



2016 REFERENCE
DOCUMENT
INCLUDING THE 2016
ANNUAL FINANCIAL REPORT



THRUSTMASTER®





2016 REFERENCE DOCUMENT INCLUDING THE 2016 ANNUAL FINANCIAL REPORT



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Pursuant to Article 28 of European Commission (EC) regulation 809/2004, the following information is included in this reference document by way of reference:

- Consolidated financial statements for the fiscal year ended December 31, 2015, as well as the related Independent Auditors' report, found on pages 82 to 107 of the reference document registered with the AMF on 28/04/2016 (number D.16-0421);
- Consolidated financial statements for the fiscal year ended December 31, 2014, as well as the related Independent Auditors' report, found on pages 78 to 103 of the reference document registered with the AMF on 29/04/2015 (number D.15-0433).

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➤ 2016 MANAGEMENT REPORT

Ladies and gentlemen,

We have summoned you to a general meeting, pursuant to legal, regulatory and statutory provisions, in order that you may examine the financial statements for the fiscal year ended December 31, 2016, and to provide you with an account of the activities of the Guillemot Corporation Group and of its parent company for said fiscal year.

The financial statements, reports or other documents and information stipulated by applicable legislation have been communicated to you or made available to you within the legal time limits.

1 ACTIVITIES AND RESULTS



Listed on the stock market since 1998 and active in this field since 1984, the Guillemot Corporation Group is a key player in the interactive entertainment market with its two brands, Hercules and Thrustmaster. Specializing in the design and marketing of digital devices and accessories for PC and game consoles, the Group focuses its activities around its two flagship brands: **Hercules** for the digital hardware and peripherals segment (wireless speakers for smartphones and tablets, mixing consoles for amateur and semi-professional DJs, DJ headphones, multimedia speakers ...), and **Thrustmaster** for PC and console gaming accessories, designed for users ranging from dedicated to casual gamers (racing wheels, joysticks, gaming headsets).

With operations in eleven countries at present (France, Germany, Great Britain, the United States, Canada, Spain, the Netherlands, Italy, Belgium, China [Hong Kong] and Romania), the Group constantly adapts its marketing and commercial policy in order to develop new geographical growth markets, particularly in the Asia-Pacific region, now distributing its products in more than eighty-five countries worldwide. The Group is also strengthening its presence in Brazil and Russia, where it has returned to growth, and is determined to continue its international expansion.

With its four Research and Development entities based in France, Canada, Romania and China, the Group designs products on the cutting edge of technology. Through its lines of DJ controllers and wireless speakers, Hercules is known for its innovations in the music-related entertainment hardware market, with the goal of becoming a true industry leader in this high-potential sector. Thrustmaster, for its part, is reinforcing its policy of strong partnerships with game console manufacturers and state-of-the-art Research and Development, which has allowed the brand to launch the first racing wheels for the PlayStation®4 and Xbox One® consoles, as well as the first joystick for PlayStation®4. Thanks to its many licensing agreements (with Sony®, Microsoft®, Ferrari®, Gran Turismo® and the U.S. Air Force, amongst others), the Group's goal is to further improve its positioning in the gaming accessories market, and fully benefit from the new momentum brought about by eSports and virtual reality.

The Group's strategy is based upon a number of different objectives:

- Responding to gamers' needs in terms of interaction by way of innovation, creativity and technological expertise. Gamers are looking for realism and immersion in games to an ever-greater degree, which high-end accessories can provide.
- Growing its market share worldwide and taking its reputation to new levels with quality products.
- Focusing its positioning and efforts on markets with very strong potential, such as wireless speakers, headsets for online gamers and DJing products.
- Combining technological progress with innovation to remain on the cutting edge of trends and anticipate users' needs.

- Providing DJs with a path all the way from getting started, right through to professional mixing. Specially-designed controllers and software help users learn how to perform, which can lead to becoming full-fledged DJs.
- Making further inroads into the mass-market wireless speakers sector with Hercules' WAE range, and gaming headsets sector with Thrustmaster's diverse product lines in this category.

1.1 Hercules: A recognized player in the musical entertainment market



Created in the United States in 1982 and purchased by Guillemot Corporation in November 1999, Hercules made its mark on the history of graphics cards by having been the worldwide pioneer in this field, and was responsible for creating a number of different standards. For more than fifteen years, Hercules has focused on innovation and on developing digital audio solutions. From the era of its first sound card to its very latest highly-innovative mixing controllers, the brand has acquired a level of expertise and know-how widely recognized and acknowledged by way of many innovation awards. Hercules is known for its innovations in the musical entertainment hardware market and offers cutting-edge devices, recognized for their precision and sound quality.



Guillemot Corporation owns a professional-grade anechoic chamber, used for developing its lines of multimedia speakers, DJ speakers and speakers incorporating *Bluetooth*® wireless technology. All of the walls in this soundproof room are covered in dihedrals crafted of porous materials, allowing for the measurement of acoustic waves without any disturbances caused by reflections, and therefore the creation of what are known as free field conditions.



The brand's goal is to become a major player in this strong growth-potential market. Its long-term strategy is to attract new users to its products by way of differentiated positioning according to key uses. The Group invests in Research and Development in order to provide consumers with truly forward-looking solutions.

1.1.1 DJ range

Having become a bestseller among amateur and mobile digital DJs, the Hercules brand is a world-renowned player in the field of portable mass-market mixing controllers allowing users to get started in the world of DJing, and is adding to its range for advanced DJs. Hercules ranks among the leading manufacturers of portable DJ controllers for computers, and today brings together diverse communities of DJs – from beginners to the most advanced artists – thanks to its extensive DJing experience.



32 HERCULES P32 DJ

Hercules DJUCED™ DJing software

At the latest NAMM Show music trade fair in Anaheim, California, Hercules unveiled the new version of its DJUCED™ DJing software. In all of its different versions, more than 500,000 copies of the software in total have been delivered to users with the brand's controllers.

DJCONTROL INSTINCT P8



The new **DJControl Instinct P8** controller, launched in October 2016, lets beginner DJs get started in the world of remixing thanks to its eight pads. The controller is a turbocharged version of the brand’s best-selling model, the DJControl Instinct. Building on this extremely successful foundation, Hercules has integrated the knowledge and feedback of its loyal community of users – adding even more great functions, plus performance pads, to the DJControl Instinct P8!



Hercules is excited to offer consumers a party-oriented ecosystem with its Hercules DJ Party Packs. This unique concept, based upon the brand’s mass-market controllers, adds lighting accessories to create the perfect party ambiance. Hercules’ DJ Party Packs combine complete and intuitive DJ controllers with the first components of Hercules’ “party-time” ecosystem. With these Party Packs, Hercules’ DJing teams have decided to add a new dimension to these highly-acclaimed controllers praised by party lovers worldwide. The brand is now looking to expand its horizons beyond a simply mixing-based approach, in order to offer a product ecosystem focused on hosting great parties.

1.1.2 Wireless speakers, multimedia speakers and DJ headphones range

1.1.2.1 Wireless speakers: WAE range



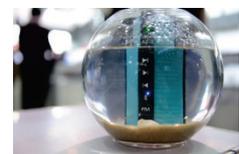
Since 2015, Hercules has been focusing on outdoor uses for wireless speakers. Hercules employs the best technological know-how to design and manufacture audio solutions for music fans.

The good momentum of its WAE Outdoor range of wireless speakers for smartphones and tablets allows the brand to regularly add to its product line.

The latest WAE wireless speaker – launched before the start of the summer, as anticipated – is the WAE Outdoor Rush, designed for riders. The WAE Outdoor Rush is one of the most innovative speakers in its category. Its original features, including resistance to sea water and the capacity for autonomous use with a built-in FM tuner function, make this product truly ideal for outdoor activities – especially those involving water. This new wireless speaker received the Innovation Awards Honoree distinction at CES 2016 in Las Vegas.



A new outdoor model has also recently been added to Hercules’ line of water-resistant speakers: the new WAE Outdoor 04Plus FM, specially designed for urban riders, was launched in early December. The WAE Outdoor 04Plus FM is the range’s second waterproof speaker featuring *Bluetooth®* wireless technology with a built-in FM radio – alongside the WAE Outdoor Rush, specially designed for water sports.



This new generation of speakers featuring *Bluetooth®* wireless technology is perfectly suited for use in extreme conditions.

The regular signature of partnerships with promising young sports champions – including Delphine Cousin, 2015 windsurfing slalom World Champion Runner-Up, third-ranked at the 2016 World Championship and 2016 French Champion – is part of the Group’s strategy of making itself known among these communities of users.

1.1.2.2 Multimedia and DJ speakers

An expert audio manufacturer for more than 20 years, Hercules has a long history of designing high-quality speaker systems for DJs and music fans on PC.

Thanks to an in-house anechoic chamber and highly-skilled Research and Development engineers, the Group’s audio specialists develop a range of monitoring speakers for DJs, aimed mainly at the European market.

1.1.2.3 DJ headphones

Hercules has not developed new headphones in this category in 2016 – continuing on instead with its existing range, whose quality and design have been lauded by highly-discerning DJs.

1.2 Thrustmaster: An innovative ecosystem of gaming accessories



Founded in 1992 and purchased by Guillemot Corporation in 1999, Thrustmaster is proud to bring its know-how and technological prowess to the video game accessories market. For twenty-five years now, Thrustmaster has been developing innovative and forward-looking accessories for the most passionate gamers, and creating products that make extremely precise gaming experiences possible – including racing wheels, gamepads and joysticks.

Thanks to its partnerships with console manufacturers and advanced Research and Development teams, Thrustmaster launched the first racing wheels for PlayStation®4 and Xbox One®, as well as the first joystick for PlayStation®4. With its licensing agreements (with Sony, Microsoft, Ferrari, Gran Turismo and the U.S. Air Force, amongst others), Thrustmaster’s goal is to further improve its positioning in the gaming accessories market, and fully benefit from the new dynamics brought about by the arrival of virtual reality.

Over the years, the brand has brought new technologies to market allowing for enhanced precision and sensations, such as its patented H.E.A.R.T HallEffect AccuRate Technology™ for extreme precision in some Force Feedback wheels, as well as certain joysticks (T.16000M and HOTAS Warthog). Thrustmaster has highly-experienced Research and Development teams which design innovative, high-tech products. Thrustmaster’s goal has always been to bring unique solutions to market: the brand holds numerous pending patent applications for its proprietary technologies.

In 2016, Thrustmaster positioned itself in the eSports market, and also in the market for high-end racing wheels on PC with the launch of its latest wheel – the TS-PC Racer – in the year’s fourth quarter. 2016 also saw the mass-market rollout of virtual reality technologies.

Thrustmaster remains a key player in the North American market with regard to racing wheels for game consoles, the majority of which are multiplatform models, with 60% market share by value and 75% market share by volume in 2016 (Source: The NPD Group Inc., 2016).

The Group’s accessories – such as joysticks and racing wheels – are the perfect complement to virtual reality headsets, allowing users to achieve near-perfect immersion in space and flight-themed games, as well as racing games.

1.2.1 Headsets for online gamers

Thrustmaster is very active in the gaming headsets market. Thanks to the advancement of online gaming, the gaming headsets market is growing quickly, as these devices allow gamers to experience the action on a new level by communicating in real time with their team members.



A new generation of audio is now appearing, featuring 7.1 HD Virtual Surround Sound technology.



Thrustmaster has teamed up with Bethesda and ID Software to offer a brand-new headset inspired by DOOM®. The signature of the new DOOM® license marks a decisive step for the Thrustmaster brand. Last April, Thrustmaster collaborated with the Bethesda team to create a new headset: the Y-350X, inspired by the world of **DOOM**®. The headset was launched in mid-May.

Officially licensed for Xbox One® and Windows®, this headset has met the challenge of harnessing the advantages of spatialized 7.1 virtual sound with no compromises in terms of power, thanks to Y Power Pack technology. Available since mid-May to accompany the launch of the game, the Y-350X ensures pinpoint precision with the Y Sound Commander system, and has resulted in the best take-up of the brand's headsets to date.



A special **DOOM**® edition of its bestselling model, the Y-300CPX, has also been added to Thrustmaster's headset range. With this new universal USB Y-300CPX DOOM Edition (limited-series) gaming headset, Thrustmaster has combined commercial synergy with an optimized gaming experience.

1.2.2 Racing wheels

Thrustmaster is now recognized as an essential brand in terms of the development of racing wheels – and high-end racing wheels, in particular – aimed at avid gamers looking for unique sensations.

The crop of car racing games released in 2016 included popular titles such as Forza Horizon 3, Assetto Corsa, WRC 6 and F1™ 2016; however, the major event anticipated for the year's fourth quarter had been the launch of the game Gran Turismo Sport. Gran Turismo Sport was ultimately pushed back until 2017, impacting the very high-end licensed racing wheel that the Group had developed for the game. It was jointly decided with the game's publisher to delay the launch of this racing wheel, so that gamers would be able to benefit from all of the advanced technologies designed to be experienced in conjunction with the game itself. With the aim of releasing a new product for fans of racing games on PC, Thrustmaster launched another high-end wheel – with the first deliveries made before the end of the year.

In this way, the fourth-quarter launch of the TS-PC Racer allowed Thrustmaster to position itself in the market for high-end racing wheels on PC.

Thrustmaster is strengthening its positioning in the racing wheels market for next-generation consoles, and aims to capture new market share. Racing accessories remain Thrustmaster's flagship department, driving growth.

Many Thrustmaster wheels have earned legendary reputations, including the Ferrari F1 Wheel Integral T500, while others such as the TX Racing Wheel, Ferrari 458 Italia Edition and T300 RS have become the gold standard in their respective categories.



The new TMX Force Feedback racing wheel for the Xbox One® console was launched in May at an event held at the Microsoft Flagship Store in New York City. This Force Feedback wheel is unique in its positioning, as it provides true racing sensations at a price of just €200. Featuring a high-performance Force Feedback motor with adjustable intensity and a rotation angle that can be set between 270° and 900°, the TMX Force Feedback wheel delivers a realistic and versatile racing experience. It is also compatible with some elements of Thrustmaster's racing ecosystem: the TH8 shifter, plus the T3PA and T3PA-PRO three-pedal pedal sets.



The TMX Force Feedback racing wheel provides a more accessible entry point for car racing fans who want to experience Force Feedback sensations in their favorite games on this console. Its quality and positioning have resulted in the wheel being widely carried in retail chains, particularly in North America.

Since late November, inspired by its interactions with the racing community and its ecosystem-based approach, Thrustmaster has offered the new Gran Turismo officially-licensed T300 RS GT Edition racing wheel, ahead of the release of the game Gran Turismo Sport: this edition is a version of the T300 RS racing wheel launched specifically for the game Gran Turismo. The wheel incorporates technologies perfectly mastered and developed by Thrustmaster, chief among which is a 1080° Force Feedback brushless industrial motor. Drivers will appreciate its flexibility, smoothness and ease of use, along with its responsiveness and the realism of its Force Feedback effects.



TS-PC RACER

In late November 2016, Thrustmaster unveiled its latest creation: the TS-PC Racer racing simulator for PC, combining a base featuring next-generation technologies with an “open”-design wheel. In order to develop a genuinely unique product while at the same time satisfying the requirements of the most demanding PC racers, Thrustmaster’s Research and Development teams have decided to include a specific new motor: this brushless 40-watt motor’s responsiveness generates remarkably dynamic and powerful effects, along with skillfully-optimized Force Feedback. The motor provides exceptional velocity (dynamic torque) which can be fully manifested in all racing conditions, from long stall curves (STALL mode) to super-responsive zigzags (DYNAMIC mode).

1.2.3 Gamepads and flight simulation accessories

1.2.3.1 Gamepads



Involved in the tablet market since late 2014 with its Thrustmaster Score-A™ Wireless Gamepad, launched in November 2014, Thrustmaster has not opted to launch any new gamepads in 2016.

1.2.3.2 Flight simulation accessories

The Group specializes in this segment with its flagship products such as the **HOTAS Warthog** and **T.Flight HOTAS X**: this range is one of Thrustmaster’s growth drivers. At the same time, Thrustmaster has developed partnerships with game publishers and cockpit manufacturers, who recommend joysticks designed by Thrustmaster. The high-end HOTAS Warthog joystick – a replica of the flight controls on the A-10C attack aircraft, officially licensed by the U.S. Air Force – is the gold standard in the market for aerial combat joysticks. The T.Flight HOTAS X joystick – a more mass-market model, with its detachable throttle – is the most full-featured joystick in its category. The market for flight-oriented games is growing quickly, with many free-to-play titles enjoying global success and bringing together communities of millions of gamers.

The Group’s new range of joysticks, rolled out in 2016, has achieved very good growth of +28% in value in the American market and +26% in volume in relation to 2015 (Source: The NPD Group Inc., 2016). The brand is a major player in this promising market.



In order to respond to demand from the community of flight sim fans, in May 2016 Thrustmaster launched the first rudder system to feature S.M.A.R.T (Sliding Motion Advanced Rail Tracks) technology: the TFRP Rudder Pedals, with two pedals incorporating this innovative approach. The TFRP features four slide rails crafted of industrial-grade anodized aluminum. The rails’ unique design ensures totally smooth sliding motion, working in conjunction with a self-centering rudder axis: the combination of these two elements provides the perfect balance between smoothness and resistance for re-centering.

To get the most out of this technology, the TFRP Rudder Pedals system features large 10-inch/25-cm pedals. The brand has innovated yet again with this rudder, creating an essential component for digital pilots. Thrustmaster remains a key player in the North American market with regard to racing wheels for game consoles, the majority of which are multiplatform models, with 60% market share by value and 75% market share by volume in 2016 (Source: The NPD Group Inc., 2016).



Innovation Awards

In late 2016, Thrustmaster launched a complete solution for flight sim fans with the T.16000M FCS Flight Pack, composed of the T.16000M FCS joystick, the TWCS throttle and the TFRP rudder system. The high degree of innovation found in all of the T.16000M FCS Flight Pack's flight controls has resulted in Thrustmaster winning an Innovation Award in the Gaming category at CES, the world's largest trade show dedicated to innovation and technology, which took place from January 5-8, 2017 in Las Vegas.

