

Minutes of the 2014 Annual General Meeting of
NedSense enterprises n.v.
held on Wednesday 11 June 2014 at 11.00am (CET)
at NedSense enterprises in Vianen.

ATTENDANCE LIST OF SHAREHOLDERS

Name	Shares
Project Holland Deelnemingen – represented by Mr. H.E. Hartelust	6.249.999
De heer H.J.J. Pullens	687.500
De heer A.D. Schout	1
De heer A.D. Schout – represented by Mr. L.P.J. Schout	1
Florijn Investments – represented by Mr. L. den Hollander	825.293
VEB – represented by mr. M. Diaz	102
De heer A. van den End	399.627
De heer W.J. Turkstra	126.000
Klanten Rabobank Nederland – represented by VEB	12.610
De heer P.A.J.J. Aarts	687.500
De heer J. van Diemen	20.000
Nantahala Capital Partners Limited Partnership – represented by Mr. R. Louwers	831.604
Nantahala Capital Partners II, Limited Partnership – represented by Mr. R. Louwers	2.686.028
Blackwell Partners LLC – represented by Mr. R. Louwers	1.107.077
TOTAL	13.633.342

BEHIND THE TABLE

- Mr. M. McCleary, chairman Supervisory Board of NedSense enterprises n.v.
- Mr. R. Louwers, member Supervisory Board of NedSense enterprises n.v.
- Mr. P.A.J.J. Aarts, CEO NedSense enterprises n.v.
- Mr. H.J.J. Pullens, COO NedSense enterprises n.v.

AUDIENCE

- Mrs. A.P. van Huisstede, NedSense enterprises n.v.
- Mr. C.J. Bogers

CHAIRMAN

- Mr. M. McCleary, chairman Supervisory Board

It appears from the timesheets signed today that 13,633,342 are represented during the meeting. That is 47.7% of all outstanding NedSense shares of total 28,596,495.

The agenda is as follows

1. Opening
2. Announcements Supervisory Board
3. Report of the Board of Directors over the Financial year 2013.
4. Financial statements 2013 NedSense
 - a. Discussion of the annual report
 - b. Discussion and adoption of the Financial statements at December 31, 2013
(for approval)
 - c. Notes to the reserves and dividend policy
 - d. Allocation of profits (for approval)
 - e. Granting discharge to the members of the Board of Directors for their implemented policy (for decision)
 - f. Granting discharge to the members of the Supervisory Board for their supervision
(for decision)
5. Proposal to appoint the auditor (for decision)
6. Any other business
7. Closure

1. Opening

The Chairman

Welcome to the Annual Shareholders Meeting for NedSense. My name is Macky McCleary. I am the Chairman of the Supervisory Board. I want to thank you all for joining us here today. We value the input of our shareholders. And this meeting is an important opportunity for us to gather that input. We meet today in compliance with all requirements in Dutch law, including meeting notification and public information access, but not limited to those things. I want to quickly set a few ground rules for today's meeting before we get started. Number one, as discussed last year, today's meeting, perhaps obviously, will be conducted in English. So if possible, please state your questions in English. If not, we understand. When you are speaking, please state your name and the organization you represent for the record. And lastly, we have received a few letters and several communications over the course of the year with specific questions. We believe that the presentation today will address those questions sufficiently. So please hold your questions or re-asking those questions until the end of the presentation if possible. Lastly, if everyone could just take a look at their cell phone and silence it or turn it off. Thank you again for your consideration. Today there are thirteen million six hundred and thirty-three thousand three hundred and forty-two (13,633,342) shares represented here or forty-seven point six seven percent (47.67%) of all shares.

2. Report of the Supervisory Board

From the Supervisory Board's perspective the year 2013 has been dominated by the dual challenges of laying down the strategic foundations for the rapid expansion of the LOFT-product in the United States and global markets as well as beginning the process of reinvigorating the NedGraphics division. These activities have been accompanied by continuous monitoring of financial performance and cash flows, personnel discussions and further development of broader sets of strategic options for the NedSense group. It has been a challenging year in some respects. It has been an exciting, an invigorating one in many others. We believe that there is significant opportunity for NedSense and all of its stakeholders on the horizon. We are excited to share that opportunity with you the shareholders here today. At this time I will hand the presentation over to the Executive Board to go over the report of the Board of Directors and a discussion of the financial statements.

3. Report of the Executive Board for the year 2013

Mr. Aarts

I prefer to stand while presenting the report of the Board of Directors. It is the first time in English. I have one slide on the report of the Board of Directors with the highlights already mentioned in the press release sent on April 24th, when we published our Financial Statements and Annual Report. First of all, we are very happy with Nantahala Capital Management who brought in new investors. We mentioned David Sonnenberg being an important investor in that particular group.

