

## Press release

### NedSense announces annual results 2011 and trading update Q1 2012

#### Highlights 2011

- Equal sales levels on comparable basis in NedGraphics taking currency effect and orderbook growth into account; LOFT continues to grow
- Net loss of € 1.78 million mostly due to an increase of ongoing R&D activities in LOFT and non recurring R&D transition cost at NedGraphics
- Number of key LOFT accounts increased, contract signed with Crate and Barrel
- Financial position strengthened through issuance of new shares and convertible loans
- Innovation credit awarded by the Dutch Ministry of Economic Affairs
- Trading update: Q1 2012 sales growth clearly visible

#### Key-figures

|   | 2011    | 2010  |
|---|---------|-------|
| <b>Results from continued operations</b> (in € 1,000) |         |       |
| Net revenue   | 9,116   | 9,518 |
| Operating result                                      | (1,735) | (360) |
| Net result  | (1,781) | (733) |
| Cash flow   | 66      | 305   |

|   | 31 Dec 11 | 31 Dec 10 |
|---|-----------|-----------|
| <b>Balance sheet information</b> (in € 1,000) |           |           |
| Balance sheet total                           | 16,381    | 13,896    |
| Shareholders' equity                          | 6,643     | 5,125     |
| Guarantee capital                             | 6,643     | 5,125     |

|                                       |        |       |
|---------------------------------------|--------|-------|
| <b>Ratios (in %)</b>                  |        |       |
| Operating result / net revenue        | (19.0) | (3.8) |
| Net result / net revenue              | (19.5) | (7.7) |
| Solvency (based on guarantee capital) | 40.6   | 36.9  |
| Liquidity                             | 1.7    | 1.6   |

|   |            |            |
|---|------------|------------|
| <b>Figures per share</b> (amounts in € 1) |            |            |
| Average number of shares outstanding      | 15,944,356 | 11,711,485 |
| Result per share                          | (0.11)     | (0.06)     |
| Cash flow per share                       | 0.00       | 0.03       |

## Strategy update

With the implementation of our Value Triangle Strategy, NedSense has laid the foundation for continued growth. The capital strengthening that took place in 2011 has improved the financial structure of the company significantly and has put the company in a position to take the next step in its strategy. Following the launch of LOFT in 2009, NedSense has continued its focus on the development of the LOFT suite of products. Like in 2010, we again added a number of clients to the LOFT launching customer community in 2011 with among others a Dutch bedding company and with New Line Fabrics in the spring of 2011. The contract with Crate and Barrel, will prove the potential for LOFT in the market of leading home furnishing companies. Crate and Barrel's vision seamlessly maps the original concept and goals of LOFT: creating a rich, personalized and lasting experience for the end customer in his or her environment of choice.

We will continue to invest in the LOFT proposition. The innovation has been recognized by the Dutch Ministry of Economic Affairs with an €1.7 million innovation credit early 2012.

Our CAD/CAM (NedGraphics) activities are operating in turbulent market circumstances as the economical and political conditions are negatively influencing the Fashion and Textile industry. Nevertheless, we continue to gain market share as we achieved growth in 2011 with the acquisition of a number of large clients. We are witnessing fragile market circumstances in traditionally strong textile countries such as Egypt, Italy and Portugal, while emerging regions, including China, show a continued growth. Acting lean, balancing costs, right sourcing and innovation are the key elements and is the foundation of NedGraphics' strategy.

Our Dynamics Perspective division is operating under the same difficult market circumstances. The partnership with PTC has proven its potential and effective strategy change after signing its first service- and license contract with a major US apparel retailer.

NedSense is now ready for the next steps in its strategy, in which selective acquisitions will be targeted to complement the organic growth strategy. NedSense intends to use acquisitions to increase its global footprint and obtain distribution channels for LOFT in Europe and the United States.

NedSense has recently launched its new website (see [www.nedsense.com](http://www.nedsense.com)) aligning the various brands.

