

## Press release

### NedSense announces annual results 2013 and trading update Q1 2014

#### Highlights 2013

- LOFT gross margin growth 70%
- Decrease of operating result € 0.2 million
- Cash flow provided by continued operations € 0.2 million
- Nantahala Capital Management brings in new investors
- Positive developments LOFT division
  - Release of Crate and Barrel LOFT app
  - Launch of LOFT4Brands
  - Deployment of LOFT in real estate sector
- Move of New York offices
- Trading update Q1 2014: LOFT sales growth continues

#### Key figures

	2013	2012
<b>Results from continued operations</b> (in thousands of euros)		
Net revenue	8,912	9,374
Operating result	(1,197)	(983)
Net result	(1,704)	(1,416)
Cash flow	112	(288)
<b>Employees (in FTE's)</b>		
Average number of staff in continued operations, including staff hired out	103	110
<b>Balance sheet information</b> (in thousands of euros)		
Balance sheet total	17,119	15,927
Shareholders' equity	6,293	5,684
Guarantee capital	6,293	5,684
<b>Ratios (in %)</b>		
Operating result / net revenue	(13.4)	(10.5)
Net result / net revenue	(19.1)	(15.1)
Solvency (based on guarantee capital)	36.8	35.7
Liquidity	2.5	2.2
<b>Figures per share</b> (amounts in euros)		
Average number of shares outstanding	25,116,877	21,081,343
Result per share	(0.07)	(0.07)
Cash flow per share	0.00	(0.01)

### **Strategy update**

The NedSense strategy aims for growth, particularly of the LOFT products, and topline efficiency throughout the organization. NedSense continues to perform competitively across the globe and in its various markets. Investments have stabilized and the company's financial situation was reinforced by the issue of ordinary shares in June 2013 and participation of a group of investors represented by Nantahala Capital Management. Although the LOFT division reported a decrease in sales for the first half of 2013, LOFT has been able to fully deliver scheduled projects based on agreements signed with major retailers. Over 2013, NedSense saw its markets recovering slowly from the effects of the economic downturn. NedGraphics has continued to gain market share, but gross margin fell by almost 9% mainly due to fewer new software sales. However LOFT has increased its gross margin by over 70%, partly as a result of a rise in software and maintenance sales. Along with the discontinuation of Dynamics Perspective, NedSense achieved an overall gross margin 5% below the gross margin for 2012, while operating costs dropped by 2% compared to 2012. Sales in the second half of 2013 were strong for both NedGraphics and LOFT, reinforcing not only the company's financial situation but also its market leading position. The engagement with Crate and Barrel, announced and implemented in 2012, sparked interest in other markets which resulted in a number of new deployments of LOFT products following the Crate and Barrel roll out. Not only does NedSense enjoy a clear vision and mission that appeals to investors, its products have now proven their value to the markets.

With the financial structure of the company having strengthened significantly over 2013, NedSense is now better positioned for further growth. Although additional financing may be necessary should profitability not recover as planned or should contingency plans have insufficient impact

### **Financial results 2013**

NedSense concluded 2013 with a net loss of € 1.70 million (2012: € 1.42 million loss). The lower result was mainly due to a decrease in net revenue of € 0.46 million due to disappointing sales for NedGraphics, net of a decrease in operating costs (€ 0.24 million). The operating result for 2013 amounted to € 1.20 million negative (2012: € 0.98 million negative).

Activities include the CAD CAM activities of NedGraphics, and the LOFT development of software that allows 3-dimensional reproduction in a personal environment. The net revenue of NedGraphics decreased by 8.3% to € 8.09 million (2012: 8.82 million). Operating profit decreased to € 0.71 million from € 1.17 million in 2012. LOFT net revenue increased from € 0.56 million in 2012 to € 0.82 million in 2013, an increase of 48.1%. Operating result decreased to a loss of € 0.89 million (2012: € 0.78 million loss) as LOFT continues to further develop its products. The discontinued activities of Dynamics Perspective resulted in a net loss of € 0.01 million in 2013 (2012: € 0.15 million loss).

### **Cash flow, investments, financing**

The operational cash flow in 2013 amounted to € 0.25 million positive (2012: € 0.70 million positive). The decrease was mainly due to higher trade receivables. The cash flow from investments was € 2.64 million negative (2012: € 2.59 million negative). The cash flow from financing amounted to € 2.51 million positive (2012: € 1.61 million positive) as a result of issuing shares and receipt of a government grant. The total change in cash and cash equivalents in 2013 amounted to € 0.11 million positive (2012: € 0.29 million negative).

### **Balance sheet**

From 31 December 2012, non-current assets increased from € 11.22 million to € 11.69 million. The increase is mainly due to the capitalization of developed software for the LOFT product line. Due to the negative results in recent years, NedSense has losses that may be carried forward. These tax assets are not capitalized in the balance sheet as management is currently not certain that sufficient taxable profits will be made in the near future to realize the value of these tax assets.

