



SUMMARY OF THE GUILLEMOT CORPORATION GROUP'S STANDING DURING THE FISCAL YEAR ENDED DECEMBER 31, 2017

1. STANDING OF THE COMPANY AND OF THE GROUP DURING FISCAL 2017

In 2017, the Group's annual turnover amounted to €80.4 million, up 25% from the previous year. Thrustmaster, thanks to the strength of its new products and the good current crop of racing games, grew by more than 40% over the year, becoming a leader in the racing wheels market in the United States (*Source: The NPD Group Inc., 2017*).

Hercules, following the ending of its multimedia speakers and webcam product lines, was down by 57%, with a smaller drop during the fourth quarter to -42%.

Over the period, the Group:

- Achieved a record level in terms of its turnover and its sales for multiple product lines.
- Saw very strong growth for Thrustmaster during the year, at +42%.
- Experienced a significant decrease with respect to sales of Hercules peripheral devices, following the definitive ending of commercialization of the Hercules multimedia speakers and webcam ranges.
- Very strongly boosted its Thrustmaster sales in North America by way of increasing the Thrustmaster brand's representation at major retail chains (*Best Buy, GameStop, Walmart...*).
- Rolled out many new releases:
 - Thrustmaster:
 - Racing wheels: Two new high-end racing wheels were released – the Gran Turismo®-licensed T-GT racing wheel was launched in nearly forty countries, while the TS-XW RACER Sparco P310 Competition Mod racing wheel for Xbox One® and Xbox One X hit the market at the same time as the game Forza Motorsport® 7.
 - Joysticks: T.Flight Hotas One.
 - Hercules: The brand integrated the latest design thinking and big data techniques into its innovation plan. Hercules launched the latest version (3.6) of its DJUCED™ 40° DJing software, featuring integration of the Qobuz music streaming service.
- Accelerated its sales-out both in stores and on retail sales websites.
- Repositioned its mass-market Hercules DJ and WAE wireless speakers range.
- Adapted its commercial and trade marketing policy.
- Strengthened its presence in Asia (Hong Kong, China, South Korea, Japan) and in Australia, allowing Thrustmaster to position itself as a key player in the racing wheels and joysticks markets in these countries.
- Took part in the largest international trade shows, as well as the launch events surrounding the game Gran Turismo Sport for the release of its T-GT racing wheel.
- Established strong new partnerships: Hercules teamed up with the Qobuz high-resolution online music streaming service, while Thrustmaster expanded its partnership with Sparco®, the world-famous motor sports equipment manufacturer.

1.1. Continuation of the Group's geographic expansion and commercial deployment

Sales outside of France amounted to €71 million in fiscal 2017, representing 88% of total consolidated turnover.

In 2017, the Group accelerated its commercial deployment policy, translating into growth of 66% in the Asia-Pacific region and 30% in the Americas, which now account for more than 10% and 32% of the Group's sales, respectively.

Sales of Thrustmaster gaming accessories have continued to accelerate over multiple fiscal quarters. This strong momentum – linked to the commercial successes of its ranges of racing wheels, gaming headsets, joysticks and gamepads – has been further strengthened by way of the significant expansion of the Group's geographic coverage for more than five years.

▪ North America

In 2017, the Group achieved a very strong boost in terms of its sales thanks to a balanced and strengthened distribution of its presence on the continent. The Group's active participation in various American trade shows, including the Consumer Electronics Show, allowed it to grow the number of its products being sold by major brick-and-mortar retailers including GameStop and Best Buy, as well as by online retailers such as Amazon and Newegg.

▪ Europe

Over the period, the Group posted a 21% increase in terms of its sales, from €36.7 million to €44.5 million. Sales in both Poland and the Czech Republic continued to grow strongly in 2017, while the main eurozone countries also achieved growth. In this way, the Group is expanding its distribution network throughout the zone.

- Asia/Oceania (APAC)

In 2017, the Group continued the geographic expansion of its activities, with the first deliveries with respect to its Chinese subsidiary at the end of the year. Over the period, demand considerably accelerated in Asia, and the Group ramped up the rollout of its products across the continent (Hong Kong, China, South Korea, Japan), as well as in Australia. Thrustmaster's goal is to become the key player with respect to its ranges of racing wheels and joysticks in these countries.

