

Q1 2013 SALES

Unaudited data (in € millions) January 1, 2013 to March 31, 2013	2013	2012	Change
Hercules	4.1	7.7	-46.75%
Digital peripheral devices	4.1	7.1	-42.25%
OEM	0.0	0.6	-
Thrustmaster	2.8	3.4	-17.65%
Gaming accessories	2.8	3.4	-17.65%
TOTAL	6.9	11.1	-37.84%

During the first quarter of fiscal 2013, the Group's sales decreased by 37.8% to €6.9 million. Sales during the quarter were impacted by high inventory levels in the distribution network following the end-of-year holiday season. For Hercules, the slowdown of the PC market in Europe at the end of 2012 and in the first quarter of 2013 also hindered restocking of digital peripheral devices. However, the PC market picked back up again in the United States in March, returning to the level of the previous year. The new WAE audio ranges for tablets and smartphones are currently being rolled out into the distribution network, but have not yet reached a sufficient level to pick up the slack from PC peripherals. With its new line of Gaming headsets, Thrustmaster has improved its dynamics but remains in a market in transition, anticipating the arrival of the next-generation consoles (including the PS4™, announced at a conference in February).

New products for Q2

Hercules is expanding its range of wireless speakers with the June release of the *WAE Outdoor*, a water- and dust-resistant model. Portable and featuring excellent battery life, it will also be available in an "Adventure Pack" version including specific accessories for biking, attachment to a backpack, boating and water sports, and more. Compatible with all devices integrating *Bluetooth®* wireless technology, this speaker also features a built-in microphone for hands-free calling when used with a smartphone.

In terms of DJing, the *DJControl Air+* will signal Hercules' entry into the market for larger DJ controllers. Its extra-large jog wheels provide a better DJing experience with enhanced precision, while the hands-free AIR feature lets users control their mixes in an innovative way, without any physical contact: all you need to do is move your hand above the device.

Thrustmaster is growing the product ecosystem for its community of gaming fans, with respect to both flight and racing simulation accessories. A new replica of the control stick on the U.S. Air Force A-10C attack aircraft featuring an all-metal, detachable handle, the *HOTAS Warthog Flight Stick* was created in order to meet the demand from flightsimmers looking to add to their specific simulation gear. At the same time, the launch of a replica of the Ferrari GT458 wheel, the *Ferrari Wheel GTE*, will let T500RS owners slip into the shoes of a Ferrari GT458 driver: the release of this brand-new wheel is an example of Thrustmaster's drive to develop a genuine Racing environment for hardcore racers, following in the footsteps of its TH8RS shifter.

Financial standing at March 31, 2013

- Net indebtedness (excluding Marketable Investment Securities): €6.8 million
- Marketable Investment Securities portfolio value: €5.6 million

Strategic orientations and prospects

The Group is carrying out its action plan in order to adapt to changes in the market:

- Optimizing its supply chain to reduce inventory levels and working capital requirements. The logistics base in Hong Kong is now operational.
- Intensifying sales and marketing activities with respect to online distribution channels.
- Allocating dedicated sales and marketing budgets to accelerate sales growth outside of Europe.
- Transitioning all of the Group's product lines to new and upcoming sales platforms, including tablets, smartphones and next-generation consoles.

The Group forecasts a return to growth in the second half of fiscal 2013.