According to the subscription agreement, more than seven point five million (7,500,000) ordinary shares were issued by that time and decided on at the shareholders meeting on June 11th last year. It was a challenging year as already mentioned by Macky, mainly due to the fact that we had a very slow finish with NedGraphics resulting in a decrease of operating profit of point two million Euros (€ 200,000). I have got a few questions actually from you and I think most of them were focused on the fact that after our H1 report we mentioned an increase in revenue. We had a very strong start actually last year, 2013, and we are very disappointed with the final sprint in December of our NedGraphics division. Sales in December of NedGraphics was impacted by political issues in Turkey and what we have called the economic slowdown in the US, maybe you have read that in the newspapers, mainly due actually to the winter in the US, an unexpected slowdown of the economy in the US. And on top of that, sales was impacted due to a euro/dollar exchange rate that was not as good as expected and not as good as 2012. On the contrary the LOFT's growth margin showed a growth of seventy percent (70%), especially due to a very strong finish actually in December. So what you have seen in the press is that we signed three bigger deals in December: DFS, the biggest furniture retailer in the UK, Havertys, a top ten furniture retailer in the US and Kravet, a furniture manufacturer also from the US. All three were signed in December and communicated in January and February this year and that due to the fact that these customers only want to communicate when we are close to going live with the LOFT technology. There are more positive developments in the LOFT division to mention. There is the engagement with Crate and Barrel, and maybe you remember the demo of last year of the Crate and Barrel app that was just launched actually just before the shareholders meeting. That sparked the interest of the market. So besides the fact that we had already proven the unique value of LOFT versus the competition since the Crate and Barrel rollout, the technology has now proven their value in the markets. Crate and Barrel themselves have communicated a three folded e-commerce basket size increase while using LOFT in their customer engagements. We launched LOFT4Brands. LOFT4Brands is a shared platform. It is what we like to call in the Netherlands a SAAS-model, where we can offer LOFT as a service to particular furniture manufacturers. It is a subscription model. Customers only pay a monthly fee and they can integrate the LOFT technology in their website. We also deployed the LOFT technology in the real estate market. We communicated the engagement with Equity Residential, one of the bigger apartment owners in the US. They are currently rolling out our technology in a few apartment buildings on the West coast. And we think, we truly believe, that the market offers promising opportunities going forward and we are especially satisfied with the fact that we can apply the LOFT Core Technology with a number of enhancements in our new engagements. Not so much a highlight, but good to mention here, is the discontinuation of Dynamics Perspective. Important is that we were not able to sustain profitability and service levels, meaning that we had to decide to discontinue this activity, formally per June 30th which was published in the press last year. Last but not least, we moved with our team in New York to a new office at 37th Street, very close to Bryant Park and more importantly the fashion district in New York. And again, we were able to reduce the costs for the lease by almost forty percent (40%). That is with respect to the highlights of 2013, Mr. Chairman.

The Chairman

Thank you, Pieter. Are there any questions? Please come to the microphone if you have a question.

Mr. Diaz

My name is Martin Diaz. I will try to speak in English. I hope you can understand me. When I look at the results, I am a bit disappointed. Every time some new customers are being presented and it seems the revenues will go up. When the figures come out, I must say it is always a bit disappointing. I think the problem is when you look at the operational cash flows, they are not enough to pay for the investment cash flows and the goal of NedSense is to increase the revenues with a growth strategy. And when I look at the revenues over 2013, the revenues decreased and I was wondering why the revenues of NedGraphics decreased. The revenues of LOFT need to increase to pay for the investments. Can you tell me how the growth can be realized and what is holding back the growth so far? Another question is: Nantahala has been presented as a strategic partner. They would bring new customers in the US. Has that been realized or is that coming in the near future? Maybe you can answer those questions.

Mr. Aarts

If you don't mind, I would like to answer the financial question after the presentation of the Financial Statements. Is that okay for you?

Mr. Diaz

Okay.

Mr. Aarts

That is because part of the presentation is a presentation of the segment results, so the several divisions, and that will probably answer your question. Your second question is about Nantahala. Yes, they are a strategic partner. Yes, they are very helpful with introductions in the US market. The focus for LOFT in sales and go-to-market lays within the US. And again they are very helpful, meaning that looking at the commercial successes in 2013, we have already benefitted from the strategic value of Nantahala as we do today.

Mr. Diaz

When we look into the future, will the increase of revenues be enough to pay for the investments?

Mr. Aarts

Yes. That is a short answer. That is a very short answer, but in our growth model predictions, growth of LOFT should cover the investments. Yes.

Mr. Diaz

When I look at the press statement, there is being said that there might be a need of additional financing. Can you put that in perspective?

Mr. Aarts

When we look at the budget that we are applying for this year and the forecasts for this year, yes cash flows will be tight and we are looking at alternatives, as we were looking at alternatives last year. You know, as mentioned by the Chairman, we are still exploring strategic options, which might result in new transactions, perhaps a new issuance of shares, but I think what is important to confirm is that we are exploring all options that are on the table.

Mr. Diaz

When I look at the press release, only financing was stated. And two years ago, when we talked about the strategic reorientation, all options were kept open, also the not stand alone option or other options for cooperation. Are all options still open?

The Chairman

Yes. The short answer is yes. We are considering all strategic options, not just financing.

Mr. Diaz

Are some options concrete?

The Chairman

I think that is about all we can say now on this. When we proceed into the Financial Statement discussion, we can talk a little bit more about this when we talk through all other business if you still have questions when we have answered them. I think there is only so much information we can provide on things that have not yet occurred. That is all I can say.

Mr. Diaz

Then I have got one more question about the public listing. We have discussed that before. But what is the value of public listing when all placements are private? I believe in the past it has been said that the cost of public listing is about one hundred thousand Euros (€ 100,000) a year. What do you think of the public listing now?

The Chairman

I can say again that all strategic options, including the consideration of that issue are on the table right now.

Mr. Diaz

Okay. I will keep my Financial Statement questions for later. Thank you.

The Chairman

Okay, thank you. Is this about the Financial Statements? Okay, go ahead.