1.2. Logistics on a global scale

The Group covers three worldwide regions which account for the majority of high-tech product sales – North and South America, Europe and Asia – and optimizes the flow of its products, organizing direct deliveries from production sites in Asia to each continent.

The Group has its own international logistics base in France with an extensive storage capacity – allowing it to cover all of Europe and Eastern Europe, for both wholesaler and e-commerce deliveries – and uses logistics service providers based in the United States and in Hong Kong for North America and Asian sales. Thanks to the development and evolution of its logistics platform in Hong Kong since early 2013, the Group continues to optimize the flow of products to all of its European, Asian and American customers by way of direct deliveries from Asia, allowing it to optimize its supply chain, and ensure faster delivery services for its customers. In 2017, direct container deliveries from the warehouse in Hong Kong continued to increase, facilitating sales growth and improving delivery times. At the same time, the direct flow of products to customers has allowed the Group to reduce the impact of transportation on the environment.

1.3. Thrustmaster's strategy and positioning

Thanks to the increase in the number of gamers and in the installed base of PlayStation®4 and Xbox One® consoles, for which the Group mainly develops accessories, Thrustmaster is a key player in the racing wheels market for game consoles, and now in the console joysticks sector as well. In parallel, the growing interest in the fields of racing, flight simulation and e-Sports represent growth drivers for Thrustmaster.

In 2017, Thrustmaster signed strong new partnerships:

- Expansion of the partnership with Ferrari® for gaming headsets, in order to refresh the designs for the range and respond to the requirements of increasingly demanding consumers.
- Signature of new partnership with Sparco, the world-famous motor sports equipment manufacturer.

All of these strategic partnerships (with Sony®, Microsoft®, Ferrari...) allow the brand to increase its visibility among gamers, while growing its commercial presence.

Thrustmaster has partnered with Sony and Polyphony Digital – creator of the game Gran Turismo Sport – for many years now, allowing the brand to be particularly well-positioned for the launch of the new opus: this very high-end racing wheel, the T-GT, is being used by Sony and Polyphony Digital to showcase the game in their official launch presentations. In mid-October, Thrustmaster took part in two of these launch events (the first in Hong Kong on October 12 and the second in Modena, Italy, on October 15-16) – benefiting from the exceptional presence of Mr. Kazunori Yamauchi, creator of the game. The T-GT met with an enthusiastic reception from both the virtual and professional race car drivers in attendance, who praised the wheel's realism and the level of driving subtlety made possible, particularly by way of its innovative T-DFB technology. T-DFB – a world exclusive for the game Gran Turismo Sport – allows for the reproduction at very high frequency of even the slightest vibrations and juddering produced by road surfaces, tire and suspension conditions, and more... Demo pods equipped with the T-GT racing wheel allowed attendees to discover and explore this new game. In addition, the new TS-XW RACER Sparco P310 Competition Mod racing wheel (officially licensed by Sparco), with its 1:1 scale replica wheel, was released to coincide with the launch of the game Forza Motorsport 7 for Xbox One on October 3, and has been very highly lauded for its power and precision. The first e-Sports racing competitions are now gaining ground, and Thrustmaster was selected by the event's organizers to help conduct the F1 Esports Series Semi-Finals competition in London, England – which drew a substantial audience, with more than 400,000 spectators already having viewed the video. The drivers on this virtual course used Thrustmaster's new TS-PC RACER wheel.

1.4. The Group faces competition

The Group operates in extremely competitive and diversified markets, with products aimed at gaming fans and music enthusiasts (via its DJing and speaker lines), including headsets for online gamers. Owing to the diverse nature of its ranges and the number of products, competition remains strong and spread out worldwide. The strength of the Group's Research and Development teams represents one of the keys to its competitiveness, which requires innovative and differentiated products. In this highly competitive context, the Group operates in markets undergoing profound shifts. In order to make itself stand out in the eyes of its customers, the Group constantly refreshes or extends its product lines thanks to the strong involvement of its Research and Development and marketing teams, allowing it to remain on the cutting edge of uses in these different markets. The Group also benefits from the strength of its international positioning, allowing it to capture growth in countries with quickly-developing economies.

1.5. Thrustmaster's participation in the largest international trade shows, and signature of new partnerships

In 2017, the Group ramped up its presence at large international trade shows, in order to strengthen its positioning and further boost its reputation.

1.6. Hercules: a brand focused on the world of music and partying

In 2017, Hercules strengthened its innovation process with expanded development axes focused on the theme of partying, employing a design thinking-oriented approach and implementing a big data strategy for an in-depth understanding of the needs and types of uses important to its DJ consumers.

