

Press release

NedSense announces annual results 2012 and trading update Q1 2013

Highlights 2012

- Strong revenue increases for LOFT (+140%) and NedGraphics (+8%)
- EBITDA increase of € 0.7 million
- Cash flow from operations increase of € 1.5 million
- Positive developments LOFT division
 - Implementation of LOFT technology in Crate and Barrel stores & online
 - Granting of innovation credit to fund LOFT core engine developments
 - Development of LOFT4Brands off-the-shelf product
 - Deployment of LOFT@Web and LOFT@iPad by largest flooring retailer in Australia
- Increase in use and success of NedGraphics technology in schools and universities worldwide
- Move to new premises in Vianen
- Trading update Q1 2013: LOFT Sales growth clearly visible

Key figures

	2012	2011
Results from continued operations (in thousands of euros)		
Net revenue	9.891	9.116
Operating result	-1.101	-1.735
Net result	-1.416	-1.781
Cash flow	-288	66
Employees (in FTE's)		
Average number of staff in continued operations, including staff hired out	110	109
Balance sheet information (in thousands of euros)		
Balance sheet total	15.927	16.381
Shareholders' equity	5.684	6.643
Guarantee capital	5.684	6.643
Ratios (in %)		
Operating result / net revenue	(11,1)	(19,0)
Net result / net revenue	(14,3)	(19,5)
Solvency (based on guarantee capital)	35,7	40,6
Liquidity	2,2	1,6
Figures per share (amounts in euros)		
Average number of shares outstanding	21.081.343	15.944.356

Strategy update

The current strategy of NedSense is based on the 'Value Triangle' of revenue growth, performance improvement, market deployment, and sustainability. With the financial structure of the company having strengthened significantly, which NedSense announced today in a separate press release, the company is now in a position to move on to the next step, namely to further growth. Throughout 2012, NedSense performed competently across the globe. Although we see markets only slowly recovering from the effects of the economic crisis, NedSense has continued to gain market share and be successful in the American, European and Asian markets. In fact, NedSense has achieved a year-over-year growth in revenue of over 10%, while operating costs increased only slightly compared to 2011. Sales in the second half of 2012 were particularly strong, reinforcing not only the company's financial situation but also its position as a market leader. The engagement with Crate and Barrel announced and implemented in 2012 sparked interest in other markets, like the engagement in the 'flooring industry' with Carpet Court from Australië. It also resulted in the roll out of a new application of the LOFT technology, like the development of LOFT4Brands, a 'software as a service' (SaaS) solution.

"Not only does NedSense enjoy a clear vision and mission that appeals to investors, its products have now proven their value to the markets. The healthy atmosphere alive within NedSense is reflected in the new premises we moved to in July 2012. The open plan layout echoes the transparent nature of the organization, and a new vibe, culture and professionalism can be clearly felt. It is a positive development from which we can reap the benefits across the board", says NedSense CEO Pieter Aarts.

Financial results 2012

NedSense ended 2012 with a net loss of € 1.42 million (2011: € 1.78 million loss). The improved result of 2012 was mainly due to an increase in net revenue of € 0.78 million. The operating result for 2012 amounted to € 1.10 million negative (2011: € 1.74 million negative). Activities include the CAD CAM activities of NedGraphics, the LOFT development of software that allows 3-dimensional reproduction in a personal environment, and the ERP activities of Dynamics Perspective. The net revenue of NedGraphics increased by 7.8% to € 8.82 million (2011: 8.18 million). Operating profit increased to € 1.17 million from € 0.07 million in 2011. LOFT net revenue increased from € 0.23 million in 2011 to € 0.56 million in 2012, an increase of over 140%. Operating result decreased to a loss of € 0.78 million (2011: € 0.53 million loss) as LOFT continues to further invest in the development of its products. Dynamics Perspective's net revenue declined to € 0.52 million from € 0.71 million in 2011. Operating result decreased from a loss of € 0.02 million to a loss of € 0.12 million in 2012.

Cash flow, investments, financing

The operational cash flow in 2012 amounted to € 0.70 million positive (2011: € 0.77 million negative). The increase from 2011 was mainly due to the improved operating result and lower trade receivables. The cash flow from investments in 2012 was € 2.59 million negative (2011: € 2.89 million negative). The cash flow from financing in 2012 was € 1.61 million positive (2011: € 3.73 million positive) as a result of financing from Project Holland Fonds and receipt of the innovation credit grant. The total change in cash and cash equivalents in 2012 amounted to € 0.29 million negative (2011: € 0.07 million positive).

Balance sheet

From 31 December 2011, fixed assets increased from € 10.76 million to € 11.22 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 decreased from € 6.64 million as of 31 December 2011 to € 5.68 million as of 31 December 2012. This € 0.96 million decrease was mainly caused by the negative result. As a result, solvency decreased to 35.7% at 31 December 2012 from 40.6% at 31 December 2011.

The number of outstanding ordinary shares, with a nominal value of € 0.10 each, was 21,081,343 as of 31 December 2012. Please see the accompanying financial statements and the notes to those statements for additional information.

Q1 2013 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. In particular the largest U.S. sports brand was a striking success. The collection of maintenance fees is also proceeding as expected. Furthermore, the Board of Directors has transferred all operational management responsibilities to a newly formed management team. The new team is formed from its own management containing a good mix of knowledge, experience, geographical and cultural background.

