

## Press release

### NedSense examines its strategic options and publishes its half-year results 2015

#### Highlights H1 2015

- roOomy platform well perceived in focus markets after successful market introduction;
- Transitioning company strategy to subscription and referral business model. New launching partners successfully implemented;
- NedSense examines its strategic options;
- Loft's core technology patented by US Patent and Trademark Office.

#### Key Figures

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<b>Results from continued operations</b> (in thousands of euro)	<b>H1 2015</b>	<b>H1 2014 Restated*</b>
Net revenue	156	271
Operating result	1,520-	1,292-
Result discontinued operations	45	125-
Net result	1,900-	1,712-
Cash flow	3,353-	47
Earnings per share (amounts in euro)	0.06-	0.06-

\*See the 30 June 2015 condensed, consolidated interim financial statements for details.

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#### Strategy

After the successful launch of its highly innovative 3D technology, NedSense has continued its focus on the development of the Loft suite of products. Customers can access and use the products through multiple internet supported devices, be it PC's or tablets. Loft has already shown its ability to execute in furniture retail (with implementations at Crate & Barrel, Havertys, Trendhopper, Carpet Court, and DFS) as well as manufacturers (with implementations at Kravet, Donghia, Leolux, Thonet and Rubelli). LOFT is continuing its growth in market share in the home furnishing industry.

In line with current technology developments, Loft has launched a first version of its roOomy platform in H1 2015. RoOomy connects home furnishings retailers and the real-estate community with consumers at the moment they are considering a home purchase or property rental, creating a new sales channel for brokers, developers and retailers. Real-estate brokers and property owners can use roOomy by subscription, to virtually stage their listings at low cost with furnishing products from participating brands. RoOomy's virtual staging technology is a breakthrough for the real estate industry where it is widely acknowledged that staged properties sell better. In turn, consumers can view 3D room environments of real estate listings in roOomy, and re-decorate them in a few clicks with furnishings from participating

brands. Over 17 leading US retail brands have already signed on as affiliates, making their products available for 'e-decoration' and promotion in the roOomy app. The company is currently working with leading real estate companies in the US, rolling out roOomy to their agents.

Although growth for the Loft division was foreseen, revenue for H1 2015 decreased versus the same period in 2014. The decrease in revenue is due to the company transitioning away from customized implementations of Loft, to focus on managing the roOomy platform with a subscription and referral fee business model.

In H1 2015, the Loft core technology, '3D modeling and rendering from 2D images' was patented by the US Patent and Trademark Office. A continuation of the patent has already been filed.

NedSense announces that, the company wishes to examine its strategic options. The company has therefore appointed Foghorn Capital LLC, a corporate financial advisor. The company stresses that this process is in its initial, exploratory phase. Potentially interested parties, including possible investors, will be approached from September 2015. NedSense will make further announcements, if appropriate, in due course. Each alternative will be scrutinized by the Supervisory Board and Board of Directors in the interest of NedSense, the related company and in the interest of all stakeholders including shareholders, other capital providers, employees, customers and suppliers.

In October 2014, NedSense finalized the sale of the NedGraphics division, an important milestone in the transformation of the company to allow full focus on the development of its Loft division. The sale and purchase agreement (the "SPA") with the buyer, Constellation Software Inc. ("CSI") headquartered in Toronto, Canada, was announced in August 2014 and the sale was unanimously approved by the extraordinary shareholders' meeting held on October 7<sup>th</sup>, 2014. The transaction was completed on October 8<sup>th</sup>, 2014 at a purchase price of EUR 7,525,000.

On closing, NedSense received an initial payment of EUR 5,883,092 in cash. The holdback amount of EUR 1,641,908 mainly consisted of the balance of tangible assets and liabilities as agreed in accordance with the SPA (the outcome of such calculation the 'NTA Amount') while the remaining amount was meant to cover any claims CSI might have under the SPA.