The brand's goal is to provide the best tools for music creation and enjoyment.

▪ **DJ controllers range**

Having become a bestseller among amateur and mobile digital DJs, the Hercules brand is an internationally-known player in the portable mass-market mixing controllers sector, helping users get started in the world of mixing; in addition, the brand is adding to its lineup of products for advanced DJs. Hercules ranks among the leading manufacturers of portable DJ controllers for computers, serving as a focal point for communities of DJs – from beginners right through to expert users – thanks to the brand’s extensive DJing expertise.

In 2017, the brand worked on repositioning its mass-market Hercules DJ and WAE wireless speakers range, and regularly adapts its commercial and trade marketing policy in order to expand its distribution channels and pave the way for new commercial successes.

For over fifteen years, Hercules has earned a reputation for successfully getting beginners started in the world of DJing.

In the third quarter of fiscal 2017, Hercules announced its partnership with the high-resolution Qobuz online music service, allowing users to access more than 70,000 high-res albums directly in the DJUCED™ software.

Pursuing their goal of continual improvement and creativity, the DJUCED™ teams published the new version 3.6 of the DJUCED™ 40° software on September 21, 2017, featuring integration of the Qobuz streaming service and making access to more than forty million high-resolution tracks directly in the software possible. The teams also made improvements to the audio engine, the feel of scratching and the software’s overall latency – in particular with DJ controllers – for a highly-appreciated mixing experience. Fully integrated into the DJUCED™ 40° interface, songs start playing just as intuitively as the DJ’s other tracks, and can be mixed with music stored locally on the user’s computer.

These evolutions were on display at the BPM | PRO trade show in England on October 22-23, 2017, with both Karla Kenya and the DJ duo Twice as Trendy attending and performing at the event, of which Hercules was the official sponsor. A contract was signed with the Twice as Trendy duo, to represent Hercules during a French club tour.

The collaboration with Timm United (Tim Hüfren) with regard to his services in the Netherlands continues: this well-known figure hosts DJ events and promotes the Hercules DJ range.

In line with its philosophy of creativity without any limits, in late 2017 Hercules launched a pack of LED wristbands to light up dance events and nighttime activities to the beat of the music, thereby becoming the must-have partner for parties.

Hercules has added this fun, lightweight and easy-to-wear accessory to its lineup of products: it’s a perfect fit for any venue and any musical style. Extremely simple to use, the wristband easily goes on the wearer’s wrist, and its built-in microphone detects sounds and vibrations, allowing it to flash in sync with the music and the rhythm: it adds a whole new interactive dimension to really get the party moving.

▪ **WAE wireless speakers range**

Over the years, Hercules has gained know-how and credibility in the world of professional audio. Thanks to its extensive range of expertise, since 2015 Hercules has offered a complete line of WAE wireless speakers featuring the latest technologies and specially designed to meet today’s lifestyle needs.

In 2017, Hercules continued to develop partnerships with promising young champion athletes, including Delphine Cousin, French 2017 Slalom Champion and 2017 Windsurfing Slalom World Champion runner-up. The Group’s partnership policy is part of its strategy to make itself known among these communities of users.

In order to promote its WAE 04Plus FM wireless speaker, Hercules signed a partnership agreement with the American athlete Corey Martinez in early 2018. Corey is one of the best-known personalities in the world of Freestyle BMX, and has won numerous prizes – including Street Rider of the year. This Hercules WAE speaker fits in perfectly with his lifestyle: it’s shock-resistant, dust-resistant and perfectly waterproof, allowing users to take it with them anywhere.

▪ **DJ headphones range**

In 2017, Hercules marketed its existing range of headphones, whose qualities are much appreciated by demanding DJs.

1.7. Thrustmaster: a rich ecosystem of gaming accessories

In 2017, Thrustmaster combined the launches of its new high-end racing wheels with the releases of very highly-anticipated racing games on PC and game consoles, in order to equip the new generation of e-Sports and simulation gamers. Thanks to its ecosystem, Thrustmaster has become the go-to partner for all gamers looking for a more realistic gaming experience.

Thrustmaster remains a key player in the American market for racing wheels on game consoles and PC, with 57% market share in value and 69% market share in volume terms in 2017 (Source: The NPD Group Inc., 2017 – excluding wheels compatible with Nintendo Switch, March 2018 excerpt).