1.2.4 Virtual reality and simulation games

The emergence of virtual reality is a real opportunity for Thrustmaster, which has entered into a number of partnership agreements with the biggest developers of virtual reality games – including Sony (with the game Driveclub VR), Codemasters (with the game DiRT Rally), Bigben Interactive (with the game WRC 6), Gaijin Entertainment (with the game War Thunder) and Frontier (with the game Elite Dangerous).

The launch of the new PlayStation VR headset in October 2016, Sony's new virtual reality system for PlayStation®4, has brought a more mass-market market dimension to this new way of gaming. With more than eighty games announced (including fifteen launch titles), the PlayStation VR's arrival is of great importance for Thrustmaster: it provides an additional level of immersion for gamers, who will need products from across the brand's entire ecosystem in order to truly get the most out of this incredibly innovative and exciting experience, including with respect to racing wheels, joysticks for flight simulation games, and more.

At E3 in Los Angeles, Thrustmaster has established itself as the key player in terms of simulation accessories for this new era: both the specialized press and the public have been very enthusiastic. At the Paris Motor Show, Sony presented a demo of the game Driveclub in virtual reality with the Thrustmaster T300 RS racing wheel: this wheel is used for all promotional events regarding the game Driveclub VR worldwide.

1.2.5 eSports



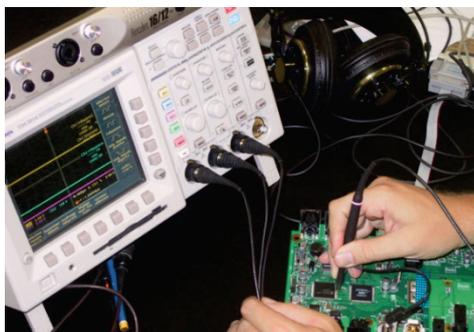
Thrustmaster is the official partner of Gran Turismo Sport on PlayStation®4. A new dimension of eSports has come into play thanks to the partnership between Polyphony Digital® and the Fédération Internationale de l'Automobile (FIA – the International Automobile Federation), allowing users to obtain an eSports license in order to compete just like in the real world.

A prototype of the new Thrustmaster racing wheel made a preview appearance at the announcement event for the game Gran Turismo Sport, embodying the cooperation between the two companies: this high-end wheel was unveiled to reveal unique features. As Gran Turismo Sport has been pushed back until 2017, the wheel will also be launched in 2017 to coincide

with the game's release.

At the Formula E Vegas eRace competition in Las Vegas, Nevada, Thrustmaster's racing wheels have been used exclusively for the event.

1.3 Research and Development activities



From the design of products organized by the Production Director in conjunction with engineers, project managers and marketing teams, Research and Development is a true cornerstone of the Group's strategy which, thanks to its technological expertise and innovative models, contributes to growth. The Group's R&D workforce is composed of teams based in four different countries (France, Canada, Romania and China) who have mastered electronic and mechanical product design, as well as the development of software applications for PC, Mac, tablets and smartphones. In order to implement the Group's commercial and marketing strategy, its Research and Development division plays

a fundamental role in terms of creating technological solutions that respond to users' needs. The Group's Research and Development strategy relies on significant investments every year.

In 2016, the Group invested €3.5 million in Research and Development, representing more than 5% of consolidated turnover.

The Group received numerous awards in 2016, confirming that the quality of its hardware and accessories is highly appreciated by consumers.

1.4 Standing of the company, of the Group and of its activities during fiscal 2016

The Group's annual turnover for fiscal 2016 amounted to €64.2 million, down 2%, with Hercules' sales growing by 5% and Thrustmaster's turnover decreasing slightly over the first nine months of the year, but returning to growth in the fourth quarter. Thrustmaster was unable to rely on the launch of its high-end Gran Turismo-licensed racing wheel, which had to be pushed back until 2017 due to the delay of the associated Gran Turismo game.

1.4.1 Geographical development and implementation of new distribution networks

Sales outside of France in fiscal 2016 amounted to €55.4 million, accounting for 86% of total consolidated turnover.

In 2016, the Group returned to growth in Russia while accelerating the expansion of its sales in Asia, particularly in South Korea, Japan and China. The Group achieved growth of more than 24% in North America. At the same time, the Group is positioning itself in new growing geographical markets.

▪ North America

In 2016, the Group achieved overall sales growth of 25% in North America, and continued to expand the number of Thrustmaster products carried by major North American retailers. The Group also built a new distribution network for Hercules in the United States and Canada, by signing distribution partnership agreements with Mixware USA and Jam Industries Canada, respectively, in order to once again make inroads into the mass-market music products network and IT sector.

▪ United Kingdom

Over the period, the Group consolidated its Thrustmaster sales in the United Kingdom and signed a major partnership agreement with the leading the video game chain, GAME, thereby guaranteeing that the chain will carry a wide range of Thrustmaster products and that dedicated spaces will be made available for the brand's racing wheels in all GAME shops.

▪ France

Over the period, Thrustmaster continued to increase the number of products in its different lines carried by retailers such as Fnac, Carrefour and Boulanger, while Hercules achieved very good performance with regard to products in its WAE range in the multi-specialists channel – at Darty, Boulanger and Fnac, in particular. The Group distributes its products mostly via specialized or non-specialized wholesalers, while at the same time maintaining direct commercial relationships with its customers. These wholesalers respond directly to customers' needs in logistical matters (centralized orders and deliveries) and serve most large chain stores, superstores, multi-specialists and specialty shops with an IT department or a section for PC and game console software, as well as all of the main online sales websites.

The Group also operates in specialized music supply networks in conjunction with independent music resellers, specialized chain stores and online sales sites, and targets the network of sports and outdoor accessories shops for its WAE wireless speakers.

▪ Other countries

In 2016, the Group signed agreements with new distributors, including in China, Japan, the Nordic countries and Eastern Europe, in particular.

The group has a wide distribution network, including:

- In Europe and Russia: Amazon, Auchan, Bartsmit, Boulanger, Carrefour, Casino, Cdiscount, Conforama, Cora, Dixon, El Corte Ingles, Eldorado, Eroski, Euronics, Fcenter, Fnac, Game UK, Grosbill.com, Intertoys, LDLC.com, Leclerc, Maplin, Makro, Media Markt, Micromania, M Video, Netto, NIX Russia, NetLabs Russia, Redcoon, Rue du Commerce, Sainsbury's, Saturn, Sonai, Tesco, Thomann, Toys "R" Us, Unieuro, Worten...

- In North America: Amazon.com, Target, Best Buy, Buy.com, Costco, Fry's, GameStop, Walmart, Guitar Center, Meijer, Micro Center, New Egg, TigerDirect, Musician's Friend...

- In South America: Carrefour, Walmart, Fnac, Saraiva, Extra, Fast, and many local chains.

1.4.2 Expansion of geographic distribution coverage

2016 saw the return of Thrustmaster's presence in Brazil and Russia, taking advantage of the economic recovery in these markets with extremely strong growth potential. The Group also signed agreements with new distributors in roughly ten different countries, including China, Japan, the Nordic countries and Eastern Europe.

The Group achieved strong sales momentum in the Czech Republic, Romania and Poland with respect to its Thrustmaster product lines.

1.4.3 Advanced 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 in North America and Asia.



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 2016, 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.

1.4.4 Thrustmaster's strategy and positioning

Thrustmaster has positioned itself in the eSports market – and more particularly in virtual motorsport competitions – and makes use of its numerous strategic partnerships (with Sony, Microsoft, Ferrari, etc.) to consolidate its position and grow its market share. The signature of these partnerships allows the brand to develop strong commercial and marketing synergies and increase its visibility among users.

In 2016, Thrustmaster became the official partner of Gran Turismo Sport on the PlayStation®4 console: the game is set for release in 2017. A new dimension of eSports has come into play thanks to the partnership between Polyphony Digital® and the Fédération Internationale de l'Automobile (FIA – the International Automobile Federation), allowing users to obtain an eSports license in order to compete just like in the real world. A prototype of the new Thrustmaster racing wheel made a preview appearance at the announcement event for the game Gran Turismo Sport, embodying the cooperation between the two companies.

1.4.5 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.

<u>Main competitors by product category</u>	
DJing	American Audio / DJ Tech / Gemini / KRK / Novation / M-Audio / Numark / Pioneer
PC gaming accessories	Logitech / Saitek / SPEEDLINK / Trust / Genius
Console gaming accessories	Big Ben Interactive / Genius / MadCatz / Microsoft / Nyko / Sony / SPEEDLINK / Trust
Speakers	Bose / Creative Labs / Edifier / JBL / Logitech / Philips
Headsets for online gamers	Logitech / Madcatz / Razer / SteelSeries / Tritton / Turtle Beach / PDP
Wireless speakers	Beats / Braven / Bose / Creative Labs / Jabra / JBL / UE / Philips / Parrot / Sonos

1.4.6 Increased presence at the largest international trade shows, and Thrustmaster’s partnerships with leading game publishers

The Group increased its presence at large international trade shows dedicated to its product lines in 2016, taking part in the Consumer Electronics Show in Las Vegas, CES Asia in Shanghai, the NAMM Show, Destination PlayStation, Musikmesse in Frankfurt, E3 in Los Angeles, Dancefair, and the VRX Europe Conference & Expo, amongst others.

VRX Europe Conference & Expo, London (England) – May 2016



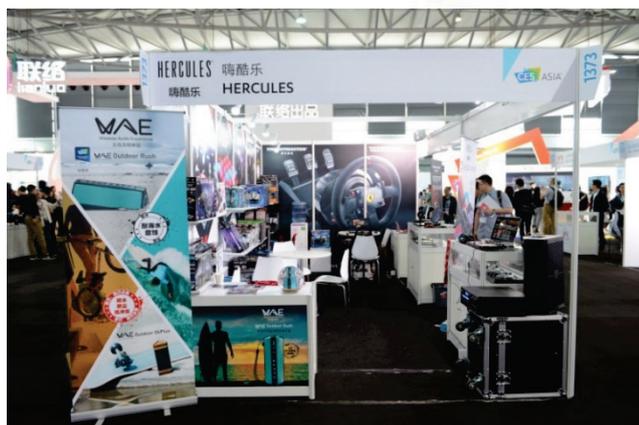
Intrepid Sea, Air & Space Museum, New York City (United States) – May 2016



E3 trade show, Las Vegas (United States) – June 2016



CES trade show, Shanghai (China) – September 2016



FISE World festival, Montpellier (France) – May 2016



Last May, Hercules took part in the first stage of the FISE World Series 2016. A major player at the event, Hercules gave attendees a preview of its WAE Outdoor Rush speaker.

More than half a million spectators had the chance to take in a wide variety of boarding and action sports competitions at the event.

1.4.7 Awards worldwide

The Group receives awards worldwide and extremely positive reviews of its product lines for their quality, originality and reliability. The specialist press contributes to the promotion of the Group's products in this way, highlighting their strong points for mass-market users and providing a boost in terms of sales. These awards represent the Group's recognition across the globe.

1.4.7.1 DJing range

The DJing range often ranks among Hercules' product lines that most regularly receive numerous awards. The Hercules P32 DJ controller won the DJ Mag Tech Award prize, in a competition against the sector's biggest brands, honoring the best DJ controller under £600. The magazine drew attention to the perfect fit between the controller and its companion DJUCED™ 40° software, also published by the company.



The website GamAlive gave the DJControl Compact controller a score of four out of five stars.



1.4.7.2 Gaming accessories for PC and consoles

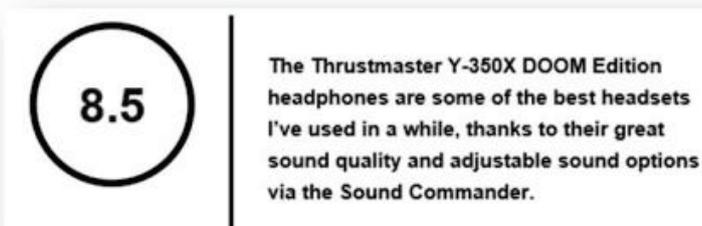
1.4.7.2.1 Gaming headsets



In May 2016, the Dutch gaming website XGN gave the Y-350X 7.1 Powered DOOM Edition gaming headset a score of 8.5 on 10. The editors particularly appreciated the headset's quality/price ratio.



In July, the Canadian website cgmagonline also gave the Y-350X 7.1 Powered DOOM Edition headset a score of 8.5 on 10.



In Germany, the **TechFire** website gave the Y-300 CPX headset a very good score of four out of five stars.



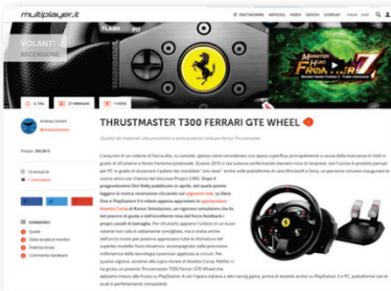
Also in Germany, the **XboxUser.de** gaming website tested the Y-300X headset and gave it a score of 80%, along with a Silver Award for its very good quality/price ratio and its very high overall quality.



80%

1.4.7.2.2 Racing wheels

Thrustmaster remains very well positioned in the racing wheels segment for both PC and consoles, with the numerous awards that it receives bearing testament to the brand's performance and further strengthening its position in the marketplace.



The T300 Ferrari GTE Wheel received a very good review on the Italian gaming website **Multiplayer.it**.

In July 2016, the American website **pcper** gave the Thrustmaster 599XX EVO Alcantara Wheel the Editor's Choice award.



The T300 Alcantara wheel received a score of five on five, along with a Golden Hardware Award, on the German **PlayStation Experience** website.



The T150 wheel won a Bronze Award on the German **PlayStation Experience** website for its quality/price ratio.

The TMX Force Feedback racing wheel received a score of five out of five stars, along with an Excellent ranking, in the German PC Magazin publication, with no negative points noted. The journalist remarked in the article that the wheel's pricing was perfect for both beginners and advanced gamers.



1.4.7.2.3 Gamepads/Joysticks



In December 2016, the English website Overclock 3D gave the T.16000M FCS HOTAS joystick the Gamers' Choice award.

In Portugal, the www.helisimmer.com website gave the T.16000M FCS joystick a score of 9.7 on 10. Among the main qualities cited, the joystick's very high level of precision, the quality of its design and its good programming software were among the strong points. In the words of the reviewer: "The Thrustmaster T.16000M FCS is one of the best joysticks I have tried in quite some time."

On October 1, 2016, the Spanish magazine Micromania reviewed the TWCS throttle, giving it a score of 8 on 10 for its precision and smoothness.

In the United States, the T.16000M FCS Flight Pack was named an Innovation Awards Honoree at the Consumer Electronics Show in Las Vegas, Nevada.



Describing the gaming experience with Thrustmaster accessories in virtual reality at the E3 convention, the American website iDigital Times noted that "VR gaming has never felt more immersive." The Neoseeker website described the demo as the "best gaming experience I've had so far at the Show."

1.5 Results of company and Group activities

1.5.1 Key Group figures and information by segment

1.5.1.1 Key figures

The main aggregates with respect to Guillemot Corporation's consolidated financial statements for the fiscal year ended December 31, 2016 are broken down as follows:

In € millions	31/12/2016	31/12/2015	31/12/2014
Turnover	64.2	65.8	40.3
Current operating income	0.6	2.4	-2.5
Operating income	0.7	2.9	-2.5
Financial income*	2.7	4.9	1.8
Consolidated net income	3.1	7.0	-0.9
Base earnings per share	€0.21	€0.48	€-0.06
Shareholders' equity	28.4	25.2	18.3
Net indebtedness (excluding MIS)**	9.1	6.1	7.2
Inventories	10.4	17.3	7.4
Intangible fixed assets	7.8	7.1	6.9
Current financial assets (MIS share)	15.0	12.2	7.0

* 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. section 5.7.13 of the consolidated financial statements).

Consolidated annual turnover for fiscal 2016 amounted to €64.2 million, representing a decrease of 2% in relation to the previous fiscal year. Operating income amounted to €0.6 million, compared with a gain of €2.4 million at December 31, 2015.

Operating income amounted to €0.7 million, and includes an Other operating revenue of €1 million linked to a write-down reversal on the Thrustmaster brand, and an Other operating expense of €0.9 million resulting from goodwill impairment attached to Hercules' activities.

Financial income of €2.7 million included a revaluation gain of €3.1 million on current financial assets (MIS), composed of Ubisoft Entertainment securities.

Net income for the fiscal year amounted to €3.1 million, compared with €7 million in 2015.

Current financial assets amounted to €15 million at December 31, 2016. They are composed of 443,874 Ubisoft Entertainment securities.

Net indebtedness stood at €9.1 million (before Marketable Investment Securities).

Shareholders' equity went from €25.2 million to €28.4 million.

1.5.1.2 Information by segment

Detailed information by sector is set out in section 5.6 of the consolidated financial statements.

1.5.1.3 Turnover breakdown

- By segment of activity

(in € millions)	31.12.2016	31.12.2015	31.12.2014
Hercules	11.0	10.5	12.3
Standard product lines	9.5	9.3	11.6
OEM*	1.5	1.2	0.7
Thrustmaster	53.2	55.3	28.0
Standard product lines	53.2	55.1	28.0
OEM	0.0	0.2	0.0
TOTAL	64.2	65.8	40.3

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

- By geographic zone

(in € millions)	31.12.2016	31.12.2015	31.12.2014
European Union	36.7	42.7	25.7
North America	20.1	16.2	9.9
Other	7.4	6.9	4.7
TOTAL	64.2	65.8	40.3

1.5.2 Operating income breakdown by activity

(in € millions)	31.12.2016	31.12.2015	31.12.2014
Hercules	-3.6	-2.4	-4.2
Thrustmaster	4.3	5.3	1.7
TOTAL	0.7	2.9	-2.5

1.6 Progress made and difficulties encountered

In 2016, the Group's annual turnover amounted to €64.2 million, down 2%, with Hercules' sales growing by 5% and Thrustmaster's turnover decreasing slightly over the first nine months of the year, but returning to growth in the fourth quarter. Thrustmaster was unable to rely on the launch of its high-end Gran Turismo-licensed racing wheel, which had to be pushed back until 2017 due to the delay of the associated Gran Turismo game.