The LOFT division has successfully teamed up with two new clients namely the VME groep (better known in the Netherlands as the successful retailer 'Trendhopper') and Quodes. The latter will make use of LOFT4Brands, an entirely new platform which offers the LOFT technology 'software as a service' (SaaS). In the first quarter a start was made with a completely new release of both the web-based version as the iPad version of the LOFT technology, which will be released in the summer of 2013. Besides the renewed website of LOFT was launched in the first quarter (<http://www.loft-nedsense.com/>). In addition, an innovative social media strategy was rolled out with the birth of avatar 'Lofty' (for further information <http://www.loftysblog.com/> and <https://twitter.com/TweetsByLofty>).

Also the management team in the LOFT division has been strengthened whereby key positions in research, development and sales were filled in.

The first quarter was partly tinted as the final advances of the Ministry of Economic Affairs for an amount of € 0.36 million was allocated.

In 2013, NedSense will continue its growth strategy. Crucial for this growth is the market adoption of the LOFT technology. The deployment of a flexible organisation 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 2012
- * Consolidated statement of comprehensive income for 2012
- * Consolidated statement of cash flows for 2012
- * Consolidated statement of changes in equity for 2012

For further information:

Citigate First Financial
Maarten Dijkma
Telefoon: +31(0) 20 575 4014

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

	2012	2011
Assets		
Property, plant, and equipment	186	181
Intangible fixed assets	10.595	10.142
Trade and other receivables	435	435
Total non-current assets	11.216	10.758
Inventories	7	3
Trade and other receivables	3.874	4.502
Cash and cash equivalents	830	1.118
Total current assets	4.711	5.623
Total assets	15.927	16.381
Equity		
Issued capital	2.108	2.108
Share premium	36.167	35.882
Legal reserves	6.540	6.088
Translation reserves	-116	-135
Accumulated deficit	-39.015	-37.300
Total equity	5.684	6.643
Liabilities		
Interest-bearing loans and borrowings	3.678	1.494
Employee benefits	119	118
Total non-current liabilities	3.797	1.612
Interest-bearing loans and borrowings	0	1.000
Trade and other payables	2.147	2.538
Deferred income	4.299	4.588
Total current liabilities	6.446	8.126
Total liabilities	10.243	9.738
Total equity and liabilities	15.927	16.381

Consolidated statement of comprehensive income
For the year ended 31 December

In thousands of euro

	2012	2011
Net revenue	9.891	9.116
Cost of sales	-293	-278
Gross profit	9.598	8.838
Wages and salaries	5.660	5.492
Social security charges	1.280	1.201
Amortization and depreciation	1.907	1.792
Other operating costs	3.519	3.756
Capitalized production	-1.667	-1.668
Profit (loss) from operations	-1.101	-1.735
Finance income	31	10
Finance costs	-409	-196
Net finance costs	-378	-186
Profit (loss) before income tax	-1.479	-1.921
Income tax expense	-63	-140
Profit (loss) for the period	-1.416	-1.781
Other comprehensive income		
Foreign currency translation differences for foreign operations	19	-26
Other comprehensive income for the period, net of income tax	19	-26
Total comprehensive income (loss) for the period	-1.397	-1.807
Profit (loss) attributable to:		
Owners of the Company	-1.416	-1.781
Profit (loss) for the period	-1.416	-1.781
Total comprehensive income (loss) attributable to:		
Owners of the Company	-1.397	-1.807
Total comprehensive income (loss) for the period	-1.397	-1.807
Earnings per share		
Basic earnings per share (in euros)	-0,07	-0,11
Diluted earnings per share (in euros)	-0,06	-0,11

Consolidated statement of cash flows
For the year ended 31 December

In thousands of euro

	2012	2011
Profit (loss) from operations	-1.101	-1.735
Adjustments for:		
Amortization and depreciation	1.907	1.792
Change in inventories	-4	4
Change in trade and other receivables	628	-1.349
Change in trade and other payables	-391	88
Change in provisions and employee benefits	1	16
Change in deferred income	-289	469
Equity settled share based payment	153	170
Net finance costs	-164	-186
Corporate income tax	-43	-37
Cash flow from (used in) operating activities	697	-768
Investments:		
Intangible fixed assets	-2.517	-2.739
Property, plant, and equipment	-98	-126
Disposals:		
Property, plant, and equipment	2	0
Other	19	-27
Cash flow from (used in) investment activities	-2.594	-2.892
Net proceeds from issuance of shares	0	2.126
Proceeds from exercise of share options	0	500
Proceeds from issue of convertible notes	1.400	2.200
Proceeds from grant	1.209	0
Redemption loans	-1.000	-1.100
Cash flow from (used in) financing activities	1.609	3.726
Change in liquid assets	-288	66
Cash and cash equivalents	1.118	1.052
Bank overdraft	0	0
Balance at 1 January	1.118	1.052
Cash and cash equivalents	830	1.118
Bank overdraft	0	0
Balance at 31 December	830	1.118
Change in liquid assets	-288	66

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 2011	1.358	33.477	-109	-34.515	4.914	5.125
Total comprehensive income (loss) for the period						
Profit or (loss)	0	0	0	-1.781	0	-1.781
Other comprehensive income						
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
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
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
Balance at 1 January 2012	2.108	35.882	-135	-37.300	6.088	6.643
Total comprehensive income (loss) for the period						
Profit or (loss)	0	0	0	-1.416	0	-1.416
Other comprehensive income						
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
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
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