Mr. Bogerd

My name is Carlo Bogerd. I did not deposit my shares. Do you allow me to ask some questions?

The Chairman

Sure.

Mr. Bogerd

Is it possible that you maybe give some outline of let's say the longer term future? How large is the market? Where are the markets? I think it is very important for us to have a view with respect to the future and not only this year, because you are investing in a new product, in new markets and that we have an idea how large it is and where those markets are. I don't know whether this is the moment or maybe at the end of the meeting but I really would appreciate if you could tell us who the competition is, what is your market share. Is it possible that you give such an explanation?

The Chairman

I don't think that is on the agenda for today, but it is definitely something for us to consider in terms of our ongoing shareholders communication throughout the year as we expand in the US market and the other markets. Communicating our understanding of market analysis is definitely something we would be willing to consider doing. It is not on our agenda today. It is definitely part of our strategic review of options and so I do feel comfortable saying that we will.

Mr. Bogerd

But if possible at the end of the meeting, if you have some room to go a little bit into it, I think everybody would highly appreciate it.

The Chairman

That is understood.

Mr. Bogerd

Thank you.

The Chairman

Thank you. Go ahead.

Mr. Schout

I think it was a justified question as just today is the only day in the year that we as shareholders have the opportunity to receive information. It is hard to obtain information from NedSense/NedGraphics. So I would advise to inform us with respect to these questions. I think they are really justified. They are the same questions that I have amongst other.

The Chairman

So again, from the Supervisory Board point of view I can say that increasing our level of communication is definitely one of our important goals for the next year. And your statement and request is heard and understood.

Mr. Schout

Of course, we investors are interested in results and we are waiting so very long already for real positive results. We have seen results but they were of course negative in the course of time. There is not much left over of the share price of fourteen years ago. It looks rather disastrous. And when I take notice of the key figures, I just have a comparison of two years. Another question: is it possible in the future to give us key figures over time, preferably over ten years.

The Chairman

The request is to potentially provide information over past performance in the Annual Report. That is a fair request and is definitely something we can consider doing.

Mr. Schout

For statistic reasons it is important to have insight in key figures over a long term.

The Chairman

That is understood. Thank you.

Mr. Schout

And also in that respect I would be pleased to see the highest and lowest share price.

Mr. Aarts

You are aware, Mr. Schout, that in 2008 the shareholders meeting has decided to sell off many of the activities of Bluefox? I do agree that a longer term view would make sense, but a comparison with a situation of ten years ago doesn't make any sense for NedSense.

Mr. Schout

It is a little bit difficult of course. In what year was the merger of Bluefox and NedGraphics? I cannot recall it exactly.

Mr. Aarts

I think we have to go back to 2001.

Mr. Schout

I thought it was then. Yes, it is not so easy, but I would like you to try as far as possible. Other companies have been coping with the same problems of course. I understand these problems. But could you try to give us an insight over ten years so that we can see what was going on in the course of time with respect to the real results, because we are interested in results. Can I ask another question with respect dividend payment in which we the shareholders are interested?

The Chairman

We have another opportunity to talk financial statements.

Mr. Schout

I can understand that. Thank you.

The Chairman

So let us move on to the discussion of the financial statements.

4. Financial Statements 2013 NedSense

Mr. Aarts

Before I show you the overall profit and loss statement, I would like to run you through the segment reporting, because that actually shows the reason why we, or actually where we are behind in revenue. Basically we are looking at a difference of six hundred and fifty thousand Euros (€ 650,000) in software sales for NedGraphics. As just mentioned, the difference was unfortunately made in the last quarter and especially in December, normally our strongest month in the year, but not for 2013. Let me emphasize a few more important developments in 2013. So the final sprint was disappointing. I already mentioned our two strongest markets, Turkey and the US, being in distress in December, but it was also a lack of bigger deals. Normally we are dealing with bigger deals like we had in the past with Target and Perry Ellis. They were just not there in 2013. Again, up until the third quarter last year, we were on track with our expectations. Only the fourth quarter was disappointing. Maybe important for you is that our start in 2014 is as good as the results in 2013. Looking at maintenance for NedGraphics, there is a slight decrease of 2013 versus 2012, mainly due to the fact that we lost a few customers in especially southern Europe, so Italy and Portugal. Today we can say that these markets are recovering from a crisis over the last, I would say, four years. The growth in the US was small. So we were not able actually to compensate the loss in maintenance in EMEA. It was small due to the exchange rate again, but also due to the fact that a number of bigger retailers in the US, in our custom community, are facing challenges, like Target and Sears. So they have reduced the number of licenses by almost fifty percent (50%), meaning that they are still using our software, but with fewer users. Opex of the operating expenses are still showing a decline for NedGraphics. I think that's a continuous development in the NedGraphics organization and again for 2014 we are expecting a decrease of costs in the NedGraphics division. The division reports also showed the growth in the LOFT division. I already mentioned growth in software sales. We have started to recognize revenues for maintenance. This is particularly Crate and Barrel, the engagement of 2012. This year we will add the latest successes of Kravet, DFS and Havertys in our maintenance billing as well. Let us look at the other revenues. We have discussed other revenues last year for LOFT, in particular 3D modeling. You know the 3D product models that we show in the LOFT solutions. It is a little bit behind, just due to the fact that the orders came in pretty late.

