



Sales figures and results for the first quarter of 2012 / 2013

Evolution in sales confirm the Group's shift to online

Q1 Activity: +15% organic growth in online business

Avanquest Software is posting sales of €22.1M for the first quarter of 2012/2013 (July-September 2012), up by +3.3% over the first quarter of 2011/2012.

In pro-forma* data, sales are down 9.2%, impacted in particular by the drop in offline sales, which declined by 30% (on a like-for-like basis) from the first quarter of the previous year.

In €M	Q1 2012/13	Q1. 2011/12	Var.
Online	9.2	6.2	+47%
Offline	8.5	11.2	-25%
BtoB	4.4	3.9	+13%
Total	22.1	21.3	+3%

This evolution in business is marked by the growth in online, totaling 42% of sales over the quarter, to €9.2M, and up 47% in gross data and 15% on a like for like basis compared with Q1 of 2011/2012.

Specifically, among online activities, Web-to-print (€1.5M over Q1) and Web hosting (€1.5M) are both experiencing a solid growth dynamic, with respective growth rates of +32% and +85% compared with Q1 of 2011/2012.

BtoB sales (20% of total sales) amount to €4.4M, up 13% (4% in pro forma figures).

These performances reflect Avanquest Software's strategy of shifting its economic model towards online, implemented during the previous year, in particular with the acquisition in late 2011 of Carteland in France (Web-to-print) and 50 % of Arvix in the U.S. (BtoC Web hosting).

The distribution of sales by nature also confirms this trend: online sales now account for 42% of sales, compared with 29% for the same period of the previous year; during the same period, offline sales went from 53% to less than 40%.

Consolidated data in €M at 09/30	Q1 2012/13	Q1 2011/12
Sales	22.1	21.3
Gross margin	12.7	12.4
% of sales	57.5%	58.1%
EBIT	(1.5)	(1.0)
Net Income	(2.1)	(1.2)

The quarter's results reflect the traditionally low level of activity for the period, (including July and August), and the underlying downward trend in offline sales. Current operating income is €(1.5)M, in line with management's expectations.

After taking into account financial income €(0.7)M and taxes €+0.2M, net income is €(2.1)M.

*Pro forma data: restatement of the previous year on a like-for-like basis.

Prospects: validation of the new strategy

As part of Avanquest Software's shift towards online, the Group has begun implementing a new strategy to return to a path of sustainable performance in growth, profitability and cash-flow generation. This strategy responds to three major challenges:

- Refocusing on the most promising consumer markets while supporting the decline in traditional sales (reinforcement of organic growth in online business, and investment in new growth segments such as B2C Web hosting);
- Supporting consumer habits through innovative solutions (photos on smartphones, Web to print); in this area, the first quarter of the current financial year was marked by several major launches – including two flagship educational applications available from Amazon's app shop timed to the release of the Kindle Fire HD tablet, and new products adapted to the latest Windows 8 operating system from Microsoft;
- Deployment of a new global organization according to the Group's main activities, rather than by geographic area, supported by a reallocation of resources to the growing business units.

About Avanquest Software

Avanquest Software is a world leader in the development and publication of software applications on PCs, Tablets, Smartphones, TV and Social Networks. The passion that drives our teams, the high-technology added value of the software and the Group's solid presence in North America, Europe and Asia make Avanquest Software one of the top 10 consumer software publishers in the world. Since it was established in 1984, the company has made innovation the core of its business, relying on its teams of engineers scattered throughout France, the United States and China, working every day to create the best software for today and tomorrow. Avanquest Software has been listed on Euronext since 1996 (ISIN code FR0004026714). For any additional information, please visit this site: <http://www.avanquest.com> and find institutional information about the Group at <http://groupe.avanquest.com>.

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