Over the period, the Group:

- Delivered the 500,000th copy of its Hercules DJUCED™ DJing software, created for the brand's controllers;
- Put in place new distribution networks for Hercules in the United States and Canada, in order to make inroads in the music-related sector;
- Saw its overall sales grow by 25% in North America;
- Signed a major partnership deal with the leading chain of video game shops in the United Kingdom;
- Signed agreements with new distributors, including in China, Japan, the Nordic countries and Eastern Europe, in particular;
- Positioned the Thrustmaster brand in the eSports market;
- Launched the TS-PC Racer, its brand-new racing wheel, in the fourth quarter of 2016, allowing Thrustmaster to position itself in the market for high-end racing wheels on PC;
- Pushed back the launch of its Thrustmaster racing wheel for the PlayStation®4 console, as a result of the launch of the very highly-anticipated game Gran Turismo Sport being delayed until 2017;
- Rolled out a new range of flight simulation accessories as part of Thrustmaster's 25th anniversary celebration in this field;
- Received the highly-coveted CES Innovation Awards Honoree distinction in January 2017 (for the fourth consecutive year) for the Thrustmaster T.16000M FCS Flight Pack, for the system's technological advances providing extreme precision for digital pilots.

The Group's software expertise has also allowed it to further optimize the DJUCED™ DJing software, providing its mass-market controllers with a competitive advantage through the addition of new functionalities.

Thrustmaster is currently a key player in the market for game console racing wheels. A policy of strong partnerships with console manufacturers – combined with its advanced Research and Development teams – has allowed the brand to launch the first racing wheels for PlayStation®4 and Xbox One®, as well as the first joystick for PlayStation®4. Thanks to its licensing agreements (with Sony, Microsoft, Ferrari, Gran Turismo and the U.S. Air Force, amongst others), Thrustmaster's goal is to further improve its positioning in the gaming accessories market, and fully benefit from the new dynamics brought about by the arrival of virtual reality.

1.7 Business evolution analysis

Fiscal 2016 saw a 2% decrease in turnover for the Guillemot Corporation Group, and highly contrasting levels of activity with respect to its Hercules and Thrustmaster brands.

Thrustmaster, with turnover of €53.2 million, is a key player in its market, offering gamers a complete racing ecosystem with high-end products.

The installed base of 8th-generation Xbox One® and PlayStation®4 consoles increased to more than 84.6 million units over the year (Source: VGChartz, 25/02/2017).

Hercules, with its annual turnover of €11 million, is still subject to the slowdown of the mass-market PC sector and the ending of its Wi-Fi, PLC and webcam product lines, while focusing its Research and Development efforts on its DJing and wireless speaker audio ranges, with innovative and unique products.

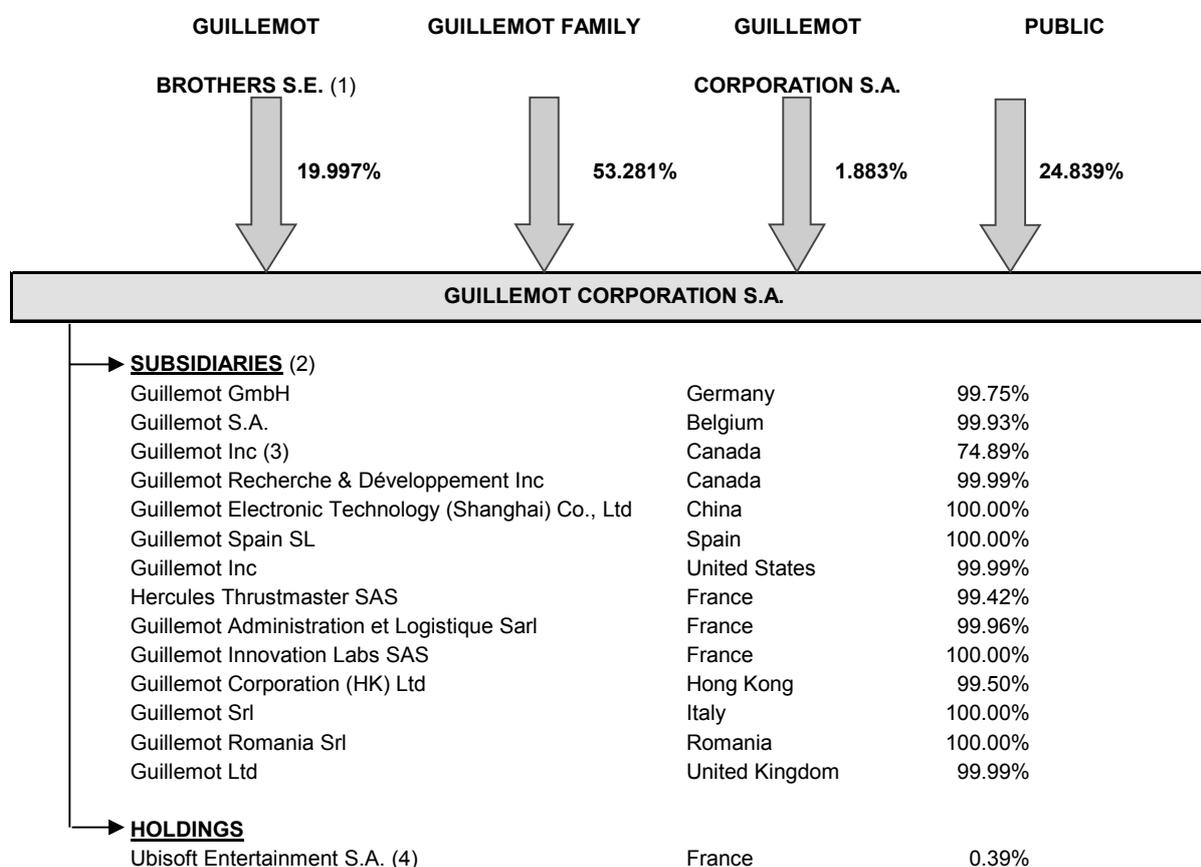
Operating income for fiscal 2016 stood at €0.7 million, compared with an operating result of €2.9 million at December 31, 2015. Consolidated net income amounted to €3.1 million, compared with €7 million for the previous fiscal year. This result includes a financial revenue of €3.1 million linked to a revaluation gain on the portfolio of Ubisoft Entertainment securities held by the Group. The deferred tax expenses posted linked to this unrealized gain amounted to €0.3 million.

Shareholders' equity amounted to €28.4 million at December 31, 2016. The Group's financial structure is solid, with net indebtedness of €9.1 million at December 31, 2016 (excluding its €15 million portfolio of marketable investment securities), compared with €6.1 million at December 31, 2015.

2 SUBSIDIARIES AND HOLDINGS

2.1 Guillemot Corporation Group organizational chart at December 31, 2016

The percentages set out below correspond to the percentage of capital held.



(1) 100% owned by members of the Guillemot family.

(2) The percentage of voting rights available for exercise at general meetings is identical to the percentage of capital.

(3) The Canadian company Guillemot Inc is 74.89% owned by Guillemot Corporation S.A., and 25.11% owned by the American company Guillemot Inc.

(4) The percentage of voting rights available for exercise at general meetings is 0.74%.

At December 31, 2016, the company Guillemot Corporation S.A. had no other branches apart from the subsidiaries listed above.

2.2 The parent company

Guillemot Corporation S.A., the Group's parent company, markets Hercules and Thrustmaster brand hardware and accessories to the Group's customers, apart from certain North American customers who are supplied directly by the Canadian subsidiary, Guillemot Inc.

The company owns the Hercules and Thrustmaster brands, and is responsible for the marketing investments that the brands require.

The company takes charge of and centralizes all billing for its products in all countries (except for North America and China). Product sales and marketing are carried out by specialized wholesalers in each country, in order to reduce the number of billing and delivery points.

Product manufacturing is handled by subcontractors chiefly located in Asia. The company provides its subcontractors with models, the main components (which it purchases directly from technology suppliers) and specific tools, in some instances.

The company holds virtually all securities of the Group's consolidated companies (there are no minority interests in the consolidated companies).

Guillemot Corporation's Directors manage the Group's subsidiaries.

The company holds the Group's main financial means (shareholders' equity, debenture and bank debt, banking facilities). It arranges current account advances for subsidiaries with financing requirements.

2.3 Sales and marketing subsidiaries

Sales and marketing subsidiaries are responsible for promotional, marketing and sales activities in the countries in which they are located, as well as their spheres of influence. The Group controls sales and marketing companies in France, Germany, China, Spain, Italy and the United Kingdom, and distributes its products in more than eighty-five countries worldwide.

Moreover, Hercules Thrustmaster SAS is a designer of interactive entertainment accessories for PC and consoles, as well as interactive entertainment hardware for PC. It manages development projects and marketing initiatives, as well as purchasing and sales functions for product lines.

2.4 Research and Development subsidiaries

Research and Development subsidiaries are responsible for designing and creating the products marketed by the Group.

The Group has four Research and Development entities: Hercules Thrustmaster SAS, based in France; Guillemot Recherche & Développement Inc., in Canada; Guillemot Romania Srl, in Romania; and Guillemot Corporation (HK) Ltd, in China.

2.5 Other subsidiaries

The company Guillemot Administration et Logistique Sarl, based in France, is responsible for the packaging and shipping of products. It is also in charge of maintenance and development of tools and computer systems, as well as the Group's accounting, financial management and legal secretariat.

3 INVESTMENT POLICY

The Group's investment policy, in place for many years, consists of building added value and solid foundations by way of ongoing Research and Development investments. Research and Development investments accounted for more than 5% of turnover in fiscal 2016, and Research and Development teams represented 35% of the Group's workforce.

The Group's main investments are set out in sections 5.7.2 Intangible fixed assets and 5.7.3 Tangible fixed assets of the consolidated financial statements.

Moreover, the Group regularly studies potential opportunities for external growth.

4 SIGNIFICANT EVENTS SINCE THE END OF THE FISCAL YEAR

There have been no significant events since the end of the fiscal year.

5 SIGNIFICANT CHANGES TO FINANCIAL OR COMMERCIAL STANDING SINCE THE END OF THE FISCAL YEAR

No significant changes with respect to the Group's financial or commercial standing have taken place since the fiscal year-end date.

6 FORESEEABLE EVOLUTION AND FUTURE PROSPECTS

The Group mainly operates in the interactive entertainment market with respect to video games and gaming accessories.

As a result, the regularly-increasing installed base of next-generation game consoles is a very positive factor.

The current crop of releases of car racing games strengthens consumers' interest in the Group's racing wheels, which provide an ultra-realistic gaming experience. Many new games are set to be launched in 2017, including very highly-anticipated titles such as Gran Turismo Sport on console, and Project CARS 2 on PC and consoles.

The Group has prepared and announced new high-end Gran Turismo-licensed racing wheels, which will allow it to fully benefit from the launch of the upcoming game in this series.

Booming sales of aerial and space combat games, particularly free-to-play titles allowing gamers to use a high-quality joystick for realistic control of their crafts, are breathing new life into the flight accessories market.

For its part, the Hercules brand's software expertise has allowed it to further optimize the DJUCED™ DJing software, providing its mass-market controllers with a competitive advantage through the addition of new functionalities. Hercules – a key player in mass-market DJ controllers – continues to offer innovative new functions for both amateur and advanced DJs through its mastery of hardware and software technologies, growing its market base. The wireless speakers market remains dynamic, and the Group continues to improve its positioning in the market for outdoor wireless speakers, which are growing even more in popularity among sports enthusiasts.

Moreover, the Group continues to expand internationally and now distributes its products in more than eighty-five countries worldwide. However, protectionist policies may have the effect of increasing product prices and slowing down sales in certain countries.

The Group forecasts sales growth for the fiscal year.

7 PRESENTATION OF FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016 AND NET INCOME APPROPRIATION

7.1 Comments on the Group's consolidated financial statements

No changes have been made to the presentation of financial statements or to valuation methods.

7.1.1 Statement of income

During the fiscal year, the Group posted consolidated sales of €64,226K, excluding taxes.

The main operating expenses were purchases, for €27,002K.

External charges totaling €14,488K were mainly composed of transportation, publicity and marketing expenses.

Personnel expenses amounted to €8,276K, and depreciation and amortization provisions to €4,002K.

Taxes and duties amounted to €264K, and other revenues and expenses to €-3,174K.

Current operating income amounted to €609K.

Operating income amounted to €722K.

The net gearing cost stood at €263K, while other financial revenues and expenses totaled €+2,976K, including revaluation gains of €3,165K on Ubisoft Entertainment shares held.

After taking these elements into account, along with the tax charge of €376K, the Group's net income was €3,059K.

Base income per share was €0.20.

7.1.2 Balance sheet

Non-current assets are composed of net intangible fixed assets for €7,781K, net tangible fixed assets for €2,683K, and financial assets for €457K.

Current assets include the following elements:

- Inventories had a net value of €10,369K, taking into account inventory provisions of €1,273K.
- Trade accounts receivable amounted to a net value of €21,703K, taking into account provisions of €245K for doubtful customers.
- The other receivables entry had a net value of €1,497K and mainly relates to value added tax receivables and down payment receivables.
- Financial assets amounted to €15,460K, and the cash and cash equivalents entry to €2,164K.
- Current tax assets stood at €430K.

Shareholders' equity amounted to €28,365K.

Non-current liabilities amounted to €4,509K, including €1,672K in loans.

Current liabilities amounted to €29,213K, including €8,643K in loans and foreign currency advances.

Cashflow linked to activities is broken down as follows:

	At 31.12.16
Net income of integrated companies	3,059
+ Depreciation, amortization and provisions allocations	4,184
- Depreciation, amortization and provisions reversals	-1,000
-/+ Unrealized gains and losses linked to changes in fair value	-3,165
-/+ Net gain/loss on disposals	-131
Deferred tax change	303
Cashflow after cost of net financial debt	3,250
Cost of net financial debt	263
Cashflow before cost of net financial debt	3,513
Cashflow Forex adjustment	91
Working capital requirements change	-4,741
Net cashflow linked to activities	-1,400
Cashflow linked to investment activities	
Cash outflow and inflow on tangible and intangible fixed assets	-2,244
Cash outflow and inflow on financial fixed assets	514
Net cashflow linked to investment activities	-1,730
Cashflow linked to financing activities	
Capital increase or cash contribution	0
Debt issuance	0
Shareholders' current account reimbursement	-424
Debt repayments	-3,501
Other cashflow linked to financing activities	0
Total cashflow linked to financing activities	-3,925
Forex adjustment impact	75
Cashflow change	-6,980
Net cashflow at fiscal year start	3,027
Net cashflow at fiscal year end	-3,953

7.2 Comments on Guillemot Corporation S.A.'s financial statements

No changes have been made to the presentation of financial statements or to valuation methods.

7.2.1 Statement of income

During the fiscal year, the company Guillemot Corporation posted turnover of €55,867K.

Total operating revenues amounted to €52,296K.

The main operating expenses were purchases consumed for €27,076K, and external expenses for €20,798K.

External expenses are mainly composed of subcontracting services, development costs, and transportation, advertising and marketing expenses.

Taxes and duties and personnel expenses amounted to €372K, and other expenses to €4,013K.

The amortization allowance amounted to €1,911K.

The allowance on provisions for current assets amounted to €972K.

Total operating revenues less all operating expenses resulted in operating income of €-2,846K.

Taking into account financial income of €1,579K, as well as exceptional income of €834K, net income amounted to €-433K.

Financial income is broken down as follows:

Financial revenues from holdings:	€0K
Forex differences:	€-397K
Financial interest revenues and expenses:	€-230K
Income from MIS disposals:	€369K
Provisions reversals and allowances:	€1,837K

Interest revenues are mainly composed of €49K in current account interest, and €17K 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 are mainly composed of loan and banking interest charges for €264K, and current account interest for €17K.

Disposal income on treasury stock securities within the context of the liquidity contract in effect amounted to €15K. The company disposed of 68,023 Gameloft SE shares at a stock exchange price of €8 each, and posted a net gain of €354K in its financial statements.

Reversals on the impairment of subsidiaries' securities amounted to €2,013K, and provisions reversals on current account advances amounted to €37K. Other reversals of provisions related to various reversals on unrealized Forex losses for the previous fiscal year for €184K.

Provisions allocations on securities amounted to €44K. The company Guillemot Corporation S.A. posted a provision of €346K to cover the unrealized Forex risk at the end of the fiscal year.

Exceptional income is broken down as follows:

Revenues and expenses on management transactions:	€0K
Revenues and expenses on capital transactions:	€0K
Provision reversals and allocations:	€-834K

Impairment testing carried out on the Thrustmaster brand's segment of activity resulted in an impairment reversal of €1,000K.

The company posted exceptional amortization of €166K for development costs and materials which no longer met the capitalization criteria.

The main performance results are as follows:

Fiscal year production:	€50,927K
Added value:	€3,053K
Earnings before interest, tax, depreciation and amortization:	€2,681K

7.2.2 Balance sheet

Net fixed assets amounted to €15,431K. This includes €7,527K in intangible fixed assets, €2,143K in tangible fixed assets and €5,761K in financial fixed assets.

Intangible fixed assets included €3,795K in net value with respect to development costs. The company removed development costs which no longer met the capitalization criteria from assets, for a gross amount of €150K.

The company disposed of materials for a gross amount of €42K.

The company had inventory with a net value of €8,947K.

The trade accounts receivable entry amounted to €16,167K, taking into account provisions for doubtful customers of €245K.