We would have actually expected to sign at least one of the bigger deals already in September and with that to accelerate the 3D modeling revenues, meaning that given the three new engagements, the backlog for 3D modeling is pretty good for 2014. Last but not least, there is the reduction of operating expenses in the holding, presented here as other, mainly due to a decrease of the compensation of the Management Board. The overall profit and loss is presented first as a restated P&L of 2012, restated to reflect the discontinuation of Dynamics Perspective. So Mr. Schout, if we do a comparison with the past, we should definitely restate P&L's in order to have a fair comparison. Today's situation is that we own NedGraphics, as we did ten years ago, and we have started a new division, being LOFT, five years ago.

There was a decrease of growth margin, again mainly due to the sales in NedGraphics. The profit and loss also shows a decrease of personal related costs. That has a pretty simple explanation: we are working with less people in the NedSense organization. Other operating costs have decreased mainly due to decreased financial and legal fees and I think very important to mention here is the capitalized production. So for the first time actually in four years we are facing a decrease of capitalized production, meaning that we have stabilized the investments in LOFT and we do not expect to grow the capitalized production in this year versus last year. So we really have stabilized the investments for LOFT. Maybe it is good to mention that the net finance costs have increased, mainly due to an increase of the innovation credit and you are aware that we are paying six point five percent (6.5%) of interest over this innovation credit. Let me highlight a few items in the balance sheet, although I don't think that there are really extraordinary issues to mention. Maybe worthwhile mentioning, and often a question during this meeting, is the fair amount of trade and other receivables outstanding. Last year, 2013, we were late with our new Product release for Fashion and Print. It was delivered in September where we normally release a new version already in July, meaning that we were late with invoicing for maintenance for the fashion and print product suite, resulting in a higher amount for outstanding debtors per December 31st.

I already mentioned the increase in equity due to the issuance of new shares to the Nantahala group. And maybe it is good to mention the increase in liabilities, again due to the innovation credit that was granted. If you want I can elaborate on the valuation of the innovation credit and the bonds. But let's skip that for now. Last but not least we have the cash flow statement. Cash flow from operating activities was two hundred and forty-five thousand euro (€ 250,000), a decrease again mainly due to the higher trade receivables and less collections due to the late invoicing and obviously also due to the fact that we signed the deals for LOFT in December. So these were invoiced in December but not yet collected. Cash flow from financing activities was two million five hundred thousand Euros (€ 2,500,000), basically built on the two million one hundred and fifty thousand Euros (€ 2,150,000) as a net result of the issuance of new shares. So be aware that the costs for that transaction were subtracted from the net financing and the three hundred and fifty six thousand Euros (€ 356,000) proceeds from the government grant. So there was an increase of the innovation credit. Today we only have one hundred and fifty thousand Euros (€ 150,000) outstanding of the initial granted innovation credit and our expectation is that it will be granted over the summer period. Again, if you want me to elaborate on the valuation of innovation credit and the bonds given the IFRS rules and legislation, I will be happy to do it for you. If not, I will skip it this year as we have already mentioned that last year.

The Chairman

Are there any questions?

Mr. Diaz

My name is Martin Diaz. I am a representative of the VEB. My first question concerns the investments. You talked about Crate and Barrel last year and in getting that customer you had to make a lot of investments. And we talked about the scalability of the revenues. Is it possible to increase the revenues without an increase of the investments?

The Chairman

Do you mean from Crate and Barrel specifically?

Mr. Diaz

No, I mean in general. Do we need to make a lot of investments when we get new customers?

Mr. Aarts

The answer is no. So we are selling a solution off the shelf. However, when we are signing a big customer like Crate and Barrel, we most often agree or commit to new developments, but related to the off the shelf product that is only a minor investment. So we are only selling standard solutions.

Mr. Diaz

Last year we talked about the SAAS/LOFT concept and we have been told we needed fifteen customers to make it profitable.

Mr. Aarts

Yes, that is correct.

Mr. Diaz

Is it profitable now?

Mr. Aarts

No, it isn't. And I want to give you a more detailed answer to that question because that was actually a slide that we skipped. So on this slide are actually new engagements for LOFT in general. Thonet, Pode, Bert Plantagie as well as MARCJANSSEN are new customers for LOFT4Brands. So we are not at a level of fifteen yet. Today's number of customers is six or seven. So let's say we are halfway.

Mr. Pullens

Maybe I can elaborate a bit more on your first question. There were three large deals signed last year: DFS, Havertys and Kravet. Two of them are standard implementation and one of the implementations, that is the one actually at Havertys, needs a bit more customization because they wanted it to be integrated in CRM-systems and things like that. So in terms of additional developments and additional investments in the product, that is limited in this case to thirty percent (30%) of the major deals only. So that is a good progress.

Mr. Diaz

Normally at this point of the agenda, I have some questions for the accountant. I didn't see him. Why isn't he here?

Mr. Aarts

He was invited for the meeting.

Mr. Diaz

Why didn't he come?

The Chairman

That's a very good question.

Mr. Diaz

He is absent without reason?

The Chairman

Yes.

Mr. Diaz

That is very strange.

The Chairman

Yes.

Mr. Aarts

Yes

Mr. Diaz

I was looking at the valuation of the third tax asset. It isn't put on the balance sheet, because it is not sure that the expectation is that we are going to make profit. How does that match with the valuation of the immaterial assets?

Mr. Aarts

Yes, it is not part of our policy actually to value the tax losses carried forward.