Shareholders' equity increased from € 5.68 million as of 31 December 2012 to € 6.29 million as of 31 December 2013. This € 0.61 million increase was mainly caused by the issuing of shares net of the negative result. As a result, solvency increased to 36.8% per 31 December 2013 from 35.7% per 31 December 2012.

The number of outstanding ordinary shares, with a nominal value of € 0.10 each, was 28,596,495 as of 31 December 2013. Please see the accompanying financial statements and the notes to those statements for additional information.

#### **Q1 2014 trading update**

In the first quarter, the company has performed in line with expectations. The NedGraphics division once again added a number of big names to its client list. The collection of maintenance fees is also proceeding as expected.

The LOFT division has successfully started new client's projects at Havertys, Kravet, DFS and Thonet. The latter will make use of LOFT4Brands, a new platform which offers the LOFT technology 'software as a service' (SaaS). The platform was officially launched at the IMM event in Cologne (Germany). In the first quarter a completely new version of LOFT Mobile was released.

The LOFT division also performed a thorough market exploration in the US Real Estate market. The market offers promising opportunities applying the current LOFT core system and a number of enhancements.

In 2014, NedSense will continue its growth strategy. Crucial for this growth is the market adoption of the LOFT technology. The deployment of a flexible organization together with business partners will enhance the scalability which will enable NedSense to better balance its revenues and expenses and take contingency measures when necessary.

#### **Annexes:**

- \* Consolidated statement of financial position as of 31 December 2013
- \* Consolidated statement of comprehensive income for 2013
- \* Consolidated statement of cash flows for 2013
- \* Consolidated statement of changes in equity for 2013

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#### **About NedSense enterprises n.v.**

NedSense is a global provider of high-quality software solutions and services for retailers, manufacturers and designers of the products, designs and brands which surround us in our day-to-day lives, from fashion items and accessories to furniture, carpets and other woven materials.

The NedSense portfolio ranges from market leading CAD CAM technology to the unique customer experience solution LOFT™. Our aim is to offer solutions that make sense and create tangible value to the commercial activities of existing and new customers.

Through its wholly owned subsidiary NedGraphics, NedSense serves more than 3,500 customers through a global network of over 30 resellers and agents. Its 14 offices are ideally located in the leading textile, fashion and production centers of the world. To enhance and preserve its dominant market position NedGraphics continues to invest in its highly qualified staff, market research, and product development.

NedSense is listed on NYSE Euronext Amsterdam [NEDSE]. More information is available on <http://www.nedsense.com> and <http://www.loft-nedsense.com>.

## Consolidated statement of financial position

**As of 31 December**

*In thousands of euro*

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Property, plant, and equipment	271	186
Intangible assets	10,961	10,595
Other receivables	455	435
<b>Total non-current assets</b>	<b>11,687</b>	<b>11,216</b>
Inventories	13	7
Trade and other receivables	4,477	3,874
Cash and cash equivalents	942	830
<b>Total current assets</b>	<b>5,432</b>	<b>4,711</b>
<b>Total assets</b>	<b>17,119</b>	<b>15,927</b>
<b>Equity</b>		
Issued capital	2,860	2,108
Share premium	37,565	36,167
Legal reserves	6,905	6,540
Translation reserves	(126)	(116)
Accumulated deficit	(40,911)	(39,015)
<b>Total equity</b>	<b>6,293</b>	<b>5,684</b>
<b>Liabilities</b>		
Interest-bearing loans and borrowings	4,342	3,678
Employee benefits	134	119
<b>Total non-current liabilities</b>	<b>4,476</b>	<b>3,797</b>
Trade and other payables	2,141	2,147
Deferred income	4,209	4,299
<b>Total current liabilities</b>	<b>6,350</b>	<b>6,446</b>
<b>Total liabilities</b>	<b>10,826</b>	<b>10,243</b>
<b>Total equity and liabilities</b>	<b>17,119</b>	<b>15,927</b>