Other receivables for a total net amount of €2,654K mainly included current account advances to subsidiaries for a net amount of €2,169K and VAT receivables.

Marketable investment securities amounted to a net total of €6,966K.

Treasury stock shares held are broken down between financial fixed assets (132,619 shares) and marketable investment securities (149,888 shares). The net amount of these securities was €376K, after a provision of €351K.

Shareholders' equity amounted to €20,855K.

Debts and liabilities are broken down as follows:

DEBTS/LIABILITIES STATEMENT (In €K)	At 31.12.16
Financial institution loans	4,185
Bonds	0
Medium-term bank liabilities	56
Bank overdrafts and currency advances	5,988
Trade accounts payable	15,224
Tax and social security liabilities	74
Other liabilities	2,731
Fixed asset liabilities	816
Intercompany	1,101
TOTAL	30,175
Loans entered into during the fiscal year	0
Repaid during the fiscal year through bond conversion	0
Loans repaid during the fiscal year	3,501
Loans received from individuals	0

Cashflow linked to activities is broken down as follows:

(In €K)	At 31.12.16
Net income	-433
Amortization and provisions allocations and reversals (1)	-551
Net gain/loss on disposals	0
Operating income	-984
Operating requirements change	477
Non-operating requirements change	-278
Working capital requirements change	199
Cashflow linked to investment activities	
Intangible fixed asset acquisitions	-1,477
Tangible fixed asset acquisitions	-606
Intangible and tangible fixed asset disposals	0
Financial fixed asset acquisitions	34
Financial fixed asset disposals	0
Subsidiary acquisitions/disposals	-70
Net cashflow linked to investment activities	-2,119
Capital increase or contribution	0
Debt issuance	0
Debt repayments	-3,501
Net cashflow linked to financing activities	-3,501
Cashflow change	-6,405
Net cashflow at fiscal year start (2)	8,562
Net cashflow at fiscal year end (2)	2,157

(1) Excluding allocations and reversals relating to depreciation of marketable investment securities.

(2) Including marketable investment securities for their net amounts.

7.2.3 Information regarding payment deadlines

Pursuant to Articles L.441-6-1 and D.441-4 of the Commercial Code, we hereby inform you that upon closing of the fiscal year ended December 31, 2016, the balance of debts and liabilities with respect to suppliers was broken down as follows:

Supplier debts/liabilities <i>(All taxes included, in €K)</i>	< = 30 days		31 - 60 days inclusive		> = 61 days		Total (taxes incl.)	
	2016	2015	2016	2015	2016	2015	2016	2015
Debts falling due*	12,497	13,366	158	1,851	0	14	12,655	15,231
Debts due	1,717	3,170	723	244	945	759	3,385	4,173
Total amount (taxes incl.)	14,214	16,536	881	2,095	945	773	16,040	19,404

* The breakdown of debts falling due is indicated by way of the due dates stipulated on contracts.

7.2.4 Net income appropriation

Having deducted all expenses and all taxes and amortization, the financial statements presented to you show a loss of €433,268.49, which we recommend be assigned to the retained losses account.

7.2.5 Non-fiscally deductible expenses or expenditures

Pursuant to the terms of Articles 223 quater and 223 quinquies of the General Tax Code, we wish to remind you that the financial statements for the past fiscal year do not take into account expenditures not deductible from fiscal income.

8 RISK FACTORS

The Group has carried out a review of the risks which could have a significantly unfavorable impact on its activities, its financial standing or its results, and is of the opinion that there are no other significant risks than those set out below.

8.1 Risk linked to segment of activity

Guillemot Corporation operates within the mainstream computer and video game consoles markets, sectors which are sensitive to evolutions in terms of electronic technologies, to competition, to seasonal fluctuations and to the life cycles of video game consoles.

8.1.1 Technological risk

Guillemot Corporation uses the latest technologies to manufacture its product ranges, with many products employing different types of technologies.

The Group's engineering teams closely monitor technological developments in order to determine the features of upcoming products.

Research and Development teams based in France, North America and in Romania, aided by the Group's technological watch center in Hong Kong, are in direct contact with the market's major players and the development studios of leading gaming software publishers. Nevertheless, rapid changes in technology may result in the obsolescence of certain products, translating into depreciation risks on inventories of these products.

8.1.2 Procurement risk

8.1.2.1 Dependence upon certain suppliers

The risk of dependence upon suppliers varies according to the technical nature of the product.

The Group has maintained regular business relationships with a good number of its suppliers over many years, and represents an attractive sales opportunity for them.

Nevertheless, the Group is not completely sheltered from changes in the commercial policies of the creators of technologies, who may in some cases reserve the use of these technologies for some of their other customers. Moreover, the extension of procurement times for components may result in significant production delays. The ending of production by certain suppliers of critical components may also require modifications to the electronic design of products, and thereby delay deliveries of the product lines in question by the corresponding amount of time.

8.1.2.2 Company shutdowns, mergers and concentration

The interactive entertainment market has witnessed cessations of activity, alliances and buyouts among its players in recent years.

In the event of a change in control of one of its suppliers, Guillemot Corporation's position in these markets allows it to anticipate alternative procurement sources. In some cases, these evolutions might require changes with respect to manufacturing and could result in longer production and supply lead times, impacting sales.

8.1.3 Industry competition risk

The Group has operated in this market for many years and has developed a strong reputation with both distributors and consumers. The Group is exposed to intense competition, and must constantly be vigilant as to the competitiveness of its product lines.

Its competitors are located around the world. The originality and performance of Guillemot's products provide for favorable comparisons with those of its competitors, as illustrated by the numerous awards and first-place rankings the company has received based on comparative testing in the specialist press both in Europe and the United States. A lack of competitiveness could impact upon the Group's results and its levels of business.

8.1.4 Game console manufacturers competition risk

Game console manufacturers control the accessories able to function with their consoles: they can refuse concepts. The sale and marketing of new concepts and accessories therefore depends upon the approval of game console manufacturers.

8.1.5 Business seasonality risk

The Guillemot Corporation Group carries out approximately 50% of its annual activities between September and December. The Group employs the services of subcontractors in order to operate successfully at increased manufacturing and distribution levels during that period. Working capital requirements caused by these seasonal fluctuations are financed by way of short and medium-term funding. Strong variations in terms of seasonality could result in inventory issues.

8.2 Industrial and environmental risk

The Group has not evaluated these risks, as it does not have its own production site. Product manufacturing is carried out by subcontractors. The Group's main subcontractors are ISO 9001 and ISO 14001-certified. The Group's storage warehouses and main production subcontractors are not located in regions recognized as being sensitive to climate change risk.

8.3 Market risk

8.3.1 Rate risk

At December 31, 2016, the Group had fixed-rate loans in the amount of €5,654K, and variable-rate loans worth €4,645K. The Group regularly puts in place rate swap agreements on variable-rate loans in order to protect against changes with respect to loan interest payments, linked to interest rate variations. At December 31, 2016, a loan in the amount of €875K was covered by acceleration clauses. The terms of the clauses were met as of December 31, 2016.

A 1% increase in interest rates, taken on an annual basis and considering the outstanding amount at December 31, 2016 (the amount of variable-rate financial liabilities not covered by rate swap agreements) would have an impact of a €46K increase in financial expenses.

8.3.2 Forex risk

As all of the major players in the multimedia industry conduct transactions in U.S. dollars, there is no competitive advantage between one manufacturer and another translating into increased market share. As a result of the indexation of sale prices to dollar cost prices by all players in the industry, sale prices are either increased or decreased as a function of overall cost prices, where market dynamics permit.

The main currency for hardware and accessory purchases is the U.S. dollar. In the United States, Canada and all other countries outside of Europe, the transaction currency is also the U.S. dollar. In Europe, the Group sells mainly in euros. The exit of certain countries from the eurozone could have inflationary effects linked to the exchange rates in these countries. This could reduce the level of the Group's sales in these countries.

Rapid currency variations and dips in the value of the U.S. dollar in particular may result in lower sale prices for the Group's products and consequently impact on the value of merchandise inventories. Conversely, a strong and rapid increase in the value of the U.S. dollar over the second half of the year would not allow the Group to offset this increase in full on the sale prices of its products, given the seasonal nature of the company's activities, and could result in a temporary impact on gross margins.

However, in order to limit the Group's risk, Guillemot Corporation covers Forex risks by way of buying on the spot market, forward purchase contracts and foreign currency options. Moreover, increased export sales over the past several years enhance its natural coverage and significantly decrease the Forex risk.

The Group's currency assets and liabilities at December 31, 2016 were as follows (figures are provided for non-covered assets, meaning those susceptible to currency variations):

Currency amounts susceptible to positive or negative fluctuations:

(In €K)	USD	GBP
Assets	11,302	2,120
Liabilities	13,505	38
Net pre-adjustment position	-2,203	2,082
Off-balance-sheet position	0	0
Net post-adjustment position	-2,203	2,082

A 10% increase in the U.S. dollar rate considered on an annual basis and at the amount outstanding at December 31, 2016 (amount of currency exposed to Forex variations) would result in an increase in financial expenses of €209K.

A 10% decrease in the pound sterling considered on an annual basis and at the amount outstanding at December 31, 2016 (amount of currency exposed to Forex variations) would result in an increase in financial expenses of €222K.

The impact of Forex variations on other currencies is insignificant.

Forex effect linked to subsidiaries' currency conversion:

All subsidiaries use their local currency for operations. The impact on shareholders' equity was €+286K.

8.3.3 Share risk

The net value of listed securities in the company's portfolio at December 31, 2016 amounted to €15,003K.

Inventory of listed securities held at December 31, 2016

Inventory of portfolio securities	Market	Number of securities at 31/12/2016	Market value (in €K) (1)
Ubisoft Entertainment S.A. (Shares)	Euronext Paris	443,874	15,003
Total			15,003

(1) The rate employed is equal to the rate on the last day of the month of December 2016 (Ubisoft Entertainment: €33.80).

Changes in the stock market value of shares held have an impact on the Group's results. For 2017, a 10% decrease in the value of Ubisoft Entertainment shares (in relation to the price at December 31, 2016) would have an impact of €-1.5 million on financial income.

At March 17, 2017, the Ubisoft Entertainment share's closing price was €37.45, representing an increase of 10.8% in relation to the price at December 31, 2016, and resulting in the posting of a revaluation gain of €1,620K in the Group's consolidated financial statements at this date.

8.3.4 Credit risk

Credit risk represents the risk of financial loss in the event whereby a customer does not meet its contractual obligations. The Group has access to credit insurance to deal with this risk. The number of customers is relatively low, as a result of the Group's dealings with wholesalers. In some cases, the Group is obliged to grant additional credit where coverage is judged to be particularly ill-suited (cf. section 5.7.6 of the consolidated financial statements).

8.4 Liquidity risk

The company has undertaken a specific review of its liquidity risk, and considers that it is able to meet its future payment obligations.

8.4.1 Cashflow risk

The Group's net indebtedness is €9.1 million. In addition, the Group has a portfolio of Ubisoft Entertainment securities with a market value of €15 million at December 31, 2016.

The Group's indebtedness at December 31, 2016 is broken down as follows:

Type of security issued or loan	Fixed rate	Variable rate	Overall line amount	Settlement year	Coverage
Lending institution loans	1,333	2,849	4,182	2017-2018	No
Bank overdrafts and currency advances	4,321	1,796	6,117	2017	No
Other	16		16	2017	No
TOTAL (in €K)	5,670	4,645	10,315		

8.4.2 Acceleration clauses

At December 31, 2016, only one loan in the amount of €875K was covered by acceleration clauses. The terms of the clauses were met as of December 31, 2016.

8.5 Supply and price risk

A shortage of components or a resulting extension of supply timeframes could compel the Group to purchase its primary materials at higher prices if it were obliged to obtain them from suppliers other than those in its normal supply network. This could have an effect of delaying the production of certain products, thereby delaying deliveries as well. Each week, the Group reviews production planning in order to detect any potential delays, and thereby minimize the impact on production. The Group has a forecasting policy with respect to component needs, and stores a portion of its critical components. Supply timeframes for critical components can increase without warning.

8.6 Legal risk

8.6.1 Litigation

There are no governmental, legal or arbitration proceedings, including all proceedings of which the company is aware, whether in abeyance or with which it is threatened, which may have or have had a significant effect on the company and/or the Group's financial standing or profitability over the past twelve months.

8.6.2 Intellectual property

The Group's brands are mainly registered with the European Union Intellectual Property Office (EUIPO) in Europe, the United States Patent and Trademark Office in the United States and the Canadian Intellectual Property Office in Canada, and also in other foreign countries via the World Intellectual Property Organization.

The Group protects the aesthetic features of its products (shapes and/or designs) by registering, for the most part, common designs and models with the European Union Intellectual Property Office (EUIPO), with the United States Patent and Trademark Office in the United States, and with the State Intellectual Property Office in China.

The technical innovations of products designed by the Group are protected mainly by patents registered in France with the Institut National de la Propriété Industrielle (National Industrial Property Institute) and/or in Europe with the European Patent Office, and in the United States with the United States Patent and Trademark Office.

Prior to registering a brand or a common design and model, the Group carries out or commissions research based on its requirements, in order to verify the availability of the brand, design or model in question. For patents, the Group carries out prior art searches, or commissions prior art searches based on its requirements.

Nevertheless, the Group cannot guarantee that legal proceedings will not be brought against it. The costs related to its defense or to the payment of damages and interest in the event of an unfavorable outcome for the Group may have negative consequences on the Group's activities and financial standing.

In the event of infringement (suspected or proven) of intellectual property rights belonging to the Group by third parties, the Group will proceed with an evaluation of the impact of said infringement upon its activities and of the cost of its defense. Prosecutions which may be undertaken by the Group against these third parties (with the stipulation that the decision to undertake such prosecutions remains at the Group's sole discretion, and that this decision would only likely take place after having made contact with the infringer, either to ask said party to cease using the Group's property, or to offer said party a licensing agreement) could, in the event of an unfavorable outcome for the Group, affect its activities, its results and its financial standing.

8.6.3 Changes in regulations risk

The Group has taken steps to conform to the following directives: RoHS (Restriction of Hazardous Substances), WEEE (Waste Electrical and Electronic Equipment), and REACH (Registration, Evaluation, Authorization and restriction of CHemicals). The Group keeps abreast of regulations in the different countries in which it operates, but cannot completely rule out the possibility that some regulations may have escaped its attention.

8.7 Other risks

8.7.1 Risk linked to product sales and marketing methods

The Group's clientele is made up mainly of wholesalers who respond directly to the needs of customers in matters of logistics (centralized orders and deliveries). The top client accounted for 11% of consolidated turnover, with the Group's top five customers accounting for 44% and the top ten accounting for 59% of consolidated turnover.

The amount of unrecovered matured receivables relating to the Group's top ten customers stood at €2,186K at December 31, 2016.

Nevertheless, exacting selection of customers contributes to reducing customer risk.

The Group uses a credit insurance company to insure the risk of unmet payments (cf. consolidated financial statements, section 5.7.6).

8.7.2 Country risk

Export sales are significant. A deterioration of the situation in some countries could result in a drop in turnover.

Partner subcontractors located in Asia undertake the core of the Group's manufacturing.

Regional conflicts could impact upon the Group's supplies.

8.7.3 Operational assets risk

The Guillemot Corporation Group owns all of the assets required for its successful operation.

8.7.4 Risk insurance and coverage

The Group has taken out insurance for the main identified risks.

The Group holds insurance policies covering civil liability, for amounts of €4 million or €8 million, depending on the type of accident. The other insurance policies cover its buildings, installations, vehicles and inventories. Buildings located in France are insured at their replacement cost value of €7.1 million, and merchandise for €7.4 million. The Group also has policies on transported merchandise, in order to provide protection against major incidents which may affect the flow of goods. Transported merchandise is insured for a value of €765,000 per shipment, whatever its mode of transportation or destination.

8.7.5 Important contracts

To the company's knowledge, there are no important contracts giving rise to an important obligation or commitment for the Group as a whole, apart from those entered into within the context of normal business.

8.7.6 Risk linked to licensing agreements

Licensing agreements with brand or technology owners generally include early termination provisions. These agreements also contain clauses allowing the company, in certain cases, to sell off products in inventory during a given period after their end date (selloff clauses). The termination of such a contract may have an impact on sales of the products governed by the licensing agreement in question, as well as on the value of remaining inventories.

8.7.7 Risk linked to protectionism

The Group's products currently circulate worldwide, with moderate customs duties. Protectionist policies could result in the imposition of high customs duties, which could affect the level of the Group's sales in the countries involved.

9 INFORMATION REGARDING THE COMPANY AND ITS SHARE CAPITAL

9.1 Information regarding the company's share capital

9.1.1 Amount of share capital at December 31, 2016

At December 31, 2016, the closing date of the last fiscal year, subscribed capital amounted to €11,553,646.72, representing a total of 15,004,736 common shares, fully paid, with a nominal value of €0.77 each.

Since the closing of the fiscal year, no changes have taken place with regard to share capital.

The share capital evolution chart from the creation of the company Guillemot Corporation S.A. is presented in section 14.2 of the Management report.

9.1.2 Share capital and voting rights breakdown

9.1.2.1 Evolution over the past three fiscal years

Over the course of the past fiscal year, significant changes took place in terms of the breakdown of the company's share capital, with the Guillemot family group having decided to reorganize the structure of its direct and indirect holdings in March 2016. This reorganization has not had an effect with respect to control of the company, however.

No significant changes have taken place with respect to the breakdown of the company's share capital and voting rights over the two previous fiscal years.

The company Guillemot Corporation S.A. is jointly controlled by the company Guillemot Brothers S.E. and members of the Guillemot family. The company has not taken any particular measures to ensure that this control is not exercised in an abusive manner, apart from the presence of two independent Directors on the Board of Directors: Ms. Lair, and Ms. Le Roch - Nocera.