Mr. Diaz

Some have been valued, but not all. Most of it has not been valued.

Mr. Aarts

None of them have been valued. None of them have.

Mr. Diaz

But why is that? Do you say we don't expect to make profit?

Mr. Aarts

No, it is just the policy. So we have never done that. That might be something to consider once we start making profits, especially in the LOFT area. For now, we just stick to the policy not to value these tax losses carried forward.

Mr. Diaz

Thank you.

Mr. Turkstra

My name is Jelle Turkstra. I have some questions. Thank you for the presentation. Most have been answered. I only have one small question regarding LOFT Real Estate. If I understood correctly, then it could be quite a large market with little investment and quite quickly scalable. Especially when you are in a cash flow situation like NedSense, I could imagine that you put quite some attention on that. Have concrete actions been taken to realize quick revenue growth in that specific market?

Mr. Aarts

The answer is yes. So I do agree that this is potentially a big market for LOFT, especially as we can apply the LOFT core engine without many enhancements. It was important for us to reach out to one of the bigger apartment owners in the US. So we are very happy that we were able to sign Equity Residential. What is important, is that since we have signed Equity Residential we have entered into affiliate agreements with a number of furniture retailers, again as communicated in November last year. So potentially this is a very profitable and attractive market for LOFT. For us it is now important to go live with Equity Residential and to really experience the benefits of the new business model. Next to that, it is important to grow our database of 3D models, because we can only become successful in that area when we have a good database with a good representation of interior items required for a full interior design.

Mr. Turkstra

Thank you. I have one more question. The revenue, the business model behind it, is not a license. Is it more a commission from retailers?

Mr. Aarts

It is both ways. The real estate companies pay a yearly subscription in order to integrate the technology in their website or in their mobile interaction with their customers. And yes, absolutely, we have implemented an affiliate model meaning that we are being paid for the lead generation. So if an item is selected, Crate and Barrel is our best example today, they pay us an affiliate fee for the presentation or let's say portraying new products in the customer experience.

Mr. Turkstra

Thank you.

Mr. Den Hollander

Good morning, my name is Leen den Hollander, Florijn Investment. Could you elaborate a bit more on the strategy of 2013, not forward looking, but just what kind of points that you took in consideration seeing that the cash flow is dropping. You need to shift to LOFT. What is the outlook for NedSense on the sales and the margin? Secondly, could you say something about sales marketing expenses versus revenues? I would expect to see them increase, but they seem more or less stable which doesn't fit to a growth strategy. Could you elaborate on that? Thank you.

Mr. Aarts

First of all, I would like to emphasize that of course we have a focus on LOFT. We think that 2013 was an incident for NedGraphics. So that was a onetime event. We think that we will be able to resolve that issue this year. Important to mention here is that we have appointed a management team for NedGraphics. We as a team here find it very important for us to focus on the LOFT business. So we have installed this new management in February 2013.

So 2013 was really the first year of this new management team. They are in better shape this year than they were last year. Secondly, looking at the focus areas for LOFT, I would say we had a very important objective to win the bigger deals. For us, next to profitability, adoption of the technology is really key. And in order to improve adoption we have to win the bigger deals. That's why we are satisfied in this area that we were able to convert the bigger opportunities that were out there in the market. So both DFS and Havertys are being considered as the biggest deals that were in the market last year. And that is still a focus area. We have identified the most important opportunities for this year, again with a focus on Western Europe and the US and we have to win the bigger opportunities that are in the market. So we are fully focused in terms of winning these deals and fully focused means that it has the full attention of management, Jan-Hein and me, to win these deals. Next to that, we have a focus on real estate. Real estate has become more important since we are growing our database. Since we are implementing Havertys and DFS, and we have already implemented Crate and Barrel, we are growing our database, or let's say the rights to use the content of the bigger retailers. We have secured the rights to use the content and we are showing the content in our LOFT database to real estate companies. It has our full attention to grow that market. Again, it is important to go live with Equity Residential and to show the benefits of 3D experience in real estate. The focus again is on the US. We have discussed the commercial focus in real estate given the size of the market. We are fully focused on the US. Of course, we have reached out to Funda in Holland, but again, given the size of the market, it's much more important for us to reach out to the real estate websites and the realtors in the United States. What's important in one of the focus areas obviously is the implementation of the new customers that we have signed last year. So going live with Havertys with again an improved experience versus Crate and Barrel because it is, between brackets, already a year ago that we went live with Crate and Barrel. You will notice that the experience in the Havertys website, as well as in their mobile experience will be completely new and much better again. So we are fully focused on the implementation of the deals that we have signed in December. The last one I would like to mention is LOFT4Brands. It is correct that we have started the developments last year. We think that model can become profitable for LOFT and will be an accelerator for LOFT in Real Estate. So we are growing our database of 3D content, signing up these furniture manufacturers for LOFT4Brands.

Mr. Pullens

On top of that, in 2013, the strategy and actual focus point was to enhance the LOFT core technology into a real generic product to be deployed off the shelf to new customers. That resulted in Release 3 of the LOFT iPad generic app as well as the LOFT web application. So both products are in version 3 now, which are very, very generic and hence deployable to new customers like Kravet and DFS. And that took especially H1 in terms of developments. While delivering customers like Crate and Barrel, we enhanced our core product into a real generic version.

The Chairman

Are there other questions?

