



Results for the First Half of 2013

Sales of €109.4M, up 15%

Current operating income of €11.2M, up 71%

Operating income of €8.4M, up 93%

Net profit of €1.8M, down 60%

Record net cash of €60.6M

Paris (France), September 10, 2013 - Gameloft's financial statements for the first half-year ending June 30, 2013; breakdown as follows:

In millions of €	H1 2013	<i>% of sales</i>	H1 2012	<i>% of sales</i>
Sales	109.4		95.2	
Cost of sales	-19.1	-17%	-13.7	-14%
Gross profit	90.3	83%	81.5	86%
R&D	-51.6	-47%	-50.0	-53%
Sales and marketing	-17.8	-16%	-17.4	-18%
Administration	-9.2	-8%	-8.5	-9%
Other operating income and expenses	-0.4	0%	0.9	1%
Current operating income	11.2	10%	6.6	7%
Stock-based compensation	-1.7	-2%	-1.2	-1%
Other income and expenses	-1.1	-1%	-1.0	-1%
Operating income	8.4	8%	4.3	5%
Financial income	-2.7	-2%	0.4	0%
Net income before tax	5.7	5%	4.7	5%
Tax expense	-3.9	-4%	-0.2	0%
Net income	1.8	2%	4.6	5%

Over the first half of 2013, Gameloft achieved consolidated sales of €109.4 million, up 15% year on year. On a constant-exchange-rate basis, growth for the first half was 17%. EMEA represented 32% of first half sales; North America, 25%; LATAM, 23%; and APAC, 20%. Sales continue to be driven by the worldwide success of Gameloft games on smartphones and tablets. Gameloft's first-half sales on smartphones and tablets grew by 45% year on year. They represented 61% of total Group sales

compared with 48% in the first half of 2012. Gameloft's rapid growth is also driven by the success of virtual goods and advertising which currently account for 80% of the company's smartphone revenues. This business model increases the longevity of the company's products. Games dating from 2011 and 2012 such as *Ice Age Village*, *Modern Combat 4: Zero Hour*, *World at Arms*, *MY LITTLE PONY*, *Order & Chaos Online*, and *Six-Guns* have contributed to the solid performance of the company in the first six months of 2013.

The first-half gross profit reached €90.3 million, up 11%. The gross margin for the period reached 83%, down from 86% in H1 2012 but stable compared with the gross margin achieved in H2 2012.

The solid growth in sales, stable headcount and efficient cost control in the company's three departments - R&D, Sales and Marketing and Administration - have allowed Gameloft to increase significantly its current operating income which stood at €11.2 million, up 71%. R&D, Sales and Marketing and Administration costs all decreased as a percentage of sales during the first half of 2013. R&D costs for instance represented 47% of first-half sales in 2013, significantly lower than the rate of 53% achieved in the same period in 2012. The first-half current operating margin therefore reached 10.3% compared with 6.9% in the first half of 2012.

Compensation costs related to bonus shares awarded to employees stood at €1.7 million in the first half of 2013 from €1.2 million in the same period in 2012. Stock-based compensation costs do not impact negatively the company's equity and cash level. Other income and expenses of €1.1 million are linked essentially to the restructuring of Gameloft's development studios in India and the Philippines. This restructuring reflects the major market changes of the last two years and in particular the technological evolution of feature phones and smartphones. The operating income for the first half of 2013 therefore reached €8.4 million, up 93% year on year, and the operating margin stood at 7.7%.

Net financial income for the first half of 2013 amounted to -€2.7 million and is essentially comprised of latent foreign exchange losses on intragroup receivables related to the fall of several foreign currencies against the Euro during the period (Brazilian Real, Argentine Peso, Canadian Dollar and Japanese Yen). The net income before tax therefore stood at €5.7 million, up 20% year on year.

The net income for the first half of 2013 stood at €1.8 million, down 60% year on year. The net income for the first half of 2012 was, however, positively impacted by the recognition of tax loss carry-forwards in France amounting to €2.0 million. This non-cash item renders a basic comparison of first-half 2013 and 2012 net income figures difficult.

The amount of unrecognized consolidated tax loss carry-forwards at the end of June 2013 was €11.7 million.

Healthy financial position

The company's equity stood at €130.6 million and net cash reached an all-time high of €60.6 million at the end of June 2013. Cash generation was strong during the first six months of 2013: Gameloft's operating cash flow stood at €12.9 million, up 52% year on year, and net cash increased by €5.0 million in six months. Therefore, the company has the financial resources necessary to continue to grow and increase its market shares around the world.

Given its healthy net cash position, Gameloft launched a share buy-back plan on April 16, 2013. At the end of June 2013 the company had bought 724,491 Gameloft shares on the market at an average price of €5.2 per share for a total amount of €3.8 million.

Outlook for 2013 and 2014

Gameloft has the development capacity to release annually between twenty and thirty high-quality games on feature phones, smartphones and tablets. These games are launched worldwide in thirteen different languages on 3,000 smartphone models and 350 feature phone models. There is, to our knowledge, no equivalent to Gameloft's development and distribution capacity in the mobile gaming industry.

