

# First North Announcement.



Number 106 • 29 May 2008



REACHING NEW  
ING PERFORMANCE

## Guava A/S (formerly Notabene.net A/S) – Q3 financial Report for 2007/08

- The turnover of the first three quarters of the current financial year has increased by 336 % compared to the same period last year and EBITDA has increased by 173 %
- Integration of takeovers successfully completed and the process continues throughout the remaining part of 2008
- Change of name from Notabene.net to Guava and an extensive branding process now in place
- Expects being listed on Nasdaq OMX in October 2008 – application for listing initiated
- The Company maintains expectations of the current financial year

The interim report for Guava A/S for the period from 01.07.2007 to 31.03.2008 (three quarters) shows EBITDA of TDKK 23,419 against EBITDA of DKK 8,582 in the same period last year, which is equal to an increase of 173 %.

The Company's turnover in the period from 01.07.2007 to 31.03.2008 was TDKK 212,128 against a total turnover in the same period of 2006/07 of TDKK 48,677, which is equal to an increase of 336 %.

The interim report shows a balance sheet total of TDKK 568,356 and an equity capital of TDKK 397,162.

The Company increased its turnover from TDKK 61,055 in Q1 to TDKK 71,036 in Q2 and to TDKK 80,037 in Q3.

During the period from 01.01.2008 to 31.03.2008, the company has generated a turnover of TDKK 80,037 and EBITDA of TDKK 5,259.

### **Focus on exploiting synergy and economies of scale**

During Q3, the Company's activity level has been high in respect of merging subsidiaries and business areas, including merging physical locations, technological platforms and implementing synergy effects, including adjustment of staff, procurement optimization and centralization hereof, legal risk management program and streamlining of companies/units taken over to make them part of the Guava group of companies.

This has resulted in the Company having paid a range of non-recurring costs during the quarter and similarly, certain isolated circumstances have had an impact on the profit for the quarter, including for example:

- Paid DKK 1.3 million in connection with the change of name to Guava A/S, including building up/ designing a new corporate website, intranet, etc. The Company expects to spend an additional amount of DKK 1.5 million in Q4.
- Merging of physical locations, notice of termination to employees in connection with the merging of organisations and transfer to only one technological platform in connection with the companies/ units taken over has had an impact on the result in the amount of DKK 2.7 million. This applies, e.g., to the integration of The Milk with Notabene.net Danmark and Brand2Brand with MM Medier. The integration of the companies and the preservation of the existing activities have been successfully completed.
- During the quarter, the Company has experienced a fall of the British Pound (GBP) by 8.2 % against the Danish krone (DKK). This has had a negative impact on the turnover in the amount of DKK 3.5 million and a negative impact on earnings in the amount of DKK 0.25 million. In connection with the payment of commission and quarterly bonus from Google, the quarterly growth on the basis of which the bonus commission is calculated is converted from GBP into EURO. Because of the fall of the GBP in relation to EURO, the fall sets off the growth that the group has had in Google consumption during the quarter causing in that respect that the Company has lost a bonus from Google in the amount of DKK 0.6 million. In the opinion of the Company Management, it is not likely that the GBP will fall below the present level and the Company keeps currently abreast of events and does not expect that this will happen again.
- During the quarter, the affiliate marketing sector in Denmark has been facing difficult business conditions regarding sending e-mails, where certain e-mail providers have closed off bulk sending of e-mails, which has had a negative financial impact on the affiliate marketing business area of DKK 2 million in the quarter. However, in the month of April, the Company has noticed that these obstacles have been removed and we are now experiencing a higher growth rate and good results in this field.
- During the quarter, the Company has decided to adjust the number of jobs in the group to the new structure and decrease it by 22 full time jobs, half of the notices of termination was served upon the employees in connection with merging activities, one third in connection with optimizing the benefits of synergy and merging staff functions and the rest in connection with natural wastage during the remaining part of 2008. The Company has suspended employment of new staff until seeing what impact the world economy will have on the sector; however, the area of economy, reporting and investor relations will be further strengthened by new employments.

- The Company has started merging its Company activities in Jutland so that Brand2Brand in Vejle, MM Medier in Aarhus and Atteno in Horsens will be placed at one location situated in the southern part of Aarhus.
- Implemented procurement optimization and centralization hereof expecting to generate savings in the amount of DKK 2-3 million per year from 2009. Costs DKK 0.3 million.