Thrustmaster is a partner of prestigious brands including Ferrari, Sparco, Gran Turismo and the U.S. Air Force.

In 2017, Thrustmaster expanded its licensing agreement with Ferrari to include gaming headsets, and signed a partnership with Sparco – the world-famous motor sports equipment manufacturer – in June, allowing it to design and market officially-licensed Sparco products. With the emergence of increasingly realistic virtual worlds, Thrustmaster and Sparco’s joint goal is to support the community of gamers and develop innovative solutions, dedicated to diehard fans of virtual motor sports (on PC and game consoles).

All of the accessories designed by the Group, including joysticks and racing wheels, are must-have elements in order to achieve near-perfect immersion in flight and space-oriented games, as well as racing games.

▪ **Headsets for online gamers**

Thrustmaster remains very active in the gaming headsets market, and regularly employs its audio and gaming expertise to benefit gamers by developing high-quality headsets.

As gamers are becoming increasingly accustomed to long gaming sessions in a variety of different genres, Thrustmaster's successful CPX range adds new models on a regular basis. Thrustmaster continues to make progress in this dynamic market segment.

Thrustmaster's new Ferrari license for gaming headsets represents an excellent opportunity. At the same time, Thrustmaster is continuing on with its licensing policy, with a new headset launched in the first quarter of 2018.

In late November 2017, Thrustmaster launched the Y-350CPX 7.1 Powered gaming headset – the latest addition to its range – with two goals in mind: creating a high-end headset, and incorporating extended compatibility in order to satisfy the needs of all gamers, whatever their favorite next-generation platform. This new gaming headset featuring high-definition sound is the result of advanced Research and Development work, allowing Thrustmaster to achieve a level of audio quality lauded by the specialized press.

▪ **Racing wheels**

Today, Thrustmaster is recognized as the ne plus ultra in terms of developing racing wheels – and high-end racing wheels, in particular – for gaming fans looking for unique sensations. With 69% market share in volume terms in the United States, Thrustmaster has accentuated its leadership in the racing wheels market for both consoles and PC (Source: The NPD Group Inc., 2017 – March 2018 excerpt – excluding wheels compatible with Nintendo Switch).

At the most recent edition of the E3 Electronic Entertainment Expo in June 2017 in Los Angeles, California, Thrustmaster unveiled two new high-end racing wheels at Sony and Microsoft's respective booths.

The Gran Turismo-licensed T-GT racing wheel was featured in twelve racing pods in Sony's demo zone for the game Gran Turismo Sport, which was launched on October 18, 2017. Released in nearly 40 different countries, this competition-level wheel is the result of years of collaborative development between Thrustmaster's engineers and the creators of the game Gran Turismo Sport, and incorporates exclusive features made use of by the game. This very high-end racing wheel is based on three fundamental aspects: the T-GT Servo Base's customized motorization; cutting-edge T-DFB technology, exclusive to Gran Turismo Sport; and the T-GT's wheel itself, designed with demanding gamers in mind.

Available to the public since September 15, 2017, this wheel is Thrustmaster's ultimate racing simulator for the game Gran Turismo Sport.

At the October 3, 2017 launch of the game Forza Motorsport 7 on Xbox One, Thrustmaster released the TS-XW RACER Sparco P310 Competition Mod racing wheel, highly appreciated for its power and its precision. This wheel marked the beginning of the collaboration between Thrustmaster and Sparco, the world-famous motor sports equipment manufacturer: it is the result of a combination of advanced technologies, in the form of a powerful 40-watt brushless servomotor, the innovative Motor Cooling Embedded system, and Thrustmaster's proprietary Turbo Power power supply. What's more, the wheel is manufactured under official license for both Xbox One and Windows®. By way of this partnership, Thrustmaster is providing e-Sports virtual race drivers with solutions that are closer than ever to the world of real car racing – the first example being the official replica of the Sparco P310 Competition wheel included with the new TS-XW RACER Sparco P310 Competition Mod.

In late 2017, to celebrate Ferrari's 70th anniversary and the holiday season, Thrustmaster released the T80 Ferrari 488 GTB Edition racing wheel, a pure-pleasure product for great first racing experiences on the PlayStation®4 console. This 8:10 scale replica of the wheel on the real Ferrari 488 GTB sports car is aimed at new racing wheel users, allowing them to intuitively and effectively dive right into the world of car racing games.