To this day, 800 million freemium and paymium Gameloft games have been installed on iOS and Android. During the last thirty days 150 million people have played a Gameloft game. The huge success of the company's last two releases: *Despicable Me: Minion Rush* and *Asphalt 8 Airborne* highlights as well the ability of the company to release worldwide hits in a very competitive environment.

In 2012, 700 million smartphones were sold compared with 490 million in 2011¹. Gameloft expects strong smartphone and tablet sales in 2013. In particular, the company expects, starting in 2013, a flood of low-end smartphones and tablets priced between €50 and €100 across the world. Games on these low-end smartphones and tablets will be radically different from the games that have been developed until now on smartphones and tablets, and Gameloft should be able to leverage its ten-year experience on feature phones in this new segment and take significant market shares. The momentum of the smartphone and tablet market should therefore continue to sustain Gameloft's growth in the upcoming quarters.

The company therefore confirms its target to reach between €235 million and €240 million in sales for the full year of 2013, as well as an increase of profitability and net cash. Sales for the third quarter of 2013 will be published on November 4, 2013, after the market closes.

About Gameloft:

A leading global publisher of digital and social games, Gameloft® has established itself as one of the top innovators in its field since 2000. Gameloft creates games for all digital platforms, including mobile phones, smartphones and tablets (including Apple® iOS and Android® devices), set-top boxes and connected TVs. Gameloft operates its own established franchises such as Asphalt®, Order & Chaos, Modern Combat or Dungeon Hunter and also partners with major rights holders including Universal®, Illumination Entertainment®, Disney®, Marvel®, Hasbro®, FOX®, Mattel® and Ferrari®. Gameloft is present on all continents, distributes its games in over 100 countries and employs over 5,000 developers.

Gameloft is listed on NYSE Euronext Paris (Euronext: GFT.PA, Bloomberg: GFT FP, Reuters: GLFT.PA). Gameloft is traded OTC in the US (sponsored Level 1 ADR ticker: GLOFY).

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¹ Strategy Analytics

PROFIT & LOSS ACCOUNT (K€)	H1 2013	H1 2012
Revenue	109 374	95 191
Cost of sales	-19 118	-13 734
Gross margin	90 256	81 457
R&D	-51 586	-50 005
Sales and Marketing	-17 827	-17 369
Administration	-9 210	-8 456
Other operating income and expenses	-418	941
Current operating income	11 215	6 569
Stock-based compensation	-1 708	-1 246
Other income and expenses	-1 134	-983
Operating income	8 373	4 339
Cost of net financial indebtedness	963	529
Exchange rate gains	1 988	3 077
Exchange rate losses	-5 630	-3 218
Net financial income	-2 679	388
Net income before tax	5 694	4 728
Tax expense	-3 868	-170
Net profit (group share)	1 826	4 558
Earnings per share	0,02	0,06
Fully diluted earnings per share	0,02	0,05

BALANCE SHEET (K€)	30/06/13	31/12/2012
ASSETS		
Net intangible fixed assets	9 634	10 482
Net tangible fixed assets	10 597	9 098
Non-current financial assets	2 558	2 397
Tax assets	17 814	17 149
Total non-current assets	40 603	39 126
Client receivables	61 652	59 658
Other receivables	22 958	20 520
Cash and cash equivalents	60 951	55 654
Total current assets	145 562	135 832
TOTAL	186 164	174 958
LIABILITIES		
Capital	4 148	4 091
Issue premium	89 134	85 669
Reserves	35 508	28 937
Net income	1 826	9 280
Shareholder equity	130 616	127 977
Non-current liabilities	5 403	4 400
Current liabilities	50 145	42 582
TOTAL	186 164	174 958

CASH-FLOW STATEMENT (K€)	H1 2013	H1 2012
Net income	1 826	4 558
Amortization and provisions	7 298	8 022
Stock-based compensation	1 708	1 246
Capitalized R&D	-489	-996
Asset sales	91	65
Other non-cash items	97	0
Deferred tax	14	-2 249
Self-financing capacity	10 545	10 646
Change in trade receivables	-6 042	-7 596
Change in operating liabilities	8 431	5 454
Change in working capital	2 389	-2 142
Operating cash-flow	12 934	8 504
License acquisitions	-3 202	-2 030
Acquisitions of intangible fixed assets	-486	-472
Acquisitions of tangible fixed assets	-4 587	-3 086
Acquisition of other fixed financial assets	-359	-380
Repayment of loans and other financial assets	146	83
Asset sales	45	16
Total cash flows linked to investments	-8 443	-5 870
Free Cash-Flow	4 491	2 634
Capital increase related to stock options and bonus shares	3 330	5 158
Share buy-back	-3 763	0
Total cash flows from financing activities	-434	5 158
Effect of exchange rate changes	949	-1 050
Change in cash	5 006	6 743
Net cash at the beginning of the period	55 606	36 948
Net cash at the end of the period	60 612	43 690