay for according to consumption. Expectations are high for this product, which is expected to be launched towards the end of 2008.

The acquisition of GenevaLogic will also strengthen the distribution channels of Danware's products in Education and improve local customer service. Like Danware, GenevaLogic sells its products through business partners. The company's position is particularly strong in the USA, Switzerland and Germany.

Integration of Danware and GenevaLogic

GenevaLogic will be fully integrated in Danware's existing group structure, and a plan for the integration of the two companies is currently being prepared. The plan is expected to be completed on 1 July 2008.

Future products will be based on the best of the two companies' technologies, ensuring that the company can offer customers state-of-the-art teaching products. The plan is to integrate the two main products, Vision and NetOp School over a period of time. Also, the overall product portfolio will be co-ordinated and adjusted to provide customers with better and wider-ranging products.

Danware's Management will not change, and GenevaLogic's current CEO, Kirk Greiner, will be responsible for the largest geographical market, the USA, and will report to CEO Kurt Bager.

Effect on financial statements for 2008

The acquisition of GenevaLogic is expected to contribute approximately DKK 15 million to Danware's revenue in 2008. However, this depends on the progress of the integration of distribution and the development of the USD exchange rate.

The EBITDA effect is expected to be close to nil in 2008 as the expected profit of GenevaLogic largely balances out the expected integration costs.



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The effect on cash flows from operating activities is expected to be neutral.

Outlook for 2008

As mentioned above, the acquisition of GenevaLogic is expected to contribute approximately DKK 15 million to Danware's revenue in 2008. The revenue forecast for 2008 is changed, and revenue is now expected to be in the range of DKK 110-120 million (previous forecast: DKK 100-110 million) and EBITDA is expected to be unchanged at a loss of DKK 10 million.

Share issue

In order to complete the acquisition of GenevaLogic, the Board of Directors of Danware A/S has resolved to call an extraordinary general meeting to request authorisation for the Board of Directors to increase the company's share capital.

Such authorisation will allow the Board of Directors to increase the company's share capital by way of a private placement to the three existing major shareholders of GenevaLogic: NewBorn Consulting Network L.P., Mayya Partners Limited and Kirk Greiner, equalling a nominal increase of the company's existing share capital of up to DKK 1,838,235. Following the capital increase, the company's nominal share capital will be up to DKK 21,090,375, consisting of 4,218,075 shares of DKK 5 each.

The capital increase will be made without pre-emptive rights to the company's existing shareholders.

The new shares will be subject to the same rules as those applicable to the existing shares, which means that they will be issued to bearer but may be registered in the name of the holder in the company's register of shareholders and will be negotiable instruments. Moreover, the new shares will be subject to the same rules on voting rights and redemption as those applicable to the existing shares, see articles 3 and 10 of the Articles of Association. The new shares give the owner entitlements in the company from the date, when the capital increase is registered with the Danish Commerce and Companies Agency, although the new shares only entitle to 50% dividend payment for the financial year 2008.

The new shares will be subscribed by NewBorn Consulting Network L.P., Mayya Partners Limited and Kirk Greiner on closing of the transaction, following which the capital increase will be registered with the Danish Commerce and Companies Agency. The company will apply for the new shares to be listed for trading on the OMX Nordic Exchange Copenhagen as soon as possible after registration of the capital increase with the Commerce and Companies Agency.

A lock-up agreement for 24 months has been entered into with the three sellers of GenevaLogic.

As the capital increase does not exceed 10% of Danware's share capital, the planned capital increase does not require the preparation of an offering circular.

Subscription price

The subscription price of the new shares will equal the market price calculated as the average quoted price of the company's shares during the last 10 business days prior to the date of subscription. The subscription price will not, however be able to fall below DKK 68 per share of DKK 5 nominal amount.

Proceeds and use of proceeds

The proceeds will be used as partial consideration for the acquisition of all shares in GenevaLogic.



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The costs of the capital increase are expected to amount to DKK 100,000, including approximately DKK 75,000 in commissions/fees to auditors, legal advisors etc. and approximately DKK 25,000 in other costs). The final costs of the capital increase will be disclosed in the annual report for 2008.

Change in share capital

Following the capital increase, Danware's total share capital will consist of 4,218,075 shares with a nominal value of DKK 5 each, totalling a nominal value of up to DKK 21,090,375.

The change in share capital appears from the chart below.

	Nominal share capital, DKK	No. of shares of DKK 5
Share capital at 30 June 2008	19.252.140	3.850.428
Private placement, expected at 1 July 2008	Up to 1,838,235	Up to 367,647
Total	Up to 21,090,375	Up to 4,218,075

Preliminary timetable for the share issue

Extraordinary general meeting	26 June 2008, 10.00 a.m.
Anmeldelse til og registrering i Erhvervs- og Selskabsstyrelsen	26 June 2008
Admission to and listing for trading on the OMX Nordic Exchange Copenhagen	1 July 2008

Taxation

The issued shares are subject to the tax rules applicable in the recipient's home country, including rules governing taxation of dividends and capital gains.

Danware company information

Danware A/S, CVR No. 16 22 15 03

The company's financial year runs from 1 January to 31 December.

The securities identification code (ISIN) is DK0010288125.

The new shares will be sought listed under Danware's existing securities identification code.

Danware's core business is to develop and market software products based on the NetOp® core technology – a technology enabling swift, secure and seamless transfer of screens, sound and data between two or more computers. The company's two product areas are Desktop Management and Education. The core product in Desktop Management, NetOp® Remote Control, enables remote control of one or more distant computers. NetOp® School, the core product in Education, is a software application for computer-based classroom teaching. All are plug 'n play products offering extensive functionality, flexibility and user-friendliness. Danware's products are sold in more than 80 countries. In 2007, the company generated revenue of about DKK 85m. Danware's shares are listed on the Copenhagen Stock Exchange and are a component of the Small Cap+ index. Danware operates wholly owned subsidiaries in the United States, the UK and Germany. For more information, go to www.danware.com.

Translation In the event of any inconsistency between this document and the Danish language version, the Danish language version shall be the governing version.