In parallel, Thrustmaster unveiled the TS-PC RACER Ferrari 488 Challenge Edition racing wheel. This wheel, a true powerhouse of technologies designed to boost gaming performance and provide a driving experience even closer to reality, is now available; it features a replica of the wheel on the real Ferrari 488 Challenge car, and is officially licensed by Ferrari.

Thrustmaster is strengthening its positions in the racing wheels market for the latest generation of game consoles, in order to win new market share. Racing accessories are Thrustmaster's flagship products, driving growth.

In 2017, the Group's racing wheels range for game consoles generated sales with growth of 33.3% in value in the American market, and 29.2% in volume terms, in relation to 2016 (Source: The NPD Group Inc., 2017 – March 2018 excerpt).

▪ **Gamepads**

In autumn 2017, Thrustmaster launched the GP XID PRO gamepad, providing PC gamers with a highly precise and effective weapon. With this gamepad, PC gamers can enjoy a totally plug and play solution and start playing their games immediately – under optimal conditions, and with absolute precision in all of their actions. This gamepad was developed thanks to the expertise of Thrustmaster's Research and Development teams, for absolute precision and unrivaled comfort.

▪ **Flight simulation accessories**

The Group specializes in this segment with its flagship products such as the HOTAS Warthog and T-Flight HOTAS X.

In order to respond to demand from the gaming community, in 2017 Thrustmaster launched the first official flight simulation accessory for the Xbox One console and Windows with the T-Flight Hotas One joystick, providing a unique experience for users. Thanks to its extensive flight simulation expertise, Thrustmaster lets gamers on the console immerse themselves in the world of flight sim to a degree that had never been possible until now: Thrustmaster is proud to be the first to develop and market the device that the Xbox One community had been waiting for. The joystick's ergonomics, combined with the development of next-gen electronics for the Xbox One console and Windows, ensures instant playability, adaptability to all types of flight simulation, and unmatched ergonomic design.

Thrustmaster will be focusing on the releases of flight and space simulation games in order to generate new growth for its joystick sales.

The Group's sales of joysticks for game consoles in 2017 grew by 31.9% in value in the American market, and by 24% in volume terms, in relation to 2016 (Source: The NPD Group Inc., 2017 – March 2018 excerpt).

▪ **e-Sports**

For several years now, Thrustmaster has been the official partner of Gran Turismo Sport on PlayStation®4, whose stated ambition is to become one of the e-competition world powerhouses, thanks to its FIA partnership. The ascendancy of e-Sports racing is now underway – and to get ready for this development, the Group has combined the launches of its high-end racing wheels to coincide with the releases of very highly-anticipated racing games on PC and the latest game consoles, in order to equip the new generation of e-Sports and simulation gamers.

Thanks to its ecosystem, Thrustmaster is fast becoming the preferred partner for all gamers in search of a more realistic gaming experience, focused on performance.

Since last year, racing games have been clearly geared towards e-competitions such as the Forza Racing Championship, Formula 1® Esports Series or eSports WRC – and, this season, with Gran Turismo Sport.

The stage is now set for a yearly competition season, bringing together the best drivers from each game to face off against one another in memorable online competitions, followed by real-life events for the final phases.

Thrustmaster has positioned itself as the official equipment outfitter for the main competitions, thanks to its leadership and its ability to step up with professional products that both meet the requirements of the challenges at hand, and foster the process of professionalizing gamers. This acts as an important driver in terms of the sale of high-end products.

For example, Thrustmaster was the official e-racing equipment outfitter with its very high-end PC racing wheel, the TS-PC RACER, which benefited from significant media coverage with NBA stars at the media preview of the Formula E Vegas eRace competition in Las Vegas.

Moreover, Thrustmaster is further strengthening its e-Sports policy by teaming up with the world's best drivers for the different competitions, including in particular eSports WRC – in which the world champion is a driver sponsored by Thrustmaster – and Forza Racing Championship (with another Thrustmaster-sponsored winner).

