

Q1 2014 SALES

Unaudited data (in € millions) January 1, 2014 to March 31, 2014	2014	2013	Change
Thrustmaster	3.7	2.8	+32.14%
Gaming accessories	3.7	2.8	+32.14%
Hercules	2.4	4.1	-41.46%
Digital peripheral devices	2.4	4.1	-41.46%
TOTAL	6.1	6.9	-11.59%

The Group's sales for the first quarter of fiscal 2014 amounted to €6.1 million, a decrease of 11.6% in relation to the previous year. Thrustmaster achieved solid growth of 32%, while sales for Hercules – which is refocusing its activities on audio products – decreased by 41%.

- **Thrustmaster:** The Group, a pioneer in developing and launching racing wheels for the two next-generation game consoles, is now one of the global leaders in this market. The rapid expansion of the installed base of consoles – PlayStation®4 (with more than 7 million units sold), and Xbox® One (with more than 4 million units sold) – further increases the commercial potential for Thrustmaster accessories on an international level. Thrustmaster has therefore chosen to expand its product range again, and very recently met the first orders for its brand-new racing wheel for the Xbox® One console, the Ferrari 458 Spider, allowing it to target a more mass-market customer base.
- **Hercules:** Hercules' new strategy is to focus on a limited number of products with higher added value, and market and distribute these products worldwide. To achieve this, Hercules has tasked its Research and Development teams – which have developed very high-level competencies in the audio domain – with creating outstanding hardware and software solutions for the DJing market, as well as with respect to wireless and multimedia speakers. This expertise has achieved worldwide recognition by way of the numerous awards received by the Group, including two 2014 CES Innovations Design and Engineering Awards received by the WAE NEO speaker and DJControlWave controller, respectively, at the global trade show which took place in Las Vegas in January 2014. These new products will be launched in May 2014.
 - **DJing:** The DJControlWave is the first product in a new generation of DJ controllers which make mixing completely intuitive and fun for tablet owners.
 - **WAE range:** The wireless speaker market – which has been growing quickly in the United States – is starting to take off in Europe as well, with the emergence of a mass-market segment in which Hercules is involved via its complete and targeted WAE (*Wireless Audio Experience*) range. This is currently allowing the Group to expand its distribution network.
 - The brand's new lines of multimedia speakers are meeting with keen interest, with an increasing number of new products being stocked by large European retail chains.

At the same time, the Group is strengthening its sales organization in Asia by way of a permanent presence in this zone.

Financial standing at March 31, 2014

- Net indebtedness (excluding Marketable Investment Securities): €8.6 million
- Marketable Investment Securities portfolio value: €8.5 million

Prospects

The Group's strategy of positioning itself in high-potential markets very early on with high value-added products – such as accessories for the next-generation consoles, as well as for tablets and smartphones – is now bearing fruit by way of Thrustmaster's initial success with respect to gaming accessories. The strong growth in the installed base of smartphones and tablets is providing promising prospects for the Group, which is now present in these markets, in terms of its new ranges of audio and DJ accessories. The Group anticipates sales growth for fiscal 2014.