Mr. Bogerd

I understood that LOFT4Brands is basically invoiced on a monthly basis. I understand sometimes you also get revenue that is based on the number of leads that you are generating. Is that in fact for all the LOFT products like that or are there also onetime sales and then it's over? Can you elaborate a little bit to have an idea, because I think it is much more attractive if you have now turnover knowing for the future we keep on getting revenues based on the installed base? Can you inform us a little bit on that?

Mr. Aarts

Sure. So basically today we have three business models for LOFT. First of all it is a license model. We sell a LOFT license to the bigger furniture retailers. On top of that, we are developing their 3D content and we sign a maintenance contract with these customers. So that is business model number one. Secondly, we have LOFT4Brands, a subscription model for furniture manufacturers to remove actually the threshold to invest in a license. So they only pay a monthly subscription, meaning that they have to share actually the environment, the portal with other brands. So they don't have a dedicated environment, but a shared environment. Obviously for consumers this is a better experience, because they can really select different brands in their experience.

So that includes a monthly subscription plus, again 3D content development, which is obviously a onetime investment. It's a bit recurring, because all these brands every year develop products or they launch new products which need to be 3D-ised. And thirdly, just recently implemented is LOFT real estate which is based on an affiliate model and subscription for real estate companies. So these are three different business models. What is important for all of us is the fact that we make use of the same LOFT core engine.

Mr. Bogerd

Thank you.

Mr. Pullens

And on top of that, an affiliate model can grow into a revenue share model, were we get a percentage of the products that are actually being viewed and are bought through us with the retailers. There is also a revenue variable based on clicks. So every product that is being viewed can be monetized. There are advertisement revenue models we can add as well.. So the opportunities to scale this business model are big.

Mr. Bogerd

Thank you.

Mr. Schout

On the slide that you show us here, with respect to NedSense, I see several really interesting names in 2013, like Walmart for example or DFS. How far are these organizations in respect to the company? What can we say? Are these real clients or potential clients or partial clients? Is it one of both?

Mr. Aarts

No, Mr. Schout, the names mentioned on this slide are customers, meaning that we have signed a contract with these customers and as you will see we have mentioned Walmart and Nike being new customers for NedGraphics, signed-up in 2013. Be aware that these are big names but only a few users. So as an example, we sold only four licenses to Nike, which is a good start and hopefully that number of licenses will grow over time. We are obviously very proud of signing up Nike as well as Walmart and the other big names.

Mr. Schout

But proud is not enough of course. Tomorrow for example Sopheon has a meeting in Amsterdam in the Rosarium where we met in the past. Sopheon shows names, but there is no turnover in connection with these names. They just mention names and maybe they did some business once upon a time long ago or something.

Mr. Aarts

I do agree that the signing of new contracts should be converted in profitability. I think that as a shareholder you are mostly interested in profitability, but from a valuation point it does make sense that we are able to win bigger names like Nike and Walmart. So when I am expressing that I am proud it is the fact that this small company, NedSense with LOFT and NedGraphics, is able to win bigger deals like Walmart and Nike. We are competing against players from France and the US and we are still able to maintain our products and the level of technology in a way that we are winning these deals and winning market share. And I think that is important to state and worthwhile mentioning during this meeting.

Mr. Schout

Could you please give some figures with respect to some of these names, like for example Walmart. Is there a turnover from our view with respect to Walmart or is it just an outlook?

Mr. Aarts

I am very sorry, but we are not allowed to disclose financial figures around these customer arrangements. Obviously we are always trying to do that with big names like Walmart and Nike, but there is no chance that we are able to disclose numbers for these engagements unfortunately.

Mr. Schout

You will understand that you did not really fulfill my wish. I would like to see possibilities. Of course, if you tell us that these are not just potential clients but clients that give us a real opportunity of getting results with the business. Could you give some more information?

Mr. Aarts

I cannot give you the financial backgrounds of the new customer contracts, and again, I am actually repeating myself, these are really new customers. We have signed up new agreements. They have already paid for the license fee. So we are not showing potential customers here, but really customers that we have added to our customer community.

Mr. Louwers

So, yes, they are paying customers. That is the answer to your question I think.

Mr. Schout

Yes. And are they paying enough? Let's hope so.

The Chairman

Are there other questions? Please, go ahead.

Mr. Turkstra

My name is Jelle Turkstra. I have one more question. You have mentioned several times that the focus is on the US and the focus is on LOFT. But winning new customers somewhere in the US is one thing, but maintaining your present customer base for NedGraphics is another one. So how much focus is still on maintaining NedGraphics customers in other parts of the world than the US?

Mr. Aarts

There are several ways to answer that question. I think for me what is most important, is that we have not reduced the investments in product development for NedGraphics. I think that is most important. So we have to keep the level of technology at an acceptable level. And again the proof is here that we are still able to win big names like Walmart and Nike. So we are still very well positioned in our competitive field. That is one. Secondly, like I expressed before, the reason why we have lost a number of customers is due to the economic crisis. So we have not lost any customer to competition. None of the customers has chosen a different solution other than NedGraphics. Obviously we are fighting to keep these customers on the maintenance, but once in a while you have to accept that the market is really in distress and you are losing customers due to the fact that they just went bankrupt or they have to reduce their staff and reduce the number of licenses that they are using.