2. **GROUP RESULTS**

The main aggregates with respect to Guillemot Corporation's consolidated financial statements for the fiscal year ended December 31, 2017 are broken down as follows:

In € millions	31/12/2017	31/12/2016	31/12/2015
Turnover	80.4	64.2	65.8
Current operating income	3.9	0.6	2.4
Operating income	5.9	0.7	2.9
Financial income*	13.8	2.7	4.9
Consolidated net income	17.5	3.1	7.0
Base earnings per share	€1.19	€0.21	€0.48
Shareholders' equity	45.5	28.4	25.2
Net indebtedness (excluding MIS)**	1.2	9.1	6.1
Inventories	8.4	10.4	17.3
Intangible fixed assets	10.6	7.8	7.1
Current financial assets (MIS share)	28.5	15.0	12.2

* Financial income includes the cost of net financial indebtedness, as well as other financial expenses and revenues.

** Marketable Investment Securities are not taken into account in calculating net indebtedness (cf. paragraph 5.7.13 of the consolidated financial statements).

Consolidated annual turnover for fiscal 2017 amounted to €80.4 million, representing an increase of 25% in relation to the previous fiscal year. Current operating income amounted to €3.9 million, compared with a gain of €0.6 million at December 31, 2016.

Operating income amounted to €5.9 million, and includes an Other operating revenue of €3 million linked to a write-down reversal on the Thrustmaster brand, and an Other operating expense of €1 million relating to impairment on the Hercules brand. Financial income of €13.8 million included a revaluation gain of €13.5 million on current financial assets (MIS), composed of Ubisoft Entertainment securities.

Net income for the fiscal year amounted to €17.5 million, compared with €3.1 million in 2016.

Current financial assets amounted to €28.5 million at December 31, 2017. They are composed of 443,874 Ubisoft Entertainment securities.

Net indebtedness stood at €1.2 million (before Marketable Investment Securities).

Shareholders' equity increased from €28.4 million to €45.5 million.

▪ Turnover breakdown by sector of activity

(in € millions)	31.12.2017	31.12.2016	31.12.2015
Hercules	4.7	11.0	10.5
Standard product lines	4.3	9.5	9.3
OEM*	0.4	1.5	1.2
Thrustmaster	75.7	53.2	55.3
Standard product lines	75.7	53.2	55.1
OEM	0.0	0.0	0.2
TOTAL	80.4	64.2	65.8

* Accessories developed in order to accompany products of third-party companies (Original Equipment Manufacturer).

▪ Turnover breakdown by geographic zone

(in € millions)	31.12.2017	31.12.2016	31.12.2015
European Union	44.5	36.7	42.7
North America	24.6	20.1	16.2
Other	11.3	7.4	6.9
TOTAL	80.4	64.2	65.8

▪ Operating income breakdown by activity

(in € millions)	31.12.2017	31.12.2016	31.12.2015
Hercules	-3.9	-3.6	-2.4
Thrustmaster	9.8	4.3	5.3
TOTAL	5.9	0.7	2.9

3. INFORMATION REGARDING THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

3.1. Statement of income

During the fiscal year, the Group posted consolidated turnover of €80,448K, excluding taxes.

The main operating expenses were purchases, for €41,571K.

External expenses totaling €14,899K were mainly composed of transportation, publicity and marketing expenses.

Personnel expenses amounted to €8,254K, and depreciation and amortization provisions to €6,025K.

Taxes and duties amounted to €358K, and other revenues and expenses to €-5,309K.

Current operating income amounted to €3,945K.

Operating income amounted to €5,945K.

The net gearing cost stood at €163K, while other financial revenues and expenses totaled €+13,993K, including revaluation gains of €13,467K on Ubisoft Entertainment shares held.

After taking these elements into account, along with the tax charge of €2,232K, the Group's net income was €17,542K.

Base income per share was €1.19.

3.2. Balance sheet

Non-current assets were composed of net intangible fixed assets for €10,649K, net tangible fixed assets for €2,318K, and financial assets for €416K.

Current assets included the following elements:

- Inventories had a net value of €8,367K, taking into account inventory provisions of €2,205K.
- Trade accounts receivable amounted to a net value of €23,913K, taking into account a provision of €142K for doubtful accounts.
- The other receivables entry had a net value of €1,348K and mainly related to receivables on value added tax and advance payments receivables.
- Financial assets amounted to €28,470K, and the cash and cash equivalents entry to €10,294K.

Shareholders' equity amounted to €45,469K.

Non-current liabilities amounted to €9,195K, including €5,703K in loans.

Current liabilities amounted to €31,655K, including €4,861K in loans and foreign currency advances.