**Total non-recurring costs in Q3 are as follows:**

DKK	
Exchange conditions	850,000
Change of name	1,300,000
Integration	3,000,000
E-mail submitting	2,000,000
Total:	7,150,000

The Company has previously announced that it expects that the financial report for 2007/08 will show profits in the amount of DKK 24-28 million before taxation and depreciation. However, after last quarterly report the Company made an upward adjustment of its expectations to 30-34 million before taxation and depreciation. Therefore, the Management considers the result for the first three quarters of the current financial year satisfactory and maintains its expectations for the full financial year, though expecting profits at the lower end of the interval.

**The Management considers the sequence of events during the first 9 months satisfactory:**

- Completed a corrected emission/increase of capital in the amount of DKK 70 million at a price of DKK 4.75 each.
- Acquired the activities in M&P e-marketing ApS and placed them into Notabene.net Danmark A/S (now Guava Online Marketing A/S).
- Acquired The Milk ApS, specialising in the field of web analysis and usability, at a price of DKK 15 million in newly issued shares. These companies have been merged with Notabene.net Danmark/ Guava Online Marketing.
- Acquired Cubizz Communication A/S, one of Denmark's leading agencies in the field of digital marketing, at a price of DKK 37.1 million in newly issued shares.
- Acquired British Neutralize (Nurea Ltd.) for an up-front amount of DKK 20 million plus an earn-out. Neutralize is leading in the field of Search Engine Optimisation (SEO) in England.

- At the Company's general meeting, held on 3 October 2007, a new Board of Directors was elected, and Mogens Elsberg and Jan Nyholm were elected as new members of the Board of Directors.
- In February 2008, the Company has completed another corrected emission in the amount of DKK 60 million at a price of DKK 6.25 each share to a range of bank establishments and investors.
- Acquired the activities in the Danish competitor, Advisors ApS, and implemented them into Notabene.net Danmark A/S, now Guava Online Marketing.
- Acquired the marketing agency, CPH Group ApS, which in the course of 2008 will become part of Guava Communication (previously Cubizz Communication).
- Acquired the affiliate marketing agency, MM Medier A/S, at a price of DKK 68 million. MM Medier A/S and Notabene.net B2B A/S (Brand2Brand) are about to be merged and move to new joint office facilities in Aarhus.
- Published that the Company is to change its name to Guava as at 29 May 2008.
- Acquired Adfair ApS, specialising in the field of affiliate marketing.

**After the quarter ended 31 March 2008, the Company has transacted the following business:**

- Erik Damgaard has resigned from his seat on the Board of Directors of the Company.
- Completed the change of name to Guava A/S, read also First North Announcement No. 105.
- Initiated the work process of designing/preparing a prospectus in connection with listing on Nasdaq OMX - Copenhagen Stock Exchange.
- During Quarter 3, the Company has signed 2 large customer contracts at a value of DKK 23 million alone, to this amount should be added other lead generation.

## Interim report for 01.07.2007 – 31.03.2008.

Below follows the (non-audited) interim financial report:

DKK (1.000)	1 July - 31 March 2007/08	1 July - 31 March 2006/07	Annual report (Aud.) 2006/07
Net turnover	212,128	48,677	81,445
Gross profit	78,449	22,816	32,975
Profit before depreciation (EBITDA)	23,419	8,582	10,833
Operating income	15,042	7,664	8,671
Net financial items	-1,454	-79	994
Profit before taxation	13,698	7,743	9,664
Profit after taxation	9,900	5,807	8,267
Non-current assets	434,770	71,220	186,754
Current assets	133,586	50,002	64,695
Total assets	568,356	121,222	251,449
Share capital	10,573	4,728	4,964
Equity capital	397,162	83,403	92,112
Provisions	5,609	834	988
Liabilities	165,585	36,985	159,336
Cash flows from operating activities	-11,872	8,563	7,430
Net cash flows for investing activities	-261,030	-57,230	-177,625
Net cash flows from financing activities	296,144	71,597	186,296
Total cash flow	23,242	22,930	16,101