At December 31, 2016, the Guillemot family group directly and indirectly held 73.28% of share capital and 76.10% of voting rights available for exercise at general meetings.

To the company's knowledge, no other shareholder directly or indirectly, alone or jointly, holds more than 5% of share capital and voting rights apart from those indicated in the following table. The company does not have access to studies on identifiable bearer securities, allowing it to provide an indication regarding the number of its shareholders or of the breakdown of capital between resident and non-resident shareholders, or between individual shareholders and institutional investors.

At December 31, 2016, no employee share ownership existed in the sense of Article L.225-102 of the Commercial Code.

At 31/12/2016						
Shareholders	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings (1)
GUILLEMOT BROTHERS S.E. (2)	3,000,497	19.997%	3,000,497	18.856%	3,000,497	19.197%
Michel Guillemot	1,855,411	12.366%	2,304,115	14.480%	2,304,115	14.741%
Claude Guillemot	1,821,074	12.137%	2,235,441	14.048%	2,235,441	14.302%
Christian Guillemot	1,466,979	9.777%	1,477,252	9.283%	1,477,252	9.451%
G�rard Guillemot	1,427,361	9.513%	1,448,015	9.100%	1,448,015	9.264%
Yves Guillemot	1,411,073	9.404%	1,415,440	8.895%	1,415,440	9.056%
Other members of the Guillemot family	12,553	0.084%	13,355	0.084%	13,355	0.085%
Jointly	10,994,948	73.278%	11,894,115	74.746%	11,894,115	76.096%
Treasury stock (3)	282,507	1.883%	282,507	1.775%	0	0.000%
Public	3,727,281	24.839%	3,736,265	23.479%	3,736,265	23.904%
TOTAL	15,004,736	100.000%	15,912,887	100.000%	15,630,380	100.000%

At 31/12/2015						
Shareholders	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings (1)
GUILLEMOT BROTHERS S.E. (2)	10,034,030	66.87%	20,003,060	77.10%	20,003,060	77.81%
Michel Guillemot	448,704	2.99%	895,902	3.45%	895,902	3.48%
Claude Guillemot	414,367	2.76%	827,227	3.19%	827,227	3.22%
Christian Guillemot	77,752	0.52%	155,504	0.60%	155,504	0.60%
G�rard Guillemot	20,654	0.14%	39,802	0.15%	39,802	0.15%
Yves Guillemot	4,367	0.03%	7,228	0.03%	7,228	0.03%
Other members of the Guillemot family	12,553	0.08%	13,355	0.05%	13,355	0.05%
Jointly	11,012,427	73.39%	21,942,078	84.57%	21,942,078	85.35%
Treasury stock (3)	235,343	1.57%	235,343	0.91%	0	0.00%
Public	3,756,966	25.04%	3,765,986	14.52%	3,765,986	14.65%
TOTAL	15,004,736	100.00%	25,943,407	100.00%	25,708,064	100.00%

At 31/12/2014						
Shareholders	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings (1)
GUILLEMOT BROTHERS S.E. (2)	10,034,030	66.87%	20,003,060	77.01%	20,003,060	77.87%
Michel Guillemot	448,704	2.99%	895,902	3.45%	895,902	3.49%
Claude Guillemot	414,367	2.76%	827,227	3.18%	827,227	3.22%
Christian Guillemot	110,273	0.73%	219,040	0.84%	219,040	0.85%
G�rard Guillemot	20,654	0.14%	39,802	0.15%	39,802	0.15%
Yves Guillemot	4,367	0.03%	7,228	0.03%	7,228	0.03%
Other members of the Guillemot family	12,553	0.08%	13,355	0.05%	13,355	0.05%
Jointly	11,044,948	73.61%	22,005,614	84.72%	22,005,614	85.66%
Treasury stock (3)	285,298	1.90%	285,298	1.10%	0	0.00%
Public	3,674,490	24.49%	3,683,055	14.18%	3,683,055	14.34%
TOTAL	15,004,736	100.00%	25,973,967	100.00%	25,688,669	100.00%

(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.

9.1.2.2 Share capital and voting rights breakdown at February 28, 2017

At 28/02/2017						
Shareholders	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at general meetings	% of voting rights exercisable at general meetings (1)
GUILLEMOT BROTHERS S.E. (2)	3,000,497	19.997%	3,000,497	18.856%	3,000,497	19.202%
Michel Guillemot	1,855,411	12.366%	2,304,115	14.480%	2,304,115	14.745%
Claude Guillemot	1,821,074	12.137%	2,235,441	14.048%	2,235,441	14.306%
Christian Guillemot	1,466,979	9.777%	1,477,252	9.283%	1,477,252	9.454%
G�rard Guillemot	1,427,361	9.513%	1,448,015	9.100%	1,448,015	9.267%
Yves Guillemot	1,411,073	9.404%	1,415,440	8.895%	1,415,440	9.058%
Other members of the Guillemot family	12,553	0.084%	13,355	0.084%	13,355	0.085%
Jointly	10,994,948	73.278%	11,894,115	74.746%	11,894,115	76.118%
Treasury stock (3)	286,968	1.912%	286,968	1.803%	0	0.000%
Public	3,722,820	24.810%	3,731,804	23.451%	3,731,804	23.882%
TOTAL	15,004,736	100.000%	15,912,887	100.000%	15,625,919	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.

9.1.3 Crossing of threshold levels

Since the closing of the fiscal year on December 31, 2016, the following threshold levels set out in Article L.233-7 of the Commercial Code were crossed:

Declarant	Date	Threshold crossed		Type	Holdings after crossing	
		Capital	Voting rights		Capital	Voting rights
Guillemot Brothers SE ^{(1) (2)}	01/03/2016	2/3 and 50%	2/3	Below threshold, following off-market disposals	48.12%	62.42%
	03/03/2016	1/3 and 30%	50%	Below threshold, following off-market disposals	29.37%	43.36%
	04/03/2016	25% and 20%	1/3	Below threshold, following off-market disposals	19.99%	31.71%
	08/03/2016	-	30% and 25%	Below threshold, following loss of double voting rights	19.99%	20.08%
	10/03/2016	-	20%	Below threshold, following loss of double voting rights	19.99%	18.86%
Michel Guillemot ⁽²⁾	01/03/2016	5% and 10%	5%	Above threshold, following off-market acquisition	12.37%	9.96%
	03/03/2016	-	10%	Above threshold, following reduction of total number of company's voting rights	12.37%	11.34%
Claude Guillemot ⁽²⁾	01/03/2016	5% and 10%	5%	Above threshold, following off-market acquisition	12.14%	9.67%
	03/03/2016	-	10%	Above threshold, following reduction of total number of company's voting rights	12.14%	11.00%
G�rard Guillemot ⁽²⁾	03/03/2016	5%	5%	Above threshold, following off-market acquisition	9.51%	7.13%
Christian Guillemot ⁽²⁾	04/03/2016	5%	5%	Above threshold, following off-market acquisition	9.44%	7.55%
Yves Guillemot ⁽²⁾	03/03/2016	5%	5%	Above threshold, following off-market acquisition	9.40%	6.97%

(1) 100% controlled by members of the Guillemot family.

(2) Individual crossing.

Since the end of the fiscal year, no threshold levels have been crossed, to the company's knowledge.

The total number of voting rights attached to shares of which the company's share capital is composed, serving as the basis for calculating the crossing of threshold levels (theoretical voting rights), amounted to 15,912,887 at February 28, 2017.

9.1.4 Treasury stock

9.1.4.1 Share buyback program

The Board of Directors has an authorization from the general meeting of shareholders held on May 26, 2016, allowing it to proceed with share buybacks.

The terms of the share buyback program are as follows:

- Program duration: 18 months from the general meeting date (for an expiration date of November 25, 2017)
- Maximum percentage of capital authorized: 10%
- Maximum unitary purchase price: €5
- Buyback program objectives:
 - Allow an investment services provider, working independently, to act on the market or to ensure liquidity of the security as part of a liquidity contract in accordance with the professional ethics charter recognized by the Autorité des marchés financiers,
 - The conservation and subsequent remittance of securities, in payment or by exchange, as part of possible external growth operations, with the stipulation that the number of securities acquired to this effect may not exceed 5% of the securities composing the company's share capital,
 - Coverage for investment securities giving the holder the right to the allocation of company shares through conversion, exercise, reimbursement or exchange,
 - Coverage of stock option plans and/or any other form of share allocation for employees and/or Directors of the company and/or of its Group,
 - Cancellation of the shares acquired, subject to the adoption of a specific resolution by attendees of an extraordinary general meeting of shareholders.

At the start of the fiscal year begun January 1, 2016, the company held 235,343 treasury stock shares. During the fiscal year ended December 31, 2016, 437,805 shares were acquired and 390,641 shares were disposed of as part of the liquidity contracts granted to Crédit Industriel et Commercial (from January 1, 2016 to June 30, 2016) and Portzamparc Société de Bourse (from July 1, 2016 to December 31, 2016).

The company did not cancel any treasury stock shares during the fiscal year ended December 31, 2016.

At December 31, 2016, the company held 282,507 treasury stock shares.

Number of shares registered in the company's name at December 31, 2015:	235,343
Number of shares acquired during the fiscal year ended December 31, 2016:	437,805
Average acquisition price:	€1.36
Number of shares sold during the fiscal year ended December 31, 2016:	390,641
Average sale price:	€1.43
Number of shares canceled during the fiscal year ended December 31, 2016:	0
Amount of execution fees during the fiscal year ended December 31, 2016:	0
Number of shares registered in the company's name at December 31, 2016:	282,507
Value of shares registered in the company's name at December 31, 2016 (valued at purchase price):	€727,709.84
Total nominal value of shares registered in the company's name at December 31, 2016:	€217,530.39
- for conservation with a view to subsequent remittance, by exchange or in payment, as part of possible external growth operations:	€144,187.12
- as part of a liquidity contract:	€73,343.27
Number of shares used during the fiscal year ended December 31, 2016: (sold as part of the liquidity contract)	390,641
Reallocations taken place during the fiscal year ended December 31, 2016:	Nil
Percentage of capital represented by the shares held at December 31, 2016:	1.88%

At February 28, 2017, the company held 286,968 treasury stock shares accounting for 1.91% of the company's share capital, the company having purchased 121,759 shares and disposed of 117,298 shares since January 1, 2017 as part of the liquidity contract granted to Portzamparc Société de Bourse. No shares have been canceled since January 1, 2017.

9.1.4.2 *Liquidity contract*

On July 2, 2007, the company entrusted to CM-CIC Securities (Crédit Industriel et Commercial) a liquidity contract which ended on June 30, 2016. The company allocated a total amount of €300,000.00 to the liquidity account:

- €200,000.00 in cash upon signature of the liquidity contract on July 2, 2007;
- €50,000.00 in cash on January 28, 2009; and
- €50,000.00 in cash on September 16, 2011.

Since January 1, 2016, the company has entrusted Portzamparc Société de Bourse with the implementation of a liquidity contract, which is still in effect.

Upon implementation of this liquidity contract, the following resources were provided by the company:

- 105,296 shares; and
- €101,220.87 in cash.

9.1.4.3 *Description of the share buyback program to be submitted for approval by the general meeting of shareholders on May 24, 2017*

A new share buyback program will be submitted to shareholders during the next annual general meeting of shareholders, with the following terms:

- Date of general meeting of shareholders, convened to authorize the new share buyback program: May 24, 2017
- Number of securities held by the issuer (directly and indirectly) at February 28, 2017: 286,968
- Percentage of capital held by the issuer (directly and indirectly) at February 28, 2017: 1.91%
- Breakdown by objectives of securities held by the issuer at February 28, 2017:
 - conservation with a view to subsequent remittance, by exchange or in payment, as part of possible external growth operations: 187,256
 - liquidity contract: 99,712
- Objectives of the new share buyback program:
 - Allow an investment services provider, working independently, to act on the market or to ensure liquidity of the security as part of a liquidity contract in accordance with the professional ethics charter recognized by the Autorité des marchés financiers,
 - The conservation and subsequent remittance of securities, in payment or by exchange, as part of possible external growth operations, with the stipulation that the number of securities acquired to this effect may not exceed 5% of the securities composing the company's share capital,
 - Coverage for marketable securities giving the holder the right to the allocation of company shares through conversion, exercise, reimbursement or exchange,
 - Coverage for stock option plans and/or any other form of share allocation for personnel and/or Directors of the company and/or its Group,
 - Cancellation of the shares acquired, subject to the adoption of a specific resolution by attendees of an extraordinary general meeting of shareholders.
- Maximum percentage of share capital that the issuer proposes to acquire: 10%.
- Maximum amount allocated to share buyback program: €5,000,000.
- Maximum number of securities that the issuer proposes to acquire: 10% of the total number of shares composing the company's share capital at whatever time, this percentage applying to share capital adjusted according to operations which may affect it subsequent to the general meeting date.
- Characteristics of securities that the issuer proposes to acquire: common Guillemot Corporation shares (ISIN FR0000066722) listed on the Euronext Paris exchange (compartment C).
- Maximum unitary purchase price: €5
- Duration of buyback program: 18 months from the general meeting date (expiring on November 23, 2018).

9.1.5 *Potential capital*

At February 28, 2017, the potential number of common shares to be issued amounted to 593,640.

This number corresponds in full to the stock options granted by the Board of Directors under authorization from the extraordinary general meeting of shareholders. It represents 3.81% of the sum of the shares composing the company's share capital and these potential new shares.

At 28/02/2017

Potential number of common shares to be issued	593,640
<i>including on behalf of Claude Guillemot, Chief Executive Officer</i>	15,000
<i>including on behalf of Michel Guillemot, Deputy CEO</i>	15,000
<i>including on behalf of Yves Guillemot, Deputy CEO</i>	15,000
<i>including on behalf of Gérard Guillemot, Deputy CEO</i>	15,000
<i>including on behalf of Christian Guillemot, Deputy CEO</i>	15,000
<i>including on behalf of other members of the Guillemot family</i>	0

9.1.6 Delegations of authority and of powers currently valid with respect to capital increases

The table summarizing the delegations of authority and of powers currently valid with respect to capital increases, granted to the Board of Directors by the general meeting of shareholders of the company Guillemot Corporation S.A. pursuant to Articles L.225-129-1 and L.225-129-2 of the Commercial Code, is set out below.

Delegation date	Delegation subject	Ceiling (1)	Delegation duration	Use during the fiscal year ended 31/12/2016
21/05/2015	1- Delegation of authority granted to Board of Directors to issue common shares, capital securities providing access to other capital securities or giving the right to allocation of debt securities, marketable securities providing access to capital securities to be issued, with preservation of preferential subscription rights	Maximum nominal amount of capital increases which may be carried out: €8 million Maximum nominal amount of debt securities providing access to capital securities which may be issued: €15 million	26 months, until 20/07/2017	Nil
21/05/2015	2- Delegation of authority granted to Board of Directors to issue common shares, capital securities providing access to other capital securities or giving the right to allocation of debt securities, marketable securities providing access to capital securities to be issued, with removal of preferential subscription rights, in the context of public offer(s)	Maximum nominal amount of capital increases which may be carried out: €8 million Maximum nominal amount of debt securities providing access to capital securities which may be issued: €15 million	26 months, until 20/07/2017	Nil
21/05/2015	3- Delegation of authority granted to Board of Directors to issue common shares, capital securities providing access to other capital securities or giving the right to allocation of debt securities, marketable securities providing access to capital securities to be issued, with removal of preferential subscription rights, in the context of offer(s) stipulated in Article L.411-2, paragraph II of the Monetary and Financial Code	Maximum nominal amount of capital increases which may be carried out: €8 million Maximum nominal amount of debt securities providing access to capital securities which may be issued: €15 million	26 months, until 20/07/2017	Nil
21/05/2015	4- Authorization granted to Board of Directors to set the issue price for capital securities to be issued in the context of public offer(s) or offer(s) stipulated in Article L.411-2, paragraph II of the Monetary and Financial Code, up to a limit of 10% of share capital per year	Up to 10% of share capital per year	26 months, until 20/07/2017	Nil
21/05/2015	5- Authorization granted to Board of Directors to increase the amount of the issues which may be decided upon by the Board of Directors by virtue of delegations 1, 2 and 3 above, in the event of excess demand	Pursuant to the terms of Article R.225-118 of the Commercial Code (i.e. up to 15% of the initial issue)	26 months, until 20/07/2017	Nil
21/05/2015	6- Delegation of powers granted to Board of Directors to proceed with capital increases in order to remunerate contributions in kind granted to the company and composed of capital securities or of marketable securities granting access to capital	Up to 10% of the company's share capital	26 months, until 20/07/2017	Nil

Delegation date	Delegation subject	Ceiling (1)	Delegation duration	Use during the fiscal year ended 31/12/2016
21/05/2015	7- Delegation of powers granted to Board of Directors to grant stock options to salaried employees and/or executive directors of the company and/or of related companies	Up to a nominal overall limit of €600,000	38 months, until 20/07/2018	Nil
21/05/2015	8- Delegation of authority granted to Board of Directors to proceed with capital increases reserved for members of a company or group savings plan	Up to 2% of the company's share capital	26 months, until 20/07/2017	Nil
26/05/2016	9- Authorization granted to Board of Directors to proceed with the bonus issue of company shares to salaried employees and/or executive directors of the company and/or of related companies	Maximum percentage of share capital which may be allocated: 2%	38 months, until 25/07/2019	Nil

(1) The general meeting of shareholders held on May 21, 2015 set the overall ceiling for capital increases which may be carried out by virtue of the delegations of authority, of powers and/or the authorizations set out in this summary table at an overall maximum nominal amount of €8 million, and at a total maximum nominal amount of €15 million for the debt securities granting access to capital securities which may be issued by virtue of delegations 1, 2 and 3, above.

9.2 Information regarding Guillemot Corporation shares

9.2.1 Company stock exchange information

Guillemot Corporation S.A. is listed on the Euronext Paris exchange (Compartment C).