4. INFORMATION REGARDING GUILLEMOT CORPORATION S.A.'S FINANCIAL STATEMENTS

The company applied ANC regulation number 2015-05 (relating to financial futures and hedging transactions) for the first time at the end of its 2017 fiscal year. This regulation is applicable to fiscal years begun since January 1, 2017. This modification represents a change with respect to accounting methods.

4.1. Statement of income

During the fiscal year, the company Guillemot Corporation S.A. posted turnover of €73,991K.

Total operating revenues amounted to €78,191K.

The main operating expenses were purchases consumed for €41,285K, and external expenses for €21,211K. External expenses were mainly composed of subcontracting services, development costs, and transportation, advertising and marketing expenses.

Taxes and duties and personnel expenses amounted to €580K, and other expenses to €6,350K.

Depreciation and amortization amounted to €2,253K.

Provisions for current assets amounted to €1,880K.

The company posted a provision of €500K linked to product returns.

Total operating revenues less all operating expenses resulted in an operating result of €3,399K.

Taking into account financial income of €916K, exceptional income of €406K, and €575K in income taxes, net income amounted to €4,146K.

Financial income was broken down as follows:

Financial revenues from investments:	€0K
Forex differences:	€87K
Financial interest revenues and expenses:	€-142K
Income from MIS divestments:	€139K
Provisions reversals and allowances:	€832K

Interest revenues were mainly composed of €29K in current account interest, and €26K corresponding to the reintegration into balance sheet assets of a current account advance, this advance having been waived by the parent company in 2004 in favor of its subsidiary Guillemot GmbH (Germany) with a return to profits clause.

Financial expenses were mainly composed of loan and banking interest charges for €168K, and current account interest charges for €16K.

Divestment income on treasury stock securities within the context of the liquidity contract in effect amounted to €139K.

Reversals of impairment on subsidiaries' securities amounted to €460K, and provisions reversals on current account advances to €40K.

Provisions on securities amounted to €18K.

Exceptional income was broken down as follows:

Revenues and expenses on management transactions:	€0K
Revenues and expenses on capital transactions:	€-1,019K
Provisions reversals and allowances:	€1,425K

Impairment tests carried out on the Thrustmaster brand's sector of activity resulted in a write-down reversal of €3,000K.

Impairment tests carried out on the Hercules brand's sector of activity resulted in the posting of a provision of €1,000K.

The company posted €622K in exceptional amortization on development costs and materials which no longer met the capitalization criteria.

The main intermediate operating totals were as follows:

Fiscal year production:	€74,659K
Added value:	€12,163K
Gross operating surplus	
(earnings before interest, tax, depreciation and amortization):	€11,583K

4.2. Balance sheet

Net fixed assets amounted to €17,538K. This included €9,175K in intangible fixed assets, €1,768K in tangible fixed assets and €6,595K in financial fixed assets.

Intangible fixed assets included €3,427K in net value in terms of development costs. The company removed from its assets development costs which no longer met the capitalization criteria, for a gross value of €1,620K.

The company disposed of materials for a gross amount of €1,601K.

The company had inventory with a net value of €7,078K.

The trade accounts receivable entry amounted to €18,844K, taking into account provisions for doubtful accounts of €142K.

Other receivables for a total net amount of €892K mainly included current account advances to subsidiaries for a net amount of €245K, and VAT claims for €503K.

Marketable investment securities represented a net amount of €7,192K.

Treasury stock shares held were broken down between financial fixed assets (132,619 shares) and marketable investment securities (117,842 shares). The net amount of these securities was €902K.

Shareholders' equity amounted to €25,001K.

5. FORESEEABLE EVOLUTION OF THE COMPANY'S AND THE GROUP'S STANDING

The Group mainly operates in the interactive entertainment, video games and gaming accessories market. Its goals are as follows:

- Cover one hundred countries by the end of 2018.
- Strengthen the Group's local commercial presence in Europe in the Nordic countries (Norway, Denmark, Finland and Sweden), as well as in Russia.
- Consolidate the Group's sales force in the United Kingdom in order to better benefit from the growth in Europe's premier gaming market.
- Optimize the Group's presence in all product categories.
- Consolidate the Group's growth in North America by increasing the number of its products carried in stores by leading American and Canadian retailers, with the aim of eventually covering the entire network.
- Establish significant coverage of the Chinese market by way of the Group's Shanghai subsidiary.
- Boost the Group's presence in the South Korean and Japanese markets by rolling out more product lines, and by expanding its distribution among e-tail networks in South Korea and retail networks in Japan.
- Deploy local sales forces in Mexico and Brazil, in order to benefit from the economic recovery in these markets.
- Strengthen the Group's presence in terms of coverage for the Middle East/India, in order to target new countries with strong growth of the middle class (Iran, Egypt and India).