## **Financial results 2011**

### **Financial results**

NedSense ended 2011 with a net loss of € 1.78 million (2010: € 0.73 million loss). This was mainly due to a decrease in net revenue of € 0.40 million and an increase in other operating costs (€ 0.62 million) mostly due to an increase of ongoing R&D activities in LOFT and non recurring transition cost of a considerable portion of our R&D activities from internal to external sources. The operating result for 2011 amounted to € 1.74 million negative (2010: € 0.36 million negative).

Net revenue of NedGraphics decreased by 5.1% to € 8.2 million (2010: € 8.6 million). The USD effect on sales was € 0.2 million negative and the orderbook at year-end was € 0.23 million higher compared to last year. Costs were higher especially related to the onetime transition cost described above. Operating profit for NedGraphics decreased from € 1.12 million in 2010 to € 0.07 million in 2011.

Revenue from the ERP activities of Dynamics Perspective decreased from € 0.80 million in 2010 to € 0.71 million in 2011. The operating result of Dynamics Perspective decreased by € 27 thousand to a small loss of € 17 thousand in 2011.

LOFT sales increased from € 38 thousand to € 151 thousand in 2011 and LOFT incurred € 1.06 million in expenses (2010: € 0.75 million) to further develop its products. The costs of LOFT will increase further in 2012.

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

The operational cash flow in 2011 amounted to € 0.77 million negative (2010: € 1.25 million positive). The cash flow from investments in 2011 was € 2.89 million negative (2010: € 2.34 million negative). The decline in 2011 was mainly due to the investments made in the software development of the new LOFT™ product line. The cash flow from financing in 2011 was € 3.78 million positive (2010: € 1.39 million positive) as a result of the financing obtained by Project Holland Fonds and the current major shareholders. The total change in cash and cash equivalents in 2011 amounted to € 0.06 million positive (2010: € 0.31 million positive).

### **Balance sheet**

Fixed assets increased from € 9.25 million at year-end 2010 to € 10.32 million at year-end 2011. This was mainly due to the capitalization of developed software for the LOFT™ product line.

Shareholders' equity increased from € 5.13 million as at December 31, 2010 to € 6.64 million as at December 31, 2011. This € 1.52 million increase was mainly caused by the issue of new shares as a result of the investment of Project Holland Fonds and the recognition of equity of the convertible loans. As a result of these changes, solvency increased to 40.6% at December 31, 2011, from 36.9% at December 31, 2010. The high yield loan of € 2.1 million has been fully repaid in 2011 and Q1 2012.

The number of outstanding ordinary shares, with a nominal value of € 0.10 each, was 21,081,343 as of December 31, 2011. Please see the accompanying financial statements and the notes to those statements for additional information.

## **Q1 2012 trading update**

Business conditions have been improved during the first months of 2012. We were able to close some major deals with NedGraphics and especially countries like United Kingdom, Scandinavia, Turkey and China showed a clear improvement. With LOFT, recognized revenue increased mainly due the Crate and Barrel project.

In January 2012, Agentschap NL, the innovation agency of the Dutch Ministry of Economic Affairs has awarded NedSense an innovation credit to develop the LOFT experience engine across a range of platforms and devices. The agency, whose aim it is to support the excellent implementation of international, innovation and sustain policy, and thus a leading innovative position for the Netherlands, has awarded the credit to NedSense on the basis of an innovation plan and R&D roadmap submitted in 2011. The roadmap includes detailed plans for the expansion of the core LOFT experience engine across a range of platforms, such as iPad, Web, and delivery models such as on-site and Software as a Service (SaaS).

In 2012, NedSense will continue its growth strategy. The implementation of the value triangle strategy from 2009 through 2011 has provided the company with the foundation and track record to continue autonomous growth in combination with growth by selective acquisitions. Of key importance in fueling this growth strategy is LOFT. By having built a more flexible organization, NedSense is now capable of balancing revenues and costs, and deploying contingency measures when necessary.