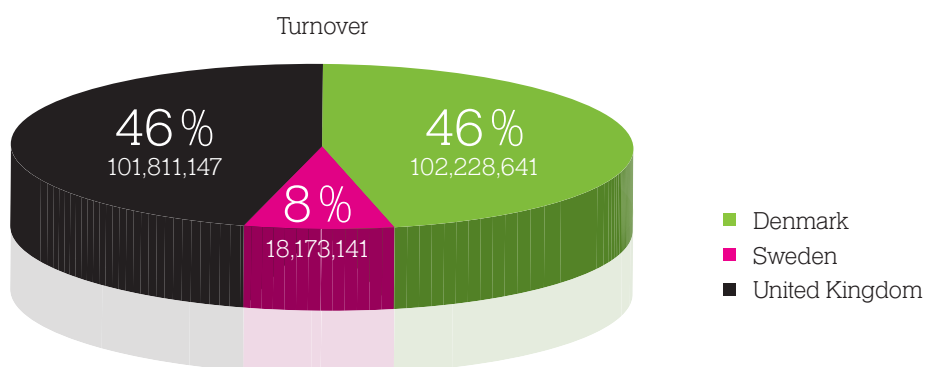
	1 July – 31 March 2007/08	1 July – 31 March 2006/07
Number of shares at the end of the period	104,905,351	46,910,854
Average number of shares during the period	79,312,066	37,109,904
Number of shares at the end of the period including warrants and earn-outs	119,725,852	50,277,858
Average number of shares during the period, including warrants and earn-outs	94,132,566	40,835,904
<b>Key figures:</b>		
Gross margin	37 %	47 %
EBITDA margin	11 %	18 %
Net profit ratio	7 %	16 %
Assets / equity capital	1.43	1.45
Average return on capital and reserves	4.0 %	10.5 %
Earnings per share (EPS Basic), DKK	0.09	0.12
Diluted earnings per share (EPS-D), DKK	0.08	0.12

**In case the Company had not paid a range of non-recurring costs in the amount of DKK 7.15 million, the Company's key figures for the period would have been as follows:**

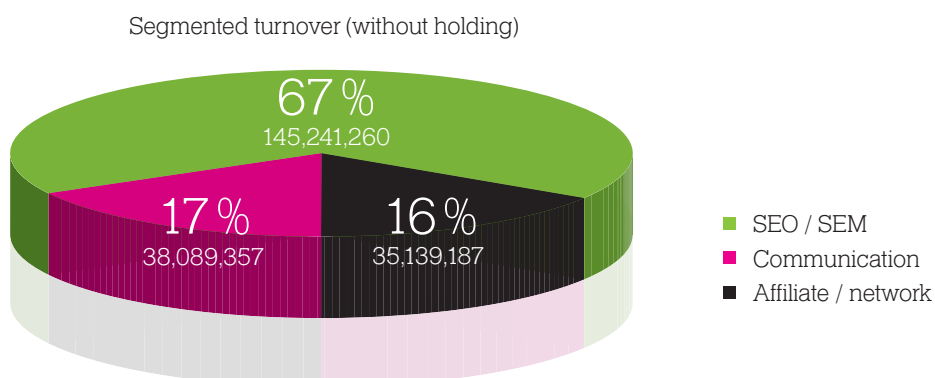
Gross margin	40 %
EBITDA margin	14 %
Net profit ratio	10 %
Assets / equity capital	1.41
Average return on capital and reserves	6.2%
Earnings per share (EPS Basic), DKK	0.14
Diluted earnings per share (EPS-D), DKK	0.13

During the period, the Company's activity level has been high in respect of merging business areas, adapting the number of employees on the basis of acquisitions and implementing various processes, including a procurement optimization within the group, legal risk management, etc. Therefore, the Management considers the result satisfactory.

**The turnovers for the first quarters are distributed on countries as follows:**



**The turnover generated by the group's three business areas are distributed as follows (figures for Holding company are not included in the figures set out below):**



**Financial highlights for the financial years 2003/04, 2004/05, 2005/06 and 2006/07.**

Below follows a list of realised corporate financial items:

TDKK	2006/07	2005/06	2004/05	2004/03
Net turnover	81,445	26,069	17,326	3,644
Operating income	8,671	2,214	1,888	614
Net financial items	994	140	-181	3
Profit before taxation	9,664	2,354	1,707	617
Total assets	251,449	34,842	16,537	3,826
Total equity capital	92,112	26,726	9,678	1,201



## Equity capital explanation

The development of the Company's equity capital during the period has been as follows:

Equity capital developments DKK (1.000)	1 July 2007 - 31 March 2007/08	1 July 2007 - 31 March 2006/07
Equity capital as at 1 July	92,112	26,726
Profit for the period	13,698	7,743
Tax on profit for the period	-3,798	-1,936
Increases of capital	304,574	58,085
Transaction costs and own shares	-8,430	-7,215
Exchange adjustment foreign subsidiaries	-994	-
	397,163	83,403

## Description of prospects for the future

Following the reorganisation and the completion of change of name, the Company is in a good position for continuous growth. The Company experiences great demand for agencies capable of supplying communication solutions that utilize the potentialities of the new digital media and that offer measurement of the effect of money invested in marketing. This has been noticed on the Company's inflow of new orders in Q3.

