



2011 Annual Results Developments in Video Game Strategy

Cybergun, the leading global player in recreational shooting, has announced its consolidated financial results for the 12 months to 31 March 2012, signed off by its Board of Directors at its meeting today.

The highlights from Fiscal 2011 are as follows:

- Annual revenue stands at €84.7 million, up 15% in published data and 8% proforma¹;
- An Ebitda² margin of 7%, in line with the most recent forecasts disclosed to the markets (in the press release issued on 10 April 2012);
- A non-current operating charge of €20.3 million on asset writedowns on video games.

Commenting on the publication, Cybergun CEO Jérôme Marsac said: "We are emerging from a massive, 2-year investment cycle designed to develop our business. While our core business of replica firearms is proving more resilient in a difficult business environment, our diversification into video games has not delivered the hoped-for results. In view of the disappointing performance of the games portfolio since its acquisition in April 2011, and of fast-moving, in-depth changes in distribution methods and the general market slowdown, Cybergun took the strategic decision to write down these assets and not to develop the games portfolio further. These decisions have a very significant impact on our results, but will enable the Group to fully focus on its core business and on implementing a major debt retirement programme."

ANNUAL RESULTS

€ million-IFRS Data being audited	2010 consolidated	2010 proforma ¹	2011 consolidated
Revenues	73.7	78.4	84.7
Gross operating income (Ebitda)²	8.1	11.0	5.8
Current operating income (Ebit)³	7.4	9.5	2.5
Net income	7.4	9.4	-17.8
Cost of net debt	-1.4	-1.4	-2.5
Tax	-1.8	-2.2	-1.5
Activities carried under the equity method	0.0	0.0	-0.7
Net income attributable to shareholders	4.0	5.9	-22.6

Consolidated revenues from Fiscal 2011 amounted to €84.7 million. While the core business of licensed replica firearms saw robust growth, diversification into the paintball sector and, more

¹ The 2010 proforma financial statements were not audited and include the contribution from the I2G Microprose company since 1 April 2011.

² Gross operating income (Ebitda) corresponds to current operating income before amortization and provisions.

³ Current operating income (Ebit) corresponds to operating income before other income and expenses.

importantly, into video games, returned disappointing commercial performance. The underperformance largely explains the fall in Ebitda, which came out at €5.8 million, or 7% of revenue. After amortization and provisions, current operating income came to €2.5 million, of which only 12% derived from the Video Games division.

The amount of other operating expenses, at €20.3 million, notably includes a writedown of all goodwill (€16 million) from the acquisition of I2G Microprose, a provision on the portfolio of co-produced games (€3 million) and the loss in connection with the disposal of rights to the Blackwater video game. After factoring in these non-current expenses, the Group recorded an operating loss of €17.8 million. Attributable income amounted to a negative €22.6 million.

FINANCIAL SITUATION

As at 31 March 2012, Cybergun Group net debt amounted to €47.4 million, mainly comprising mid and long-term borrowing (56% at more than one year) and current bank overdrafts (33%). Available cash and equivalent amounted to €8.0 million. At end-May, the Group had €4.8 Million in unused authorized credit lines, notably bolstered by the set-up of a 24-month credit line with a leading Texas-based bank. This credit line substituted for a short-term credit line taken out to finance the Group's US affiliates.

At end-March 2012, shareholders' equity stood at €14.0 million.

The first effects of the inventory downsizing programme implemented in September 2011 reduced the value of inventory carried to €29.0 million, an improvement of €5 million, or 24 days' sales in just six months. The Group's objective is to reduce inventory levels by a further €8 million during Fiscal 2012.

BUSINESS TRENDS

First-quarter Fiscal 2012 revenues (1 April-30 June) came in at €17.1 million, compared with €19.3 million in the same period of Fiscal 2010. Exchange-rate variations had a negative 6% impact.

In addition to a high base effect due to growth of 38% in Q1 2011, this lower level of activity can be ascribed to the unfavourable macroeconomic climate and the Group's strategic will to reduce its gearing. By geographic area, the United States accounts for 55% of sales, while Europe contributes 40% of invoicing.

For Fiscal 2012, Cybergun has set itself the priority target of substantially improving its cash-flow by a reduction in operating expenses (a cost-cutting programme is ongoing) and reducing its working capital requirement by optimizing inventories. In parallel, the Group has no plans for any acquisition-led growth and intends to halt its significant investments in developing new video games. These strategic decisions should speed the reduction in the Group's gearing.

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About Cybergun : www.cybergun.com

Listed on NYSE Euronext Paris, Cybergun is a world leader in recreational shooting. The Group's revenue has grown at an average annual rate of nearly 20% for the past 15 years. In 2011, Cybergun posted €85 million in revenue, with 56% generated in the U.S. and 34% in Europe. Qualified as an "innovative enterprise" by French agency OSEO Innovation, Cybergun is eligible for investment from French innovation-focused funds (FCPI). Cybergun's stock is included in the CAC Small index.

Cybergun stock: FR0004031839 – CYB
Cybergun bond 8% / OCT16: FR0010945725 – CYBO

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Disclaimer

This press release may contain estimated financial data, information on future projects and transactions and on future economic performance. These forward-looking items are provisional. They are subject to market risks and uncertainties and may vary significantly from actual results to be published.

The estimated financial data were presented to the Board of Directors on July 10, 2012 and are currently being audited by the Group's Statutory Auditors.