The SPA provides for a mechanism to finally determine the NTA Amount. On June 29<sup>th</sup> 2015, NedSense and CSI reached agreement about the final NTA Amount as well as a final release of all claims CSI could have under the SPA. The final pay-out equals EUR 250,000. This amount is in line with NedSense' management expectations and processed in the 2014 financial statements. The loss on disposal of the NedGraphics division amounts to EUR 926 thousand.

## **Financial results**

NedSense ended the first half of 2015 with a net loss of €1,900 thousand (first half 2014: €1,712 thousand loss). The decreased result is mainly the combination of an increased LOFT operating loss and higher finance costs, partially offset by an increased result from discontinued operations.

NedSense realized a gross profit of €102 thousand compared to €187 thousand in the first half of 2014, a decrease of 45%.

The Loft division reported sales of €156 thousand as compared to €271 thousand in the first half of 2014. Due to a combination of the decrease in sales, as well as higher operating expenses, the segment's loss from operations was €1,098 thousand negative (first half 2014: €683 thousand negative).

The Other operating segment includes the activities of the holding and the discontinued operation Dynamics Perspective.

## Cash flow

The operational cash flow in the first half of 2015 amounted to €870 thousand negative (first half 2014: €1,262 thousand positive). The decrease from 2014 is mainly due to the disposal of NedGraphics and the operating loss of LOFT. The cash flow from investments in the first half of 2015 was €551 thousand negative (first half 2014: €1,215 thousand negative), caused by decreased investments in software development due to the disposal of the NedGraphics operating segment. The cash flow from financing in the first half of 2015 was €1,932 thousand negative (first half 2014: nil) due to early repayments on the convertible notes and government grant, net of the new convertible bond issue.

The total change in cash and cash equivalents in the first half of 2015 amounted to €3,353 thousand negative (first half 2014: €47 thousand positive).

## Balance sheet

From 31 December 2014 intangible assets decreased from €3,070 thousand to €3,037 thousand. This small decrease is from software development for the LOFT product line (depreciation of prior development exceeded new investments for the period). Current receivables decreased from €1,229 thousand to €890 thousand as the Company collected on outstanding customer receivables, and from the buyer of NedGraphics. Interest-bearing loans and borrowings decreased by €1,686 thousand due to the net of the early repayments and new bond issue noted above. Primarily due to the net loss in the first half of 2015 of €1,900 thousand, total equity decreased from €3,302 thousand as of 31 December 2014 to €1,615 thousand as of 30 June 2015.

Due to negative results in the past few years, NedSense has tax 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.

The solvency decreased to 30.2% at 30 June 2015, from 36.4% at 31 December 2014 due to the net loss in the first half of 2015. The number of outstanding ordinary shares, with a nominal value of €0.10 each, was 29,423,232 as of 30 June 2015 (28,596,495 as of 30 June 2014).

## Outlook

In H1 2015, the Loft division has been focused on maintaining and upselling within its Loft customer base. Furthermore, focus has been on implementing roOomy of which the first release was launched in June 2015. The roOomy platform will mark the transition of Loft towards subscription- and referral fee based business models. Launching partners in the real estate industry as well as home furnishings retail have been added to the roOomy community.

In 2015, NedSense will focus on a growth strategy. Crucial for this growth is the market adoption of the roOomy platform in real estate and home furnishings retail markets. The deployment of a flexible organization together with business partners will enhance the scalability which will enable NedSense to better balance its revenues and expenses and take contingency measures when necessary, however, financing will have to remain an area of focus in 2015.



### **Half-year report 2015**

The official half-year report 2015 has been made available today on the corporate website of NedSense ([www.nedsense.com](http://www.nedsense.com)).

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

NedSense is an innovator in the 3D visualization of home furnishings in rooms. Its LOFT core technology enables photographs of a room to quickly be turned into a 3D environment that can be redecorated, and is used by leading branded furniture retailers. Its cloud based platform roOomy enables virtual staging and redecoration in 3D of real estate listings, connecting home furnishings retailers and the real estate community with consumers at the moment they are considering a home purchase.

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