The Company's strategic pivot point is the Internet and the companies taken over have been working intensively in the field of online marketing via the Internet for many years. The great competencies in this area will help the Company maintain or increase its remarkable market position via organic growth.

At the time of writing, the Company has not noticed any stagnation in the advertising market, but in case the financial crisis should accelerate for a long period of time, it may have an impact on the Company's turnover. During the past quarter, the Company has experienced that industries/sectors that are sensitive to market fluctuations cut down on marketing activities, for instance the building industry where other sectors such as retail, automobile and Internet industries have increased their marketing activities.

However, the Company Management follows the financial crisis and any sign of stagnation extremely carefully and is ready to react in case it should be necessary and in case it might have any impact on the group's business areas.

### **OMX listing**

The Company has started working on being admitted for listing on Nasdaq OMX under Copenhagen Stock Exchange and is preparing a prospectus on the basis of the Annual Report for 2007/08 so that the Company can become listed on the main stock exchange in Q2 of the financial year 2008/09, more specifically in the month of October.

### **Consolidation/Acquisition**

In the opinion of the Company Management the sector is continuously seeing a consolidation, but primarily in the foreign markets, where acquisitions and mergers are seen primarily in the German and British markets.

The Company follows the consolidation closely and is furthermore in long-term contact with potential buy-up candidates and amalgamation partners. However, the Company is playing a waiting game in respect of acquisitions in order to obviate any adjustments in relation to the price fixing of the companies in relation to the financial crisis occurring during the previous six months.

The Company is not actually negotiating new takeovers, but is focusing 100 % on an optimisation and consolidation of the existing companies, but will not deny that smaller buy-ups of customer base may be accomplished for the purpose of supporting the business activities in Denmark, Sweden, Norway, Finland and England, and perhaps large amalgamations may be of actual interest in order to improve the European market share.

### **Expectations of profit for the the financial year 2007/08**

The Company has previously made an upward adjustment of the expectations of turnovers in the range of DKK 270-300 million in the financial year 2007/08 and profits before taxation and depreciation in the amount of DKK 30-34 million.

The Company maintains these expectations, but expects profits at the lower end of the interval.

### **Board decisions**

During the period, no board decisions have been made except for those set forth in previous First North Announcements and decisions of ordinary operating and business nature. All First North Announcements can be read at [www.guava.com](http://www.guava.com) under Investor Relation.

**The Company's shareholding in the Company.**

As at 31.03. 2008, the Company's owns 828,742 own shares in the Company.

**The Board of Directors' or the Management's/Executive Board's direct or indirect shareholding in the Company as at 31.03.2008.**

NBelow follows a list of the Board of Directors' and the Management's/Executive Board's direct or indirect shareholdings in the Company as at 31.03.2008 (number of shares):

Name	Occupation	Number of shares
Ole Sigetty	Chairman of the Board	338,000
Brian Mertz Pedersen	Man. Director/CEO	1,539,000
Jan Storgaard	Financial Director/CFO	42,271
Per Hannover	Director	200,000
Mogens Elsberg	Director	0
Jan Nyholm	Director	0

**The Nominated/Approved Adviser or its relevant employees' total or indirect shareholding in the Company as at 31.03.2008.**

Horwath Revisorerne or its employees do not own any shares in the Company.

**Nominated/Approved Adviser**

Horwath Revisorerne  
 Strandvejen 58  
 DK-2900 Hellerup

Phone + 45 3929 2500

### **Financial calendar for 2008**

Annual report 2007/08            To be published on 30 September 2008  
General meeting                To be held on 3 October 2008

Queries or comments on the quarterly financial report should be directed to Investor Relation at [ir@guava.com](mailto:ir@guava.com) or [mertz@guava.com](mailto:mertz@guava.com)

With kind regards  
Guava A/S

Brian Mertz Pedersen            Ole Sigetty  
Managing Director/CEO        Chairman of the Board of Directors

### **For further information, the following persons can be contacted:**

**Guava A/S**  
Sankt Gjertruds Stræde 10  
DK-1129 Copenhagen K

Brian Mertz Pedersen  
Managing Director/CEO

Phone: +45 70 27 80 89  
Mail: [ir@guava.com](mailto:ir@guava.com)

**Horwath Revisorerne (Approved Adviser)**  
Strandvejen 58  
DK-2900 Hellerup

Søren Jonassen / Thomas Viscovich  
State Authorised Public Accountant

Phone: +45 39 29 25 00  
Mail: [s.jonassen@revisor.com](mailto:s.jonassen@revisor.com) / [t.viscovich@revisor.com](mailto:t.viscovich@revisor.com)