ISIN code	:	FR0000066722
Market capitalization at December 31, 2016	:	€20,256,393.60
Market capitalization at February 28, 2017	:	€23,257,340.80

9.2.2 Guillemot Corporation share price evolution

Month	Total security transactions	Daily average security volume traded	Opening price on the last day of the month (€)	Monthly high price (€)	Monthly low price (€)
Sep-15	883,881	40,176	1.29	1.63	1.29
Oct-15	1,298,258	59,012	1.99	2.04	1.32
Nov-15	600,405	28,591	1.57	1.82	1.52
Dec-15	332,688	15,122	1.57	1.67	1.48
Jan-16	916,104	45,805	1.55	1.72	1.34
Feb-16	542,871	25,851	1.30	1.48	1.05
Mar-16	1,006,982	47,952	1.51	1.78	1.31
Apr-16	483,700	23,033	1.49	1.57	1.30
May-16	311,768	14,171	1.46	1.49	1.31
Jun-16	315,357	14,334	1.36	1.48	1.28
Jul-16	217,439	10,354	1.45	1.53	1.34
Aug-16	262,968	11,433	1.43	1.55	1.35
Sep-16	244,929	11,133	1.34	1.53	1.30
Oct-16	67,278	3,204	1.24	1.35	1.23
Nov-16	165,078	7,504	1.29	1.43	1.23
Dec-16	168,100	8,005	1.34	1.40	1.29
Jan-17	184,787	8,399	1.39	1.43	1.26
Feb-17	586,609	29,330	1.57	1.63	1.31

(Source: Euronext) (from 01/09/2015 to 28/02/2017)



(from 01/09/2015 to 28/02/2017)

9.3 Other information

9.3.1 Shareholder commitments

There are no shareholder commitments.

9.3.2 Shareholder agreements

There are no shareholder agreements.

9.3.3 Capital pledges

There are no capital pledges, to the company's knowledge.

9.3.4 Elements which may have an effect in the event of a public offer

9.3.4.1 Structure of capital – Direct or indirect holdings in the company's share capital

This information is set out in section 9.1.2 of the Management report.

9.3.4.2 Exercise of voting rights and share transfers

The company's bylaws do not stipulate any restrictions in exercising voting rights attached to company shares. The company has no knowledge of any agreement entered into between shareholders stipulating restrictions in exercising voting rights attached to company shares.

The company's bylaws do not stipulate any restrictions on the transfer of company shares. The company has no knowledge of any agreement entered into between shareholders stipulating restrictions on the transfer of company shares.

Moreover, the company has no knowledge of any agreement stipulating preferential conditions for the disposal or acquisition of shares.

9.3.4.3 List of holders of any securities including special control rights

There are no securities including special control rights.

9.3.4.4 Control mechanisms planned for in a potential employee share ownership system

No control mechanisms are planned for at this time, as the company has no employee share ownership.

9.3.4.5 Regulations applicable to the nomination and replacement of members of the Board of Directors

The company's bylaws do not stipulate any specific regulations in terms of the nomination or replacement of members of the Board of Directors. Consequently, the regulations applicable in this matter are those stipulated by law.

9.3.4.6 Powers of the Board of Directors with respect to share issue or buyback

The delegations of authority and of powers granted to the Board of Directors with respect to capital increases are set out in section 9.1.6 of the Management report.

Moreover, the Board of Directors has an authorization from the general meeting of shareholders held on May 26, 2016 allowing it to proceed with share buybacks.

The information regarding the use made by the Board of Directors of this authorization during the fiscal year ended December 31, 2016 and the features of the share buyback program is set out in section 9.1.4.1 of the Management report.

9.3.4.7 Regulations applicable to modification of company bylaws

Only the extraordinary general meeting of shareholders is authorized to modify the company's bylaws; with the stipulation that the general meeting may, in certain cases, decide to delegate its authority or powers to the Board of Directors, pursuant to legal and regulatory provisions.

9.3.4.8 Agreements stipulating compensation for members of the Board of Directors or employees

There are no agreements stipulating compensation for members of the Board of Directors or employees, if they should resign or are terminated without real and just cause, or if their employment ends due to a public offer.

10 INFORMATION REGARDING EXECUTIVE DIRECTORS

10.1 Administrative and management bodies of Guillemot Corporation S.A.

10.1.1 Administrative body

Name/ Professional address	Function	Appointment date	Term of office expiry
Claude Guillemot BP 2, 56204 La Gacilly Cedex	Chairman of the Board of Directors	September 1, 1997	Term of office set to expire at the OGM to take place in 2018
Michel Guillemot BP 2, 56204 La Gacilly Cedex	Director	September 1, 1997	Term of office set to expire at the OGM to take place in 2018
G�rard Guillemot BP 2, 56204 La Gacilly Cedex	Director	September 1, 1997	Term of office set to expire at the OGM to take place in 2018
Christian Guillemot BP 2, 56204 La Gacilly Cedex	Director	September 1, 1997	Term of office set to expire at the OGM to take place in 2018
Marie-H�l�ne Lair BP 2, 56204 La Gacilly Cedex	Director (independent member)	November 25, 2011	Term of office set to expire at the OGM to take place in 2017
Maryvonne Le Roch - Nocera BP 2, 56204 La Gacilly Cedex	Director (independent member)	May 22, 2014	Term of office set to expire at the OGM to take place in 2020

Mr. Yves Guillemot stepped down from his Director duties effective August 5, 2016, in order to comply with the terms of Article L.225-94-1 of the Commercial Code, which set a limit of three with respect to the number of corporate roles that Mr. Yves Guillemot may hold within companies whose securities are admitted to trading in a regulated market.

10.1.2 Management body

Name/ Professional address	Function	Appointment date	Term of office expiry
Claude Guillemot BP 2, 56204 La Gacilly Cedex	Chief Executive Officer	September 1, 1997	Function expires at end of Director's term of office
Michel Guillemot BP 2, 56204 La Gacilly Cedex	Deputy CEO, Business Strategy	November 7, 1997	Function expires at end of Director's term of office
Yves Guillemot BP 2, 56204 La Gacilly Cedex	Deputy CEO, Relations with video game console and computer manufacturers	November 7, 1997	Function expires on the date of the ending of Mr. Claude Guillemot's Chief Executive duties (or in the event of the ending of Mr. Claude Guillemot's Chief Executive duties, until the appointment of a new Chief Executive)
G�rard Guillemot BP 2, 56204 La Gacilly Cedex	Deputy CEO, Market Research	November 7, 1997	Function expires at end of Director's term of office
Christian Guillemot BP 2, 56204 La Gacilly Cedex	Deputy CEO, Administration	September 1, 1997	Function expires at end of Director's term of office

On September 21, 2016, the Board of Directors decided to maintain Mr. Yves Guillemot's duties as a Deputy CEO.

10.1.3 Information regarding the expertise and experience of members of administrative and management bodies

▪ Claude Guillemot

Upon completion of his master's degree in economics at the University of Rennes I in 1981, followed by a specialization in industrial computer science at ICAM–Lille, Mr. Claude Guillemot joined his family business and, in 1984, oriented its activities to focus on the distribution of IT products. In 1985, a decision was made to specialize in distributing video games under the “Guillemot International Software” brand. With his four brothers, he then created the Guillemot Corporation Group in 1997, designing and manufacturing interactive entertainment hardware and accessories under the Hercules brand for digital peripheral devices (DJing and digital music, speaker kits), and Thrustmaster for PC and console video game accessories.

In 1986, he also founded the Ubisoft Entertainment Group – a developer and publisher of interactive games for PC and consoles – with his brothers, as well as the Gameloft Group in 2000, one of the worldwide leaders in publishing downloadable video games.

Mr. Claude Guillemot is Chief Executive Officer of the company Guillemot Corporation S.A., and Deputy CEO and Director of the company Ubisoft Entertainment S.A.

▪ Michel Guillemot

A graduate of EDHEC Business School and holder of the DECS (Higher Accounting Studies Diploma), Mr. Michel Guillemot is the founder of Gameloft – a publisher of video games for mobile devices – where he served as Chief Executive Officer for sixteen years. Gameloft's activity is focused on developing games for smartphones, smart TVs and social networks. Under his leadership, from 2001 through 2016, Gameloft achieved rapid and strong growth, becoming a worldwide leader and one of the top developers of mobile games. Currently based in London, Mr. Michel Guillemot co-founded the Guillemot Corporation Group (designer and manufacturer of interactive entertainment hardware and accessories under the Hercules and Thrustmaster brands) with his four brothers, and serves as Deputy CEO and Director of the company Guillemot Corporation S.A.

His 30 years of experience in the video game industry, entrepreneurial mindset and in-depth understanding of the mobile industry make Mr. Michel Guillemot a key player in this field. He also co-founded the Ubisoft Entertainment Group (developer and publisher of interactive games for PC and consoles) in 1986, and serves as Deputy CEO in charge of strategic and financial development and Director of Ubisoft Entertainment S.A.

▪ Yves Guillemot

Following his business studies at IPME, Mr. Yves Guillemot joined his four brothers to get started in the video games sector, then in the beginning stages of its meteoric growth. Currently Chief Executive Officer of the Ubisoft Entertainment Group, which they created together in 1986 and which is today one of the leading worldwide publishers and distributors of video games, Mr. Yves Guillemot was honored with the Entrepreneur of the Year award by the Ernst & Young audit firm in 2009.

Also a co-founder of the Guillemot Corporation Group along with his brothers, he serves as Deputy CEO of Guillemot Corporation S.A. in charge of relations with video game console and computer manufacturers. Mr. Yves Guillemot is also a member of the supervisory board of the company Lagardère SCA, and a board member of the company Rémy Cointreau S.A.

▪ Gérard Guillemot

A graduate of EDHEC Business School in Lille, Mr. Gérard Guillemot helped to establish the North American studios of the Ubisoft Entertainment Group, specializing in the development and publishing of interactive games for PC and consoles, which he founded with his four brothers in 1986. Since mid-April 2016, he has headed up Ubisoft's Motion Pictures division. He also serves as Deputy CEO and Director of the company Ubisoft Entertainment S.A.

He was also responsible for launching Gameloft.com, an Internet gaming portal which he then floated on the stock exchange.

Currently based in New York, Mr. Gérard Guillemot serves as President of the American company Longtail Studios Inc., which he created in 2003 and which designs educational apps for smartphones and tablets.

Mr. Gérard Guillemot is also a co-founder of the Guillemot Corporation Group (designer and manufacturer of interactive entertainment hardware and accessories under the Hercules and Thrustmaster brands), and serves as Deputy CEO and Director of Guillemot Corporation S.A.

▪ Christian Guillemot

A graduate of the European Business School in London, Mr. Christian Guillemot played a leading role in the stock market listing of the Ubisoft Entertainment Group (developer and publisher of interactive games for PC and consoles), the Guillemot Corporation Group (designer and manufacturer of interactive entertainment hardware and accessories under the Hercules and Thrustmaster brands) and the Gameloft Group (one of the worldwide leaders in publishing downloadable video games), which he co-founded with his four brothers. Deputy CEO and Director of both the Guillemot Corporation and Ubisoft Entertainment Groups, he is also

Chief Executive Officer of the family-owned holding company Guillemot Brothers S.E., and Secretary of the company Longtail Studios Inc. He manages the company AMA S.A., which he co-founded with his brothers in 2004, specializing in telemedecine and teleassistance solutions via smartglasses – a market currently experiencing strong growth. With his strong passion for innovation, Mr. Christian Guillemot is also an active player in the development of French Tech, with the creation of three digital accelerators in Brittany, where he has served as a local councillor since 2014.

▪ **Marie-Hélène Lair**

Following her advanced accounting studies, Ms. Lair practiced at an accounting firm until 1986, with responsibility for overseeing a portfolio of clients.

From 1986 to 1999, Ms. Lair served as Manager of a production center at BIS France. She headed up management of the center, overseeing production, customer credit, accounting and financial control. During this period (1992 to 1993), Ms. Lair also served as Accounting Director at the head office of the BIS Group.

From 2000 to 2004, Ms. Lair was Production Manager at the Vedior France Group (Temporary employment), where she was responsible for pay, accounting and management control. Ms. Lair was also a member of the Finance Executive Committee at Vedior France.

▪ **Maryvonne Le Roch - Nocera**

Upon leaving the ICS Paris, holder of a postgraduate qualification in accounting, Maryvonne Le Roch - Nocera joined the firm of auditors Edouard Salustro & Associates. Thereafter, she was responsible for a portfolio of clients at Grégoire et Associés (Chartered accountant – auditor).

In 1986, she moved to Brittany to join the family holding company: supermarkets, real estate companies.

From 2005 to 2007, she headed up the entity in charge of business aviation of the Intermarché group and created the business aviation company Air ITM.

In 2007, she created the Intermarché in Surzur and in 2011 took over the one in Arzon.

Since 2006, she has also been a Board member of the Le Roch – Les Mousquetaires Foundation.

10.2 Other positions held and functions carried out by members of administrative and management bodies

▪ **Claude Guillemot**

OTHER POSITIONS HELD AND FUNCTIONS CARRIED OUT WITHIN THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

President of Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS

Foreign

President and Administrator of Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States)

Executive Director of Guillemot Electronic Technology (Shanghai) Co., Ltd (China)

Administrator of Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot SA (Belgium), Guillemot Romania Srl (Romania), Guillemot Srl (Italy), Guillemot Spain SL (Spain)

Manager of Guillemot GmbH (Germany)

POSITIONS HELD AND FUNCTIONS CARRIED OUT OUTSIDE OF THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Deputy CEO and Administrator of Ubisoft Entertainment SA*

Administrator of AMA SA

Chief Executive of Guillemot Brothers SAS

Foreign

Administrator of Ubisoft Nordic A/S (Denmark), Ubisoft Emirates FZ LLC (United Arab Emirates)

Deputy Administrator of Ubisoft Entertainment Sweden AB (Sweden), RedLynx Oy (Finland), Malmö Fastighetseden 1 AB (Sweden)

Director of Playwing Ltd (United Kingdom)

Director and Deputy CEO of Guillemot Brothers SE (United Kingdom)

EXPIRED POSITIONS AND FUNCTIONS WITHIN THE GUILLEMOT CORPORATION GROUP (PAST 5 FISCAL YEARS)

Nil.

EXPIRED POSITIONS AND FUNCTIONS OUTSIDE OF THE GUILLEMOT CORPORATION GROUP (PAST 5 FISCAL YEARS)

France

Deputy CEO and Administrator of Guillemot Brothers SE, Gameloft SE

Foreign

Administrator of Ubisoft Sweden A/B (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft Live Développements Inc. (Canada), Gameloft Madrid SL (Spain), Gameloft Iberica SA (Spain), Gameloft Inc. (United States)

▪ **Michel Guillemot**

OTHER POSITIONS HELD AND FUNCTIONS CARRIED OUT WITHIN THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Nil.

Foreign

Administrator of Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

POSITIONS HELD AND FUNCTIONS CARRIED OUT OUTSIDE OF THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Deputy CEO and Administrator of Ubisoft Entertainment SA*

Administrator of AMA SA

Chief Executive of Guillemot Brothers SAS

Foreign

Administrator of Ariann Finance Inc. (Canada)

Director of Playwing Ltd (United Kingdom)

Director and Deputy CEO of Guillemot Brothers SE (United Kingdom)

EXPIRED POSITIONS AND FUNCTIONS WITHIN THE GUILLEMOT CORPORATION GROUP

(PAST 5 FISCAL YEARS)

Nil.

EXPIRED POSITIONS AND FUNCTIONS OUTSIDE OF THE GUILLEMOT CORPORATION GROUP

(PAST 5 FISCAL YEARS)

France

Deputy CEO and Administrator of Guillemot Brothers SE

CEO and Administrator of Gameloft SE

President of Gameloft Distribution SAS, Gameloft Partnerships SAS, Ludigames SAS

Manager of Gameloft Rich Games Production France SARL

Foreign

President of Gameloft Srl (Romania), Gameloft Software (Beijing) Company Ltd (China), Gameloft Software (Chengdu) Company Ltd (China), Gameloft Argentina S.A. (Argentina), Gameloft Software (Shanghai) Company Co. Ltd. (China), Gameloft Software (Shenzhen) Company Ltd (China)

President and Administrator of Gameloft Inc (United States), Gameloft Divertissements Inc (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Entertainment Toronto Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft KK (Japan), Gameloft Company Ltd (Vietnam), Gameloft Iberica SA (Spain), Gameloft Private India Ltd (India), Gameloft Co. Ltd. (South Korea), Gameloft Ltd (Hong Kong), Gameloft Philippines Inc. (Philippines), Gameloft Pte Limited (Singapore), PT Gameloft Indonesia (Indonesia), Gameloft New Zealand Ltd (New Zealand), Gameloft Hungary Software Development and Promotion kft (Hungary), Gameloft SDN BHD (Malaysia), Gameloft FZ-LLC (United Arab Emirates), Gameloft Madrid SL (Spain), Gameloft OY (Finland), Gameloft LLC (Russia), LLC Gameloft (Belarus), Gameloft Uruguay SA (Uruguay)

Manager of Gameloft GmbH (Germany), Gameloft Srl (Italy), Gameloft EOOD (Bulgaria), Gameloft S. de R.L. de C.V. (Mexico), Gameloft S.P.R.L. (Belgium), Gameloft S.r.o. (Czech Republic)

Administrator of Gameloft Australia Pty Ltd (Australia), Gameloft de Venezuela SA (Venezuela), Gameloft Ltd. (Malta), Gameloft do Brasil Ltda (Brazil)

▪ **Yves Guillemot**

OTHER POSITIONS HELD AND FUNCTIONS CARRIED OUT WITHIN THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Nil.