## Consolidated statement of comprehensive income

For the year ended 31 December

*In thousands of euro*

	2013	2012 Restated*
Net revenue	8,912	9,374
Cost of sales	(273)	(286)
<b>Gross profit</b>	<b>8,639</b>	<b>9,088</b>
Wages and salaries	5,157	5,317
Social security charges	1,192	1,191
Amortization and depreciation	2,135	1,905
Other operating costs	2,999	3,325
Capitalized production	(1,647)	(1,667)
<b>Profit (loss) from operations</b>	<b>(1,197)</b>	<b>(983)</b>
Finance income	42	64
Finance costs	(526)	(409)
<b>Net finance costs</b>	<b>(484)</b>	<b>(345)</b>
<b>Profit (loss) before income tax</b>	<b>(1,681)</b>	<b>(1,328)</b>
Income tax expense	9	(63)
<b>Profit (loss) for the period</b>	<b>(1,690)</b>	<b>(1,265)</b>
<b>Discontinued operation</b>		
Income (loss) from discontinued operation (net of income tax)	(14)	(151)
<b>Profit (loss) for the period</b>	<b>(1,704)</b>	<b>(1,416)</b>
<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operations	(10)	19
<b>Other comprehensive income for the period, net of income tax</b>	<b>(10)</b>	<b>19</b>
<b>Total comprehensive income (loss) for the period</b>	<b>(1,714)</b>	<b>(1,397)</b>
<b>Profit (loss) attributable to:</b>		
Owners of the Company	(1,704)	(1,416)
<b>Profit (loss) for the period</b>	<b>(1,704)</b>	<b>(1,416)</b>
<b>Total comprehensive income (loss) attributable to:</b>		
Owners of the Company	(1,714)	(1,397)
<b>Total comprehensive income (loss) for the period</b>	<b>(1,714)</b>	<b>(1,397)</b>
<b>Earnings (loss) per share</b>		
Basic earnings (loss) per share (in euros)	(0.07)	(0.07)
Diluted earnings (loss) per share (in euros)	(0.06)	(0.06)
<b>Earnings (loss) per share continued operations</b>		
Basic earnings (loss) per share (in euros)	(0.07)	(0.06)
Diluted earnings (loss) per share (in euros)	(0.06)	(0.05)

## Consolidated statement of cash flows

For the year ended 31 December

*In thousands of euro*

	2013	2012
Profit (loss) for the period	(1,704)	(1,416)
Adjustments for:		
- Amortization and depreciation	2,135	1,905
- Change in inventories	(6)	(4)
- Change in trade and other receivables	(623)	628
- Change in trade and other payables	(6)	(391)
- Change in provisions and employee benefits	15	1
- Change in deferred income	(90)	(289)
- Equity settled share based payment	173	153
- Net finance costs	484	345
- Corporate income tax	9	(63)
Interest paid	(133)	(131)
Corporate income tax paid	(9)	(41)
<b>Cash flow from (used in) operating activities</b>	<b>245</b>	<b>697</b>
Investments:		
Intangible fixed assets	(2,485)	(2,517)
Property, plant, and equipment	(210)	(98)
Disposals:		
Property, plant, and equipment	61	2
Other	(5)	19
<b>Cash flow from (used in) investment activities</b>	<b>(2,639)</b>	<b>(2,594)</b>
Net proceeds from issuance of shares	2,150	0
Proceeds from issue of convertible notes	0	1,400
Proceeds from grant	356	1,209
Redemption loans	0	(1,000)
<b>Cash flow from (used in) financing activities</b>	<b>2,506</b>	<b>1,609</b>
<b>Change in liquid assets</b>	<b>112</b>	<b>(288)</b>
Cash and cash equivalents	830	1,118
Bank overdraft	0	0
<b>Balance at 1 January</b>	<b>830</b>	<b>1,118</b>
Cash and cash equivalents	942	830
Bank overdraft	0	0
<b>Balance at 31 December</b>	<b>942</b>	<b>830</b>
<b>Change in liquid assets</b>	<b>112</b>	<b>(288)</b>

## Consolidated statement of changes in equity

*In thousands of euro*

### Attributable to equity holders of the Company

	Share capital	Share premium	Trans- lation reserve	Accum- ulated deficit	Other legal reserves	Total equity
Balance at 1 January 2012	2,108	35,882	(135)	(37,300)	6,088	6,643
<b>Total comprehensive income (loss) for the period</b>						
Profit or (loss)	0	0	0	(1,416)	0	(1,416)
<b>Other comprehensive income - Items that are or may be reclassified to profit or loss</b>						
Foreign currency translation differences	0	0	19	0	0	19
Total other comprehensive income	0	0	19	0	0	19
Total comprehensive income (loss) for the period	0	0	19	(1,416)	0	(1,397)
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Issue of convertible notes net of taxes	0	285	0	0	0	285
Share-based payments	0	0	0	153	0	153
Total contributions by and distributions to owners	0	285	0	153	0	438
Total transactions with owners	0	285	0	153	0	438
Transfer to other reserves	0	0	0	(452)	452	0
Balance at 31 December 2012	2,108	36,167	(116)	(39,015)	6,540	5,684
Balance at 1 January 2013	2,108	36,167	(116)	(39,015)	6,540	5,684
<b>Total comprehensive income (loss) for the period</b>						
Profit or (loss)	0	0	0	(1,704)	0	(1,704)
<b>Other comprehensive income - Items that are or may be reclassified to profit or loss</b>						
Foreign currency translation differences	0	0	(10)	0	0	(10)
Total other comprehensive income	0	0	(10)	0	0	(10)
Total comprehensive income (loss) for the period	0	0	(10)	(1,704)	0	(1,714)
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Issue of new shares (net of transaction costs)	752	1,398	0	0	0	2,150
Share-based payments	0	0	0	173	0	173
Total contributions by and distributions to owners	752	1,398	0	173	0	2,323
Total transactions with owners	752	1,398	0	173	0	2,323
Transfer to other reserves	0	0	0	(365)	365	0
Balance at 31 December 2013	2,860	37,565	(126)	(40,911)	6,905	6,293