### **Annexes:**

- \* Consolidated statement of financial position as of 31 December 2011
- \* Consolidated statement of comprehensive income for 2011
- \* Consolidated statement of cash flows for 2011
- \* Consolidated statement of changes in equity for 2011

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

NedGraphics is a wholly owned subsidiary of NedSense enterprises n.v. Through its subsidiary, NedSense has built an impressive track record of developing and producing software solutions for the fashion and textile industry over a period of 30 years.

NedSense serves more than 3,500 customers through a global network of over 42 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.

The corporate philosophy and professional approach of NedGraphics ensures a close working relationship with the finest designers and manufacturers by offering them solutions which are of the highest level of functionality. It enables its clients to improve their sales through minimizing time to market, optimizing product development flow and reducing sampling costs. Each software solution is offered in a fully integrated modular system to guarantee the current and future operational performance. NedSense is listed on NYSE Euronext Amsterdam (NEDSE). More information on [www.nedgraphics.com](http://www.nedgraphics.com) and [www.nedsense.com](http://www.nedsense.com).

### **For further information:**

#### **Uneke Dekkers**

Citigate First Financial B.V.

Telephone + 31 (0)20 575 4021

## Consolidated statement of financial position

As of 31 December

*In thousands of euro*

|                                       | 2011          | 2010          |
|---------------------------------------|---------------|---------------|
| <b>Assets</b>                         |               |               |
| Property, plant, and equipment        | 181           | 146           |
| Intangible fixed assets               | 10,142        | 9,103         |
| Trade and other receivables           | 435           | 0             |
| <b>Total non-current assets</b>       | <b>10,758</b> | <b>9,249</b>  |
| Inventories                           | 3             | 7             |
| Trade and other receivables           | 4,502         | 3,588         |
| Corporate income tax                  | 0             | 0             |
| Cash and cash equivalents             | 1,118         | 1,052         |
| <b>Total current assets</b>           | <b>5,623</b>  | <b>4,647</b>  |
| <b>Total assets</b>                   | <b>16,381</b> | <b>13,896</b> |
| <b>Equity</b>                         |               |               |
| Issued capital                        | 2,108         | 1,358         |
| Share premium                         | 35,882        | 33,477        |
| Legal reserves                        | 6,088         | 4,914         |
| Translation reserves                  | (135)         | (109)         |
| Accumulated deficit                   | (35,519)      | (33,782)      |
| Current year's result                 | (1,781)       | (733)         |
| <b>Total equity</b>                   | <b>6,643</b>  | <b>5,125</b>  |
| <b>Liabilities</b>                    |               |               |
| Interest-bearing loans and borrowings | 1,494         | 1,600         |
| Employee benefits                     | 118           | 102           |
| <b>Total non-current liabilities</b>  | <b>1,612</b>  | <b>1,702</b>  |
| Interest-bearing loans and borrowings | 1,000         | 500           |
| Trade and other payables              | 2,538         | 2,450         |
| Deferred income                       | 4,588         | 4,119         |
| <b>Total current liabilities</b>      | <b>8,126</b>  | <b>7,069</b>  |
| <b>Total liabilities</b>              | <b>9,738</b>  | <b>8,771</b>  |
| <b>Total equity and liabilities</b>   | <b>16,381</b> | <b>13,896</b> |