Mr. Pullens

In retaining the NedGraphics customer base, it is crucial to develop new features in the product portfolio, both Carpet & Weave and Fashion & Print. One of the reasons, as mentioned by Pieter, that the deployment of the release of the 2013 version was late, was that we upgraded the full product portfolio to 64 bits which is quite a complex activity. So it was not just adding new features to the product portfolio but transferring it to be able to support 64 bits and that was a bit more elaborate than expected. Hence it took a bit more time.

Mr. Turkstra

I have one more question about the sales and marketing efforts put in at NedGraphics versus LOFT and US versus the rest of the world.

Mr. Aarts

Is your question about the scale of investment in each for sales and marketing?

Mr. Turkstra

Yes

Mr. Aarts

Let's elaborate a little bit on that. We have discussed the level of attention and focus. Given the situation of the company and the potential of LOFT, we have decided for Jan-Hein and me to focus fully on LOFT and to put let's say NedGraphics at arm's length and obviously handing over the responsibilities was a big effort for last year. I think the new NedGraphics management team went through a learning curve as normal I would say and I truly believe, especially actually in sales and marketing, they are in a better position than last year. The US market is a focus area for us. And one of the sales priorities for the NedGraphics management team is to improve the relationships with partners in emerging countries, because I still believe that we have a potential here to grow our business in especially Latin America and China. The strategic choice that we have made is to grow that business through partners.

The Chairman

Go ahead.

Mr. Diaz

Martin Diaz. I have got one more question on the cash position. The focus is on strategic growth, but what if the growth isn't reached. The Annual Report speaks about contingency plans. Can you please elaborate on that?

The Chairman

I restate what we said before. I think we talked a little earlier about strategic options of which this would be a part and we discussed the idea that all of those options were on the table, including but not limited to the listing situation. We have talked about financial transactions. The contingency plans with regards to cash flow are related to those conversations and are part of the strategic option choice.

Mr. Diaz

When we look at cost cutting, is that still possible? We had a focus on efficiency. Some of the software development has been outsourced to Eastern Europe. Can more efficiency gains still be made?

Mr. Pullens

In regards to product development the answer is yes. We have outsourced new feature development for the product suites as well some continuity services to these partners. There is obviously always a way to further cut the new feature developments. So the answer is yes.

Mr. Diaz

How big are those costs?

Mr. Pullens

I cannot quantify that now.

The Chairman

Are there any other questions? If not, I like to move that we formally adopt the financial statements that we just proposed to a shareholder vote. I will just quickly outline how the voting occurs. Probably we have been doing this every year, but put simply I will offer the opportunity for any shareholders who would like to vote against the proposed adoption. Then I will offer the opportunity for shareholders who would like to refrain from voting and then anyone who does not raise their hand for either of those options will be presumed to be voting in assent. Does that make sense? Are there any shareholders who would like to vote against the formal adoption of the previously discussed financial statements? I see none. Are there any shareholders who would like to refrain from voting? I see none. Thank you. Then all shareholders are voting for.

Next we would like to discuss the notes on the reservation and dividend policy. Pieter, could you give a quick discussion of that.

Mr. Aarts

I will do that just briefly. The proposal to the meeting of shareholders is to add a net loss of one point seven million Euros (€ 1,700,000) to the accumulated loss of the company and that is about it.

The Chairman

So I would like to formally suggest that we adopt that allocation of profits as discussed by Peter. Are there any shareholders who would like to vote against this adoption?

Mr. Schout

I am not against but is the dividend in discussion now?

The Chairman

Yes.

Mr. Schout

Confidence is the magic word. The company stays or disappears by whether or not having confidence of the investment world. Why do I say this with respect to the point of dividend? There is not much confidence in NedSense. We have to be honest with respect to this point, as we see confidence reflected in the share price. The share price of thirty-nine cents (€ 0.39) that I saw this morning, is not really high.

If I see that the share price was many times higher, let's say ten years ago, and I compare it with the situation now, then we have to admit that hardly anything has been left of the confidence of the investment world. How can we earn confidence or, if we have lost confidence, how to gain it again?

I think that shareholders or investors on average, potential shareholders, should receive some sort of payment against the investments that they made. Financial possibilities are not available. So I would suggest to pay the sitting shareholders with shares, so stock dividend. There are some opportunities to obtain shares for NedSense. Firstly, you could pay money and you could obtain shares from the free float for example or from some other source. We know the possibilities. Another possibility is that there will be an issuance of shares, simply add shares to the quantity of shares that the company has standing out. It is all up to you, but there should be a sort of payment in the direction of shareholders. That must be clear. If this is not being affected, confidence can never be restored. This is impossible. Or you should reach it with abnormal results, but in the course of time we didn't see anything of the kind. So could you please bring this point in discussion or give some reflection to what I just informed you about?

The Chairman

So the focus of the Supervisory Board and the Executive Board is on the increasing of shareholder value over time. Your suggestions, by my understanding, are ways for us to think about that that are not necessarily dividend payments or other things, which would be hindered by the company's performance. I think what I can say is that your suggestion is taken under advisement. However I cannot commit to anything like that now. What I can say is that we will continue to focus on improving the results to increase shareholder value directly as opposed to doing so through financial means. But as I mentioned before all options are on the table to provide value to our shareholders. But our operating focus is on the improvement of our results to provide direct value to the shareholders.