Foreign

Administrator of Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

POSITIONS HELD AND FUNCTIONS CARRIED OUT OUTSIDE OF THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

CEO of Ubisoft Entertainment SA*

President of Ubisoft Ancecy SAS, Ubisoft EMEA SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Motion Pictures Assassin's Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlint SAS, Ubisoft Création SAS, Ivory Tower SAS, Ketchapp SAS

Manager of Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Script Movie SARL, Ubisoft Mobile Games SARL, Ubisoft Paris - Mobile SARL, Ivory Art & Design SARL

Administrator of Rémy Cointreau SA*, AMA SA

Supervisory Board member of Lagardère SCA*

Chief Executive of Guillemot Brothers SAS

Foreign

Director and Deputy CEO of Guillemot Brothers SE (United Kingdom)

Manager of Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Entertainment SARL (Luxembourg), Ubisoft Sarl (Morocco)

President and Administrator of Ubisoft Divertissements Inc. (Canada), Ubisoft Éditions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Ubi Games SA (Switzerland), Red Storm Entertainment Inc. (United States), Ubisoft L.A. Inc. (United States), Ubisoft CRC Ltd (United Kingdom)

Vice-President and Administrator of Ubisoft Inc. (United States)

Chief Executive and Administrator of Ubisoft Emirates FZ LLC (United Arab Emirates)

Director of Playwing Ltd (United Kingdom)

Executive Administrator of Shanghai Ubi Computer Software Co. Ltd (China), Chengdu Ubi Computer Software Co. Ltd (China)

Administrator of Ubisoft Pty Ltd (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain), Ubisoft Ltd (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), Ubisoft Srl (Romania), Ubisoft Ltd (United Kingdom), Ubisoft Reflections Ltd (United Kingdom), Red Storm Entertainment Ltd (United Kingdom), Ubisoft Singapore Pte Ltd (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), RedLynx Oy (Finland), Future Games of London Ltd (United Kingdom), Malmö Fastighetsnämnden 1 AB (Sweden), Ubisoft DOO Beograd (Serbia)

**EXPIRED POSITIONS AND FUNCTIONS WITHIN THE GUILLEMOT CORPORATION GROUP
(PAST 5 FISCAL YEARS)**

Administrator of Guillemot Corporation S.A.*

**EXPIRED POSITIONS AND FUNCTIONS OUTSIDE OF THE GUILLEMOT CORPORATION GROUP
(PAST 5 FISCAL YEARS)**

France

Deputy CEO and Administrator of Guillemot Brothers SE, Gameloft SE

President of Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS

Manager of Ubisoft EMEA SARL

Foreign

President and Administrator of Ubisoft Vancouver (Canada), Ubisoft Canada Inc. (Canada), L'Atelier Ubi Inc. (Canada), Technologies Quazal Inc. (Canada), Ubisoft Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada), Ubisoft Holdings Inc. (United States)

President of Ubisoft LLC (United States)

Manager of Spieleentwicklungskombinat GmbH (Germany), Related Designs Software GmbH (Germany)

Administrator of Ubisoft Sweden AB (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada)

▪ **Gérard Guillemot**

OTHER POSITIONS HELD AND FUNCTIONS CARRIED OUT WITHIN THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Nil.

Foreign

Administrator of Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)

POSITIONS HELD AND FUNCTIONS CARRIED OUT OUTSIDE OF THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Deputy CEO and Administrator of Ubisoft Entertainment SA*

Administrator of AMA SA

Chief Executive of Guillemot Brothers SAS

Foreign

President of Longtail Studios Inc. (United States), Longtail Studios Halifax Inc. (Canada), Longtail Studios PEI Inc. (Canada)

Director of Playwing Ltd (United Kingdom)

Director and Deputy CEO of Guillemot Brothers SE (United Kingdom)

**EXPIRED POSITIONS AND FUNCTIONS WITHIN THE GUILLEMOT CORPORATION GROUP
(PAST 5 FISCAL YEARS)**

Nil.

**EXPIRED POSITIONS AND FUNCTIONS OUTSIDE OF THE GUILLEMOT CORPORATION GROUP
(PAST 5 FISCAL YEARS)**

France

Deputy CEO and Administrator of Guillemot Brothers SE, Gameloft SE

Foreign

President of Studios Longtail Québec Inc. (Canada)

Administrator of Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Inc. (United States)

▪ **Christian Guillemot**

OTHER POSITIONS HELD AND FUNCTIONS CARRIED OUT WITHIN THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Manager of Guillemot Administration et Logistique SARL

Foreign

Administrator of Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot SA (Belgium)

POSITIONS HELD AND FUNCTIONS CARRIED OUT OUTSIDE OF THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Deputy CEO and Administrator of Ubisoft Entertainment SA*

CEO and Administrator of AMA SA

President of AMA Opérations SAS, AMA Research and Development SAS, SAS du Corps de Garde, Guillemot Brothers SAS

Foreign

Administrator of Ubisoft Nordic A/S (Denmark)

CEO and Administrator of AMA Xperteve Inc. (United States)

CEO and Director of Guillemot Brothers SE (United Kingdom)

President and Director of Playwing Ltd (United Kingdom)

Director of AMA Corporation Ltd (United Kingdom)

President of SC AMA Romania Srl (Romania)

Administrator of Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada), AMA Xperteve Ltd (United Kingdom), AMA Xperteve Srl (Romania), Playwing Entertainment SL (Spain)

**EXPIRED POSITIONS AND FUNCTIONS WITHIN THE GUILLEMOT CORPORATION GROUP
(PAST 5 FISCAL YEARS)**

Nil.

**EXPIRED POSITIONS AND FUNCTIONS OUTSIDE OF THE GUILLEMOT CORPORATION GROUP
(PAST 5 FISCAL YEARS)**

France

Administrator and CEO of Guillemot Brothers SE

Deputy CEO and Administrator of Gameloft SE

President of Studio AMA Bretagne SAS

Co-Manager of Studio AMA Bretagne SARL

Foreign

Vice-President of Ubisoft Holdings Inc. (United States)

Administrator of Ubisoft Sweden AB (Sweden), Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft Iberica SA (Spain) Gameloft Inc. (United States)

President and Administrator of Advanced Mobile Advertisement Inc. (United States)

President of AMA Studios SA (Belgium)

- **Marie-Hélène Lair**

Nil.

- **Maryvonne Le Roch-Nocera**

OTHER POSITIONS HELD AND FUNCTIONS CARRIED OUT WITHIN THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

Nil.

POSITIONS HELD AND FUNCTIONS CARRIED OUT OUTSIDE OF THE GUILLEMOT CORPORATION GROUP AT 31/12/2016

France

Chief Executive and Managing Board member of Vanves Distribution S.A.**

President of Nautimar S.A.S.

Manager of Majimer S.A.R.L., Du Lobreont S.C.I.

Foreign

Nil.

EXPIRED POSITIONS AND FUNCTIONS WITHIN THE GUILLEMOT CORPORATION GROUP

(PAST 5 FISCAL YEARS)

Nil.

EXPIRED POSITIONS AND FUNCTIONS OUTSIDE OF THE GUILLEMOT CORPORATION GROUP

(PAST 5 FISCAL YEARS)

France

Administrator of Nautimar S.A.

Foreign

Nil.

* *Company listed on the Euronext Paris exchange.*

** *Vanves Distribution S.A. is also the manager of Du Chantier S.N.C.*

10.3 Compensation of members of administrative and management bodies

10.3.1 Compensation paid by Guillemot Corporation S.A.

The total amount of attendance fees paid out by the company to members of the Board of Directors stood at €89,968 for the fiscal year.

The company's executive directors (Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot) are also remunerated for their functions of Chief Executive Officer or Deputy CEO. They do not have employment contracts.

The total gross compensation paid out by the company to executive directors for their role as Director amounted to €220,440 for the fiscal year, as fixed compensation. No variable or special compensation was paid out during the fiscal year.

No benefits were paid out during the fiscal year, including in the form of the allocation of capital securities, debt securities or securities granting access to capital or granting the right to allocation of debt securities of the company or of the companies stipulated in Articles L. 228-13 and L. 228-93 of the Commercial Code.

During the fiscal year ended December 31, 2016:

- no share subscription or purchase options were granted to executive directors by Guillemot Corporation S.A. or by the other companies in the Guillemot Corporation Group;
- no subscription options were exercised by executive directors;
- no bonus shares were granted to executive directors.

No commitments have been made by the company in favor of its executive directors corresponding to elements of compensation, indemnities or benefits due or potentially due as a result of the undertaking, ending or changing of these functions or subsequent to the same, including with regard to pension commitments and other lifetime benefits in particular.

No compensation has been paid by virtue of a profit-sharing plan or bonuses.

No specific retirement benefits scheme has been put in place for the company's executive directors.

Any categories not referred to in the tables below are deemed non-applicable.

Summarized table of compensation paid to each executive director (€ amounts)						
Claude Guillemot Chief Executive Officer	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	147,000	147,000	147,000	147,000	147,000	147,000
Attendance fees	15,000	15,000	15,000	15,000	15,000	15,000
<i>Fixed component</i>	10,000	10,000	10,000	10,000	10,000	10,000
<i>Variable component</i>	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL	162,000	162,000	162,000	162,000	162,000	162,000
Michel Guillemot Deputy CEO	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Attendance fees	15,000	12,000	12,000	12,000	12,000	10,000
<i>Fixed component</i>	10,000	10,000	10,000	10,000	10,000	10,000
<i>Variable component</i>	5,000	2,000	2,000	2,000	2,000	0
TOTAL	33,360	30,360	30,360	30,360	30,360	28,360
Yves Guillemot Deputy CEO	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Attendance fees	5,968	5,968	10,000	10,000	10,000	12,000
<i>Fixed component</i>	5,968	5,968	10,000	10,000	10,000	10,000
<i>Variable component</i>	0	0	0	0	0	2,000
TOTAL	24,328	24,328	28,360	28,360	28,360	30,360
G�rard Guillemot Deputy CEO	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Attendance fees	10,000	15,000	15,000	15,000	15,000	10,000
<i>Fixed component</i>	10,000	10,000	10,000	10,000	10,000	10,000
<i>Variable component</i>	0	5,000	5,000	5,000	5,000	0
TOTAL	28,360	33,360	33,360	33,360	33,360	28,360
Christian Guillemot Deputy CEO	Fiscal 2016		Fiscal 2015		Fiscal 2014	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Attendance fees	15,000	15,000	15,000	15,000	15,000	15,000
<i>Fixed component</i>	10,000	10,000	10,000	10,000	10,000	10,000
<i>Variable component</i>	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL	33,360	33,360	33,360	33,360	33,360	33,360
OVERALL TOTAL	281,408	283,408	287,440	287,440	287,440	282,440

Table of attendance fees (and other compensation) received by non-executive directors (€ amounts)			
Marie-H�l�ne Lair Director	Fiscal 2016	Fiscal 2015	Fiscal 2014
	Amounts paid	Amounts paid	Amounts paid
Attendance fees	15,000	15,000	15,000
<i>Fixed component</i>	10,000	10,000	10,000
<i>Variable component</i>	5,000	5,000	5,000
TOTAL	15,000	15,000	15,000
Maryvonne Le Roch - Nocera* Director	Fiscal 2016	Fiscal 2015	Fiscal 2014
	Amounts paid	Amounts paid	Amounts paid
Attendance fees	12,000	15,000	6,096
<i>Fixed component</i>	10,000	10,000	6,096
<i>Variable component</i>	2,000	5,000	0
TOTAL	12,000	15,000	6,096

* Ms. Maryvonne Le Roch - Nocera was appointed a Director by the general meeting of shareholders held May 22, 2014.

Summarized table of indemnities or benefits in favor of executive directors				
Executive directors	Employment contract		Supplementary pension plan	
	YES	NO	YES	NO
Claude Guillemot				
Chief Executive Officer		X		X
Term of office start: 1997				
Term of office end: 2018				
Michel Guillemot				
Deputy CEO		X		X
Term of office start: 1997				
Term of office end: 2018				
Yves Guillemot				
Deputy CEO		X		X
Term of office start: 1997				
Term of office end: 2018				
G�rard Guillemot				
Deputy CEO		X		X
Term of office start: 1997				
Term of office end: 2018				
Christian Guillemot				
Deputy CEO		X		X
Term of office start: 1997				
Term of office end: 2018				

10.3.2 Compensation paid by other Guillemot Corporation Group companies

Guillemot Corporation S.A.'s executive directors have received no compensation on the part of other Guillemot Corporation Group companies during the fiscal year.

10.3.3 Compensation paid by the company controlling Guillemot Corporation S.A.

Since March 4, 2016, the company Guillemot Brothers S.E. no longer controls the company Guillemot Corporation S.A., in the sense of Article L.233-16 of the Commercial Code.

� amounts	Gross amounts paid (1)		
	from 01/01/2016 to 04/03/2016 (2)	2015	2014
Name			
Claude Guillemot	79,640	434,454	432,840
Michel Guillemot	4,807	28,296	24,783
Yves Guillemot	4,528	28,498	32,124
G�rard Guillemot	117,675	696,729	544,949
Christian Guillemot	107,720	571,467	594,612
Marie-H�l�ne Lair	0	0	0
Maryvonne Le Roch - Nocera	0	0	0
Total	314,370	1,759,444	1,629,308

(1) No variable or special compensation has been paid. No attendance fees have been paid. No benefits have been received.

(2) Gross amounts paid out over the period during which the company Guillemot Brothers S.E. controlled the company Guillemot Corporation S.A. in the sense of Article L.233-16 of the Commercial Code.

10.4 Various information regarding executive directors

10.4.1 Transactions stipulated in Article L.621-18-2 of the Monetary and Financial Code

Declarant	Transaction type	Transaction date	Transaction venue	Number of securities	Unit price (in €)	Transaction amount (in €)
Christian Guillemot ⁽¹⁾	Disposal	2/1/2016	Euronext Paris	9,363	1.41	13,225.23
	Disposal	2/2/2016	Euronext Paris	21,171	1.33	28,110.85
	Disposal	2/3/2016	Euronext Paris	17,477	1.29	22,592.51
	Disposal	2/4/2016	Euronext Paris	1,024	1.31	1,341.44
	Disposal	2/5/2016	Euronext Paris	6,688	1.28	8,544.58
	Disposal	2/8/2016	Euronext Paris	2,241	1.25	2,801.25
	Disposal	2/19/2016	Euronext Paris	7,015	1.35	9,457.62
	Disposal	2/23/2016	Euronext Paris	2,500	1.37	3,431.25
	Acquisition	3/4/2016	Euronext Paris	1,406,706	1.33	1,870,918.90
	Acquisition	11/30/2016	Euronext Paris	50,000	1.36	67,940.00
Guillemot Brothers S.E. ⁽³⁾	Disposal	3/1/2016	Euronext Paris	1,406,707	1.33	1,870,920.30
	Disposal	3/1/2016	Euronext Paris	1,406,707	1.33	1,870,920.30
	Disposal	3/3/2016	Euronext Paris	1,406,706	1.33	1,870,918.90
	Disposal	3/3/2016	Euronext Paris	1,406,707	1.33	1,870,920.30
	Disposal	3/4/2016	Euronext Paris	1,406,706	1.33	1,870,918.90
Claude Guillemot ⁽²⁾	Acquisition	3/1/2016	Euronext Paris	1,406,707	1.33	1,870,920.30
Michel Guillemot ⁽¹⁾	Acquisition	3/1/2016	Euronext Paris	1,406,707	1.33	1,870,920.30
Yves Guillemot ⁽¹⁾	Acquisition	3/3/2016	Euronext Paris	1,406,706	1.33	1,870,918.90
G�rard Guillemot ⁽¹⁾	Acquisition	3/3/2016	Euronext Paris	1,406,707	1.33	1,870,920.30

(1) Director and Deputy CEO of Guillemot Corporation S.A.

(2) Chief Executive Officer of Guillemot Corporation S.A.

(3) Legal entity linked to Mr. Christian Guillemot, Director and Deputy CEO of Guillemot Corporation S.A.

10.4.2 Other information

Messrs. Claude, Michel, Yves, G rard and Christian Guillemot are brothers.

There are no restrictions regarding the disposal of executive directors' stakes in the company's share capital, except, for the stock options granted since January 1, 2007, the obligation to maintain nominal ownership of 5% of the shares resulting from the exercise of options until the termination of their duties at the company. Moreover, it should be pointed out that the Board of Directors' rules and regulations stipulate that each Director must abstain from carrying out any transactions on company securities of whatever kind, upon becoming aware of an item of information of any type which may influence the security's market price, as well as during all periods preceding the publication of results.

Transactions between executive directors and the company, apart from common transactions carried out under normal conditions, are set out in the Independent Auditors' special report.

No loans or guarantees have been granted to or established in favor of the company's executive directors. No convictions for fraud, incriminations and/or official public penalties have been brought against the company's executive directors over the past five years.

None of the company's executive directors have been associated with a bankruptcy, sequestering or liquidation over the past five years. Moreover, none of the company's executive directors have been prohibited, by a court, from acting as a member of an administrative, management or supervisory body of an issuer, or from acting in the management or conducting of business of an issuer over the past five years.

To the company's knowledge, there are no potential conflicts of interest with respect to the issuer between the duties of any member of the Board of Directors and his or her own private interests and/or other duties.

There are no arrangements or agreements concluded between the main shareholders, customers, suppliers or other individuals by virtue of which any member of the company's administrative and management bodies has been selected as a member of an administrative or management body, or as a member of executive management.

There are no service contracts linking members of administrative or management bodies to the company or to any of its subsidiaries, stipulating the granting of benefits.

11 SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

11.1 Social information

Social reporting questionnaires were submitted to each subsidiary in 2016 to allow for the collection of quantitative and qualitative information regarding all social categories included in the Grenelle 2 law, based on the entire scope of consolidation.