**Consolidated statement of comprehensive income**  
**For the year ended 31 December**

*In thousands of euro*

|   | 2011           | 2010         |
|---|----------------|--------------|
| Net revenue   | 9,116          | 9,518        |
| Cost of sales   | (278)          | (283)        |
| <b>Gross profit</b>   | <b>8,838</b>   | <b>9,235</b> |
| Wages, salaries and option charges                                  | 5,492          | 5,422        |
| Social security, pension and other                                  | 1,201          | 1,189        |
| Amortization and depreciation                                       | 1,792          | 1,657        |
| Impairment of goodwill  | 0              | 0            |
| Other operating costs   | 3,756          | 3,197        |
| Capitalized production  | (1,668)        | (1,870)      |
| <b>Profit (loss) from operations</b>                                | <b>(1,735)</b> | <b>(360)</b> |
| Finance income  | 10             | 5            |
| Finance costs   | (196)          | (313)        |
| <b>Net finance costs</b>  | <b>(186)</b>   | <b>(308)</b> |
| <b>Profit (loss) before income tax</b>                              | <b>(1,921)</b> | <b>(668)</b> |
| Income tax expense  | 140-           | 65           |
| <b>Profit (loss) for the period</b>                                 | <b>(1,781)</b> | <b>(733)</b> |
| <b>Other comprehensive income</b>                                   |                |              |
| Foreign currency translation differences for foreign operations     | (26)           | (67)         |
| Other income through equity   | 0              | 0            |
| <b>Other comprehensive income for the period, net of income tax</b> | <b>(26)</b>    | <b>(67)</b>  |
| <b>Total comprehensive income (loss) for the period</b>             | <b>(1,807)</b> | <b>(800)</b> |
| <b>Profit (loss) attributable to:</b>                               |                |              |
| Owners of the Company   | (1,781)        | (733)        |
| Non-controlling interests   | 0              | 0            |
| <b>Profit (loss) for the period</b>                                 | <b>(1,781)</b> | <b>(733)</b> |
| <b>Total comprehensive income (loss) attributable to:</b>           |                |              |
| Owners of the Company   | (1,807)        | (800)        |
| Non-controlling interests   | 0              | 0            |
| <b>Total comprehensive income (loss) for the period</b>             | <b>(1,807)</b> | <b>(800)</b> |
| <b>Earnings per share</b>   |                |              |
| Basic earnings per share (in euros)                                 | (0.11)         | (0.06)       |
| Diluted earnings per share (in euros)                               | (0.11)         | (0.06)       |

## Consolidated statement of changes in equity

In thousands of euro

### Attributable to equity holders of the Company

|  | Share<br>capital | Share<br>premium | Trans-<br>lation<br>reserve | Accum-<br>ulated<br>deficit | Other<br>legal<br>reserves | Total<br>equity |
|--|------------------|------------------|-----------------------------|-----------------------------|----------------------------|-----------------|
| Balance at 1 January 2010                                    | 983              | 32,463           | (42)                        | (33,219)                    | 4,131                      | 4,316           |
| Appropriation of result                                      | 0                | 0                | 0                           |                             | 0                          | 0               |
| <b>Total comprehensive income (loss) for the period</b>      |                  |                  |                             |                             |                            |                 |
| Profit or (loss)   | 0                | 0                | 0                           | (733)                       | 0                          | (733)           |
| <b>Other comprehensive income</b>                            |                  |                  |                             |                             |                            |                 |
| Foreign currency translation differences                     | 0                | 0                | (67)                        | 0                           | 0                          | (67)            |
| Total other comprehensive income                             | 0                | 0                | (67)                        | 0                           | 0                          | (67)            |
| Total comprehensive income (loss) for the period             | 0                | 0                | (67)                        | (733)                       | 0                          | (800)           |
| <b>Transactions with owners, recorded directly in equity</b> |                  |                  |                             |                             |                            |                 |
| <b>Contributions by and distributions to owners</b>          |                  |                  |                             |                             |                            |                 |
| Issue of new shares  | 375              | 1,014            | 0                           | 0                           | 0                          | 1,389           |
| Share-based payments   | 0                | 0                | 0                           | 220                         | 0                          | 220             |
| Total contributions by and distributions to owners           | 375              | 1,014            | 0                           | 220                         | 0                          | 1,609           |
| Total transactions with owners                               | 375              | 1,014            | 0                           | 220                         | 0                          | 1,609           |
| Transfer to other reserves                                   | 0                | 0                | 0                           | (783)                       | 783                        | 0               |
| Balance at 31 December 2010                                  | 1,358            | 33,477           | (109)                       | (34,515)                    | 4,914                      | 5,125           |
| Balance at 1 January 2011                                    | 1,358            | 33,477           | (109)                       | (34,515)                    | 4,914                      | 5,125           |
| Appropriation of result                                      | 0                | 0                | 0                           | 0                           | 0                          | 0               |
| <b>Total comprehensive income (loss) for the period</b>      |                  |                  |                             |                             |                            |                 |
| Profit or (loss)   | 0                | 0                | 0                           | (1,781)                     | 0                          | (1,781)         |
| <b>Other comprehensive income</b>                            |                  |                  |                             |                             |                            |                 |
| Foreign currency translation differences                     | 0                | 0                | (26)                        | 0                           | 0                          | (26)            |
| Total other comprehensive income                             | 0                | 0                | (26)                        | 0                           | 0                          | (26)            |
| Total comprehensive income (loss) for the period             | 0                | 0                | (26)                        | (1,781)                     | 0                          | (1,807)         |
| <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)               | 625              | 1,501            | 0                           | 0                           | 0                          | 2,126           |
| Share options exercised                                      | 125              | 375              | 0                           | 0                           | 0                          | 500             |
| Issue of convertible notes net of taxes                      | 0                | 529              | 0                           | 0                           | 0                          | 529             |
| Share-based payments   | 0                | 0                | 0                           | 170                         | 0                          | 170             |
| Total contributions by and distributions to owners           | 750              | 2,405            | 0                           | 170                         | 0                          | 3,325           |
| Total transactions with owners                               | 750              | 2,405            | 0                           | 170                         | 0                          | 3,325           |
| Transfer to other reserves                                   | 0                | 0                | 0                           | (1.174)                     | 1.174                      | 0               |
| Balance at 31 December 2011                                  | 2,108            | 35,882           | (135)                       | (37,300)                    | 6.088                      | 6,643           |