The constant growth of the installed base of the latest generation of consoles, combined with an ever-expanding catalog of car racing games, are significant drivers with respect to sales of the Group's accessories. 2017 was a particularly rich year in terms of game releases: not only for racing simulation titles such as Gran Turismo Sport and Forza Motorsport 7, but also flight and space-related games – allowing the Group to boost the growth of its joystick sales.

For its part, Hercules benefits from a significant competitive advantage thanks to its software expertise, giving the brand recognized credibility and know-how in the world of professional DJing.

The wireless speakers market remains dynamic, with the significant growth of music streaming.

The growth of the Group's sales and the expansion of its product lines go hand in hand with extending its distribution network, with the goal of covering one hundred countries in 2018.

The Group forecasts generation of new growth in terms of both its turnover and its operating income in 2018.

6. WORKFORCE

The workforce in place was broken down as follows:

	At 31/12/2017					At 31/12/2016				
	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total
Total	5	39	47	87	178	5	38	46	73	162
Permanent	5	37	46	78	166	5	37	44	66	152
Fixed-term contract	0	2	1	9	12	0	1	2	7	10
Women	0	22	19	23	64	0	22	16	17	55
Men	5	17	28	64	114	5	16	30	56	107
Less than 30 years old		3	7	17	27		3	7	17	27
30 to 39 years old		8	17	35	60		6	18	27	51
40 to 49 years old		17	14	28	59		20	15	25	60
50 years old or more	5	11	9	7	32	5	9	6	4	24

For the Group, the average workforce during fiscal 2017 amounted to 162 people. The number in 2016 was the same.

7. INFORMATION REGARDING GUILLEMOT CORPORATION S.A.'S SHARE CAPITAL

At December 31, 2017, the closing date of the last fiscal year, share capital amounted to €11,553,646.72, representing a total of 15,004,736 common shares with a par value of €0.77 each.

At December 31, 2017, the Guillemot family group directly and indirectly held 73.51% of share capital, and 76.17% of the voting rights available for exercise during general meetings.

At 31/12/2017						
Shareholders	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable during general meetings	% of voting rights exercisable during general meetings (1)
GUILLEMOT BROTHERS S.E. (2)	3,000,497	19.997%	3,000,497	18.859%	3,000,497	19.160%
Michel Guillemot	1,855,411	12.366%	2,304,115	14.482%	2,304,115	14.713%
Claude Guillemot	1,821,074	12.137%	2,235,441	14.050%	2,235,441	14.275%
Christian Guillemot	1,501,516	10.007%	1,511,789	9.502%	1,511,789	9.654%
G�rard Guillemot	1,427,361	9.513%	1,448,015	9.101%	1,448,015	9.247%
Yves Guillemot	1,411,073	9.404%	1,415,440	8.896%	1,415,440	9.039%
Other member of the Guillemot family	12,553	0.084%	13,355	0.084%	13,355	0.085%
Jointly	11,029,485	73.508%	11,928,652	74.974%	11,928,652	76.173%
Treasury stock (3)	250,461	1.669%	250,461	1.574%	0	0.000%
Public	3,724,790	24.823%	3,731,274	23.452%	3,731,274	23.827%
TOTAL	15,004,736	100.000%	15,910,387	100.000%	15,659,926	100.000%

(1) Members of the Guillemot family benefit from double voting rights attached to some of their shares.

(2) 100% controlled by members of the Guillemot family.

(3) Treasury stock shares without voting rights.

Since the end of the fiscal year, the Board of Directors:

- at its meeting held on January 24, 2018:
 - certified a capital increase of €294,525 corresponding to 382,500 stock options exercised during the fiscal year ended December 31, 2017; and
 - decided upon the cancellation of 187,256 shares, representing a capital reduction of €144,187.12.
- at its meeting held on March 16, 2018: certified a capital increase of €67,375 corresponding to 87,500 stock options exercised during the period from January 1, 2018 through February 18, 2018.

At March 16, 2018, share capital amounted to €11,771,359.60 divided into 15,287,480 shares with a par value of €0.77 each.