Mr. Schout

Yes, but as I just said, up to now we didn't see much of the kind and actually nothing of the kind. So, I just strongly press the point that in my vision the sitting shareholders should receive stock dividend and in whatever way you obtain the shares is up to you of course. Just see what the financing possibilities are. They are not there at the time, but then the issuance of new shares in order to pay shareholders I think would be very wise to take this into consideration. In Holland companies often say 'we nemen het mee.' Translated this means we take it with us. From where they take it is clear, but I think they mostly take it to Timbuktu or somewhere in the desert and what I would like to see are satisfied shareholders. And financial input that shareholders realized should be followed by financial output. Input without output. An ICT-company like NedSense and NedGraphics understands what I say. Everybody of course, even those that are not interested in ICT at all, would understand that there should be an output and I just see one real possibility and that is, once again for the third time now, pay shares to the shareholders and not only the sitting shareholders but also the potential shareholders will get interested in the company and confidence, and once again this is the magic word, must be restored. It should have been restored long ago already. But make it a real point for discussion. It is not only for discussion, but I am really interested to see and to hear what you are going to do with my suggestion.

The Chairman

So as I said, I think all I can say is that we all take it under advisement. I share your interest in both increasing shareholder value and confidence and I absolutely share interest in improving company performance. The specifics of your proposal I won't comment on right now, but it is understood. Thank you. So what I would like to do then, is for the formal adoption of as I mentioned before the allocation of profits discussed. Are there any shareholders who would like to vote against that allocation? Are there any shareholders who would like to refrain? Then all shareholders are voting for. The next agenda item is the discharge of the members of the Board of Directors. This is again a decision for the shareholders. It is possible to have a discussion. Are there any shareholders who have a question or need to discuss anything? Are there any shareholders who would like to vote against the discharge and continuance of the Board of Directors? Are there any shareholders who would like to refrain? Then all shareholders are voting for.

Mr. Diaz

The company is in a very tight position and before I can vote in favor of discharge I would like to see results. So now I will refrain from voting and also for the next agenda point of discharging the Supervisory Board.

The Chairman

That refrain is taken for both votes. The majority of the shareholders are voting for. I will again go through the formal process for the Supervisory Board. Are there any shareholders who would like to vote against the discharge of the Supervisory Board? Are there any shareholders who would like to refrain from voting?

Mr. Schout

I also refrain from voting. It is not that I dislike you in any way.

The Chairman

That is understood. The majority of the shareholders are voting for.

Mr. Schout

It is not a matter of that. Just the results count. That is what the Board has to take care of. It is also something that I have to press.

The Chairman

I fully understand that and I appreciate your statement and I understand the concern about results. Your abstention is noted and the reasons for it have been noted. Thank you.

Mr. Aarts

Is that for both Boards, Mr. Schout?

Mr. Schout

Yes.

5. Proposal to appoint the auditor

The Chairman

Okay, thank you. Lastly is the proposal to appoint the auditor, KPMG, which we had historically been happy with, their absence today notwithstanding. They will be receiving a call from me to discuss this, but we would still like to propose the continuance of this. Are there any shareholders who would like to vote against that? There is one.

Mr. Diaz

I think it is ridiculous. The accountant is not here. I think it is a sign of disrespect to the shareholders. He really should be here. I have one question. When did you last speak with the auditor?

Mr. Aarts

The last time we spoke with the auditor was the night before we published our Annual Report.

Mr. Diaz

And was he invited to this meeting?

The Chairman

Absolutely.

Mr. Aarts

Absolutely.

Mr. Diaz

It is very strange that he isn't here.

The Chairman

It is very strange. Maybe in addition to the introduction, it will be the last year's appointment for KPMG. So we have mixed feelings here. So there is one vote against. Are there any shareholders who would like to refrain from voting? Thank you, the majority of the shareholders are voting for.

6. Other business

Is there any other business that shareholders would like to discuss with the Supervisory Board or the Executive Board. Thank you all for your attendance today.

Mr. Schout

Here also everybody, that's what you understand of course, should do its best to get better results but also a sharp look-out is not enough, but also look into the paper. How is that? Do you have a real positive feeling?

The Chairman

Yes, I do. In fact one thing I will say is: from my point of view the reason I took this role was my excitement both about the product and the opportunities for LOFT in particular and NedSense at large. I think when you look at the growth of LOFT, while your point is that it has not matched the investment, it is growing at quite a rate and the expansion into the US market is proceeding apace.

We have realized new opportunities in particular with real estate that present a huge opportunity for the corporation and we intend to present at the next shareholders meeting. Pieter and I were just discussing the request for presenting our market analysis that gives us this confidence. That is a communication that we feel that we should share with the shareholders, both the market size, the addressable market, so how much that we can get, and what our goals are for the accessing of that market. So I share your focus on shareholder value, but I personally, and the Supervisory Board at large I think sees a huge opportunity for NedSense and it is our only focus and responsibility to deliver on that along with the Executive Board.

Mr. Schout

And is the whole Supervisory Board confident with the pace that NedSense is making and the direction it is heading for?

The Chairman

We can always accelerate the pace of expansion. You can listen to Steve Jobs or any major CEO will tell you that if you are comfortable then you are not thinking about it properly. So I would say rather than being comfortable, we are aggressively trying to expand the opportunity, but the level of comfort is different from the level of confidence. We are confident that we can do that, but we are not comfortable. That is different.

Mr. Schout

That is really different. Yes. Yes, I agree with you. Thank you.

7. Closing

The Chairman

Thank you everyone. I appreciate your time here today. Please go out and enjoy the weather.

Mr. Pullens

And enjoy the lunch.

Mr. Aarts

And enjoy the lunch.