# **Consolidated statement of cash flows** **For the year ended 31 December**

*In thousands of euro*

|   | <b>2011</b>    | <b>2010</b>    |
|---|----------------|----------------|
| Profit (loss) from operations                         | (1,735)        | (360)          |
| Adjustments for:                                      |                |                |
| Amortization and depreciation                         | 1,792          | 1,657          |
| Change in inventories                                 | 4              | 28             |
| Change in trade and other receivables                 | (1,349)        | (335)          |
| Change in trade and other payables                    | 88             | 232            |
| Change in provisions and employee benefits            | 16             | 14             |
| Change in deferred income                             | 469            | 64             |
| Equity settled share based payment                    | 170            | 220            |
| Net finance costs                                     | (186)          | (205)          |
| Corporate income tax                                  | (37)           | (64)           |
| <b>Cash flow from (used in) operating activities</b>  | <b>(768)</b>   | <b>1,251</b>   |
| Investments:  |                |                |
| Intangible fixed assets                               | (2,739)        | (2,143)        |
| Property, plant, and equipment                        | (126)          | (123)          |
| Disposals:  |                |                |
| Property, plant, and equipment                        | 0              | 1              |
| Other   | (27)           | (70)           |
| <b>Cash flow from (used in) investment activities</b> | <b>(2,892)</b> | <b>(2,335)</b> |
| Net proceeds from issuance of shares                  | 2,126          | 1,389          |
| Proceeds from exercise of share options               | 500            | 0              |
| Proceeds from issue of convertible notes              | 2,200          | 0              |
| Redemption loans                                      | (1,100)        | 0              |
| <b>Cash flow from (used in) financing activities</b>  | <b>3,726</b>   | <b>1,389</b>   |
| <b>Change in liquid assets</b>                        | <b>66</b>      | <b>305</b>     |
| Cash and cash equivalents                             | 1,052          | 747            |
| Bank overdraft  | 0              | 0              |
| <b>Balance at 1 January</b>                           | <b>1,052</b>   | <b>747</b>     |
| Cash and cash equivalents                             | 1,118          | 1,052          |
| Bank overdraft  | 0              | 0              |
| <b>Balance at 31 December</b>                         | <b>1,118</b>   | <b>1,052</b>   |
| <b>Change in liquid assets</b>                        | <b>66</b>      | <b>305</b>     |