11.1.1 Employment

11.1.1.1 Total workforce and breakdown by sex, by age and by geographic zone

The workforce in place was broken down as follows:

	At 31/12/2016					At 31/12/2015				
	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total
Total	5	38	46	73	162	5	37	48	67	157
Permanent	5	37	44	66	152	5	35	46	66	152
Fixed-term contract	0	1	2	7	10	0	2	2	1	5
Women	0	22	16	17	55		21	17	17	55
Men	5	16	30	56	107	5	16	31	50	102
Less than 30 years old		3	7	17	27		3	8	15	26
30 to 39 years old		6	18	27	51		7	19	25	51
40 to 49 years old		20	15	25	60	1	19	17	25	62
50 years old or more	5	9	6	4	24	4	8	4	2	18

The Group's average workforce for fiscal 2016 amounted to 162 people, compared with 147 individuals during fiscal 2015.

11.1.1.2 Hiring and dismissals

During the fiscal year ended December 31, 2016, fourteen individuals were hired on a permanent basis: four in France, four in Canada, three in China, two in Romania and one in the United Kingdom.

Seventeen fixed-term contracts were entered into during the fiscal year: four in France, and thirteen among the Group's foreign subsidiaries (in Romania, China and Canada).

Four employee departures during the fiscal year resulted from a unilateral decision by the employing company.

In 2015, Group companies hired eighteen individuals on a permanent basis: seven in France, three in Canada, two in China and six in Romania. Nine fixed-term contracts were entered into during the fiscal year (seven in France, and two among foreign subsidiaries – in Germany, and in Romania).

There were no redundancies during the fiscal year.

11.1.1.3 Salaries and their evolution

(In € K)	2016		2015	
	Salary payments	Social security charges	Salary payments	Social security charges
Companies				
Parent company	220	86	220	82
Hercules Thrustmaster SAS	2,584	1,169	2,413	1,116
Guillemot Administration et Logistique SARL	1,432	624	1,328	586
Consolidated foreign subsidiaries	2,907	413	2,593	356
Total	7,143	2,292	6,554	2,140

Salary changes are mainly based on individual negotiations, according to the evolution of employees' competencies and/or responsibilities. In addition, collective wage increases may be implemented; this was the case in 2016 and 2015.

National or collective provisions (branch agreements...) apply to different Guillemot Corporation Group subsidiaries. The provisions of the Labor Code relating to incentive bonuses, profit-sharing and employee savings plans are not applicable with respect to the Group's French companies.

11.1.2 Labor organization

11.1.2.1 Organization of work time

All employees of companies within the Group are affected by the applicable legislation in this category:

- 35 hours per week in France;
- 37.5 hours per week in the UK;
- 38.5 hours per week in Germany;
- 40 hours per week in Canada, Spain, Romania and China.

The number of employees working part-time (apart from part-time parental leave) among consolidated French and foreign subsidiaries represented 3.2% of the workforce at December 31, 2016 (compared with 2.6% at December 31, 2015).

The number of extra hours worked in 2016 amounted to 945 hours: 24 in France, and 921 for foreign companies, including 632 in Hong Kong (compared with 945 hours exclusively for foreign companies in 2015).

11.1.2.2 Absenteeism

For consolidated subsidiaries, the number of leave days during the fiscal year was broken down as follows:

	2016				2015			
	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total
Sick days	96	393.5	264	753.5	107	385	120.5	612.5
Maternity leave	140	48		188				0
Work and travel-related accidents	5			5				0
Unpaid leave	47.5	22	16	85.5	8	10.5	22	40.5
Paternity leave	9		30	39			40	40
Other absence	10.5	11	24	45.5	5	5	14	24
Total	308	474.5	334	1116.5	120	400.5	196.5	717

It should be noted that one instance of long-term sick leave accounted for 260 of the 393 sick days for Hercules Thrustmaster, and that 43 of the 47.5 unpaid leave days corresponded to an absence for parental leave.

In order to facilitate and perpetuate the return to professional activity following a period of work interruption, the Group's French subsidiaries consult with their Occupational Health and Safety (Santé au Travail) service and take into account its recommendations: in particular, they strive for a return to work following a long interruption due to medical reasons, as well as adapting the details of functions and the context in which they are exercised.

11.1.3 Social relations

11.1.3.1 Organization of social dialogue, particularly with regard to information and consultation procedures for personnel, as well as worker negotiations

Employees of the Group's Romanian subsidiary and of one of its two French subsidiaries are represented by employee delegates.

These institutions are informed and consulted with pursuant to regulations.

11.1.3.2 Overview of collective agreements

All companies apply the collective regulations inherent to their activities: national agreements and branch agreements.

The Romanian "Collective Work Agreement" (in place since 2013) relates mainly to the rules applicable to the work contract and to the parties' rights and obligations, and will be renegotiated in 2017.

The Action Plan regarding the Generation Contract implemented in 2015 – which aims to set out concrete actions with the goal of sustainable integration of young people into employment by way of access to a fixed-term contract, promoting the hiring and retention of older workers, and ensuring the transmission of knowledge and skills – is being followed up and is the subject of an annual communication with employee representatives.

11.1.4 Health and safety

11.1.4.1 Health and safety conditions in the workplace

The Group's French companies are continuing their work toward risk prevention, in particular by way of updating a unique document, allowing the Group to define, evaluate and analyze the risks to which employees may be exposed. The Group's different sites are subject to inspections according to the rules applicable to each country.

In addition, it should be noted that the Group's activities give rise to limited occupational risk.

In addition to the presence of trauma kits, fire extinguishers and so on in the different workplaces, and the wearing of individual protective equipment in storage and handling areas (the importance of which is regularly noted), the Group's French companies have focused their efforts on three aspects of prevention, in particular: posture in front of a work screen, carrying loads and cardiac events.

Employees regularly benefit from training and retraining in terms of safety, both with regard to being able to properly deal with dangers in the workplace (pursuant to applicable regulations), and also with respect to volunteers receiving first aid training (as workplace first-aid attendants [Sauveteur-Secouriste du Travail], in France, at Guillemot Administration et Logistique and Hercules Thrustmaster).

A managerial employee of the Logistics department in France underwent training regarding occupational risk protection and prevention in 2014, and organized two refresher courses on proper posture in the workplace in 2016.

The Group's French companies are equipped with automatic defibrillators: early defibrillation combined with cardiopulmonary resuscitation strongly increases the chances of survival for a person in cardio-respiratory distress with ventricular fibrillation, the leading cause of sudden death among adults.

With respect to carrying loads, advice is available via the Intranet and is also explained by way of brochures and posters in all workspaces.

Similarly, as most workstations include the use of a computer, a number of online documents set out the simple rules allowing employees to properly arrange their computer-related workspace. Another aspect of occupational health was addressed in 2015: the company provided instruction to its French employees regarding the prevention of health hazards when travelling abroad.

Finally, it should be noted that the Group's French companies implemented a complementary plan in early 2016 with regard to health-related collective guarantees benefiting all employees.

11.1.4.2 Overview of agreements signed with trade unions or employee representatives regarding health and safety in the workplace

Measures relating to health and safety are represented in one of the sections of the "Collective Work Agreement" negotiated in Romania: they deal in particular with the provision of information for employees, equipment and workstation surroundings, and the frequency of training with regard to safety.

No agreements regarding health and safety in the workplace were signed in 2015 or 2016.

11.1.4.3 Work accidents, particularly with regard to their frequency and severity, as well as occupational diseases

Two work accidents took place in France in 2016, one of which resulted in a work stoppage of 24 days in total (including 5 days in 2016).

A work accident affecting an employee of one of the Group's French companies took place in 2015, without any resulting work stoppage.

11.1.5 Training

11.1.5.1 Policies implemented with regard to training

The Group's French companies have a policy in place, the aim of which is to promote the adaptation of employees' skills to the prospects for change in the Group's fields of activity, via the implementation of a training plan.

Other training-related activities may take place at employees' request, or exceptionally based on commitments made upon signature of a work contract.

11.1.5.2 Total number of training hours

Companies	2016	2015
Parent company	0	0
Hercules Thrustmaster SAS	221	140
Guillemot Administration et Logistique SARL	169	138
Consolidated foreign subsidiaries	38	40
Total	427	318

These numbers only reflect training provided by authorized external organizations. Internal training sessions also take place, on a variety of topics: training with respect to our tools and methods as part of integration into the company or upon a change of position, regular training regarding our products for employees involved in our commercial activities, safety refresher training, help in using software packages, and so on. This type of internal training is not integrated into the figures set out above.

11.1.6 Equality of treatment

11.1.6.1 Measures taken to promote equality between women and men

The Group's companies take care to promote professional equality between female employees (55 in total, representing 34% of the workforce at December 31, 2016, compared with 55, or 35%, of the workforce at December 31, 2015) and male employees, with respect to pay, qualifications, professional promotions and hiring, even though due to the technical orientation of its fields of activity, a clear majority of engineering roles are occupied by men.

However, one-third of departmental management positions within the Group are occupied by women.

	At 31/12/2016					At 31/12/2015				
	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total
Workforce	5	38	46	73	162	5	37	48	67	157
<i>Women</i>	0	22	16	17	55	0	21	17	17	55
<i>Men</i>	5	16	30	56	107	5	16	31	50	102
Male/female wage index*	n/a	1.0	1.4	1.5		n/a	1.0	1.4	1.7	

* Average contractual gross wage index in December between men and women.

This indicator continues to be monitored closely.

11.1.6.2 Measures taken to promote employment and integration of disabled workers

Over the fiscal year, the Group's French companies made use of services offered by ESATs (Etablissements et Services d'Aide par le Travail, organizations which help disabled people back into work), employing handicapped workers at a volume corresponding to corresponding to 0.36 units* (compared with 0.69 units for the previous year), as well as contributing via the DOETH (Déclaration obligatoire d'emploi des travailleurs handicapés – Mandatory declaration regarding the employment of handicapped workers) toward the integration of handicapped individuals.

* Unit: workforce benefiting from the obligation of employment owing to a handicap.

11.1.6.3 Policies to combat discrimination

The Group does its utmost to treat individual situations with the greatest attention.

The Group remains vigilant regarding the question of balanced recruitment and professional development between men and women, but remains confronted, owing to the importance of technical fields with respect to its activities, with a labor market in which women remain under-represented.

11.1.7 Promotion and respect of provisions of fundamental agreements regarding the International Labor Organization

11.1.7.1 Respect of freedom of association and of the right to collective bargaining

All Group companies are committed to respecting regulations in this area, translating for example into the election of employee representatives who carry out their role within the legal framework (§ 11.1.3.1).

11.1.7.2 Elimination of discrimination with respect to employment and occupation

Above all, the Group considers the competencies of its employees, and rejects any form of discrimination.

In order to limit any risks in this regard, personnel management employs the expertise of Human Resources professionals (internal and/or external to the company) with regard to recruiting procedures, as well as in terms of having contractual conditions validated by these professionals.

The Group is also sensitive to the integration of young people into the business world: it welcomes student workers – internships, studies – as part of their training curricula, and also supports Armorican Passport for Engagement projects, which work toward regional development by encouraging facilitating access to the business world for young people with a professional project.

In 2015 and 2016, employees of the Group's French companies also visited initial training establishments in order to share their professional experience.

During the fiscal year, the Group's French companies took on three trainees as part of work placement programs (excluding short-term "discovery" internships).

11.1.7.3 Elimination of forced or compulsory labor

The implementation of jobs takes place within the framework of applicable legislation, pursuant to the rules regarding the management of labor contracts.

The Group works with subcontractors in Asia and applies due diligence by way of direct contracts with its suppliers and tripartite agreements with suppliers and customers which may request social audits with respect to production sites.

11.1.7.4 Effective abolition of child labor

The Group does not employ any workers under 18 years of age.

It is also stipulated in service contracts with subcontractors, with respect to production carried out in Asia, that child labor is strictly prohibited.

11.2 Environmental information

11.2.1 General policy regarding environmental matters

11.2.1.1 Organization of the company to take into account environmental matters and, where appropriate, evaluation or certification initiatives with respect to the environment

There are no internal environmental management services within the Group. Environmental issues are followed up by different departments within the Group (administration, logistics, R&D).

Environmental reporting questionnaires were submitted to each subsidiary in 2016 to allow for the collection of quantitative and qualitative information regarding all environmental themes included in the Grenelle 2 law, based on the entire scope of consolidation.

The Group is committed to making continual progress in this regard, and has put in place regular follow-up actions to improve certain environmental indicators.

11.2.1.2 Training and information initiatives for employees regarding environmental protection

The Group is educating its employees with respect to the environmental impact of activities by way of posters setting out the problems involved with printing, sorting and lighting, and is raising awareness among its subsidiaries regarding the importance of reducing their use of water, electricity and paper resources. There were no training activities within the Group in 2016 regarding environmental protection.

11.2.1.3 Steps taken toward prevention of environmental risks and pollution

As the Group does not have a manufacturing site, it has little exposure to environmental risks or pollution and has not put in place any specific measures.

The logistics site at Carentoir is concerned with transportation issues.

A carrier protocol exists and sums up the obligations to be respected with regard to the site in order to prevent any environmental risks.

11.2.1.4 Amount of provisions and guarantees for risks with regard to the environment, unless this information is likely to cause serious prejudice to the company in an existing dispute

No specific provisions for environmental risks have been made, given the nature of the Group's activities.

11.2.2 Pollution

11.2.2.1 Measures for preventing, reducing or remedying air, water and soil emissions which may severely affect the environment

As the Group does not have a manufacturing site, it does not generate air, water or soil emissions which may severely affect the environment, and has not put in place any specific measures.

The Group mandates the use of eco-friendly products in maintaining and cleaning its facilities.

The Group works exclusively with external contractors who use no phytosanitary products for the upkeep of green spaces at the Carentoir site.

The logistics site at Carentoir has put in place a transportation protocol which obliges carriers to respect certain measures in order to avoid the risk of pollution at the site.

11.2.2.2 Taking into account of noise pollution and of any other form of pollution specific to an activity

The Group's activities do not create noise pollution for those nearby. Electrical and electronic testing is carried out in certified laboratories. Subsidiaries work only during the day. A transportation protocol is also in place for the logistics site at Carentoir, obliging carriers to respect noise and safety conditions.

11.2.3 Circular economy

11.2.3.1 Waste prevention and management

11.2.3.1.1 Measures taken with regard to waste prevention, recycling, reuse, other forms of recovery and disposal

Regarding the packaging of its products, the Group is constantly optimizing the shape and size of packaging in relation to the shape of products, in order to limit packaging waste.

In terms of the recycling of packaging, Guillemot Corporation entrusts the collection, processing and recovery of packaging waste to Éco-Emballages for the packaging of products put on the French market, and to Landbell for the packaging of products put on the German market.

At the company's request, an external audit carried out by Éco-Emballages took place in France in recent years, the objective of which was to define recommendations for actions to be taken by the company in the short and medium term, in order to reduce the amount of primary, secondary and tertiary packaging put on the market.

This audit also allowed for the definition of environmental, logistics and financial gains potentially achievable depending on the actions taken by the company. The Group is continuing with its analysis and integrates these elements as of its products' design phases.

With respect to the batteries and accumulators incorporated into its products, the Group entrusts specialized companies with the collection, processing, recovery and disposal of batteries and accumulators put on the French (Screlec), Dutch (Stibat) and German markets (GRS).

Regarding electrical and electronic waste, the Group has entrusted specialized companies with the collection, processing and recovery of products put on the French (Ecologic), Dutch (ICT-Milieu) and German (Interseroh Dienstleistungs) markets.

Paper, cardboard and plastic waste collected at two French sites is entrusted to a company responsible for its recycling, with a 100% recovery rate for the Carentoir site in 2016. Electrical and electronic waste is entrusted to a company which dismantles the products in order to ensure the recycling and recovery of certain components, with a rate of more than 75% for fiscal 2016.

Printer cartridges and used batteries are entrusted to companies specializing in the recycling and recovery of these products. Broken wooden pallets are stored and picked up for repair or recovery by a dedicated organization: during 2016, 60% were repaired and 40% were recovered.

The Group now systematically uses biodegradable loose-fill packaging particles for repackaging purposes. The Carentoir site has put in place a shredding procedure for office paper in order to reuse it for repackaging shipments. Cardboard boxes received are also reused for repackaging.

11.2.3.1.2 Actions to combat food waste

The Group has not yet taken specific steps to combat food waste.

There are no company restaurants among the Group's subsidiaries.

11.2.3.2 Sustainable use of resources

11.2.3.2.1 Water consumption and water supply in accordance with local constraints

The sites occupied by the Group's companies consist solely of office space or warehouse storage facilities. The Group's consumption of water resources is therefore limited to typical levels of consumption for these types of premises. The Group is raising employees' awareness regarding saving water.

Water consumption:

Water (in m³)	2016	2015	Change
France*	312	489	-36%
Romania	68	64	6%

* Premises located in the commune of Carentoir (56910).

The decrease in consumption in France is linked to the overhauling and replacement of sanitary facilities with hardware controlling and reducing water consumption.

For the Group's other subsidiaries, it is physically impossible to determine the water consumption levels for rented offices (shared premises or water consumption included in charges).

11.2.3.2.2 Consumption of raw materials and measures taken to improve efficiency with respect to their use

The raw material mostly used by the Group's subsidiaries is office paper.

The Group's French subsidiaries now almost exclusively use recycled paper.

The Group constantly makes employees aware about the need to reduce their consumption of office paper, and mandates two-sided printing. Moreover, electronic archiving systems are developed for subsidiaries, and the implementation of exchanging paperless invoices with certain customers is taking place.

These factors have contributed to significantly reducing paper consumption in recent years. The Group's overall annual consumption is estimated at 15 kilograms per person.

11.2.3.2.3 Consumption of energy, measures taken to improve energy efficiency and use of renewable energy

The sites occupied by the Group's companies consist solely of office space or warehouse storage facilities. The Group's consumption of energy resources is therefore limited to typical levels of consumption for these types of premises. The Group is raising employees' awareness regarding saving electricity, by way of posters.

Resource consumption by the Group's main companies:

Electricity (in kWh)	2016	2015	Change
Carentoir (France)	226,409	224,756	1%
Rennes (France)	48,033	49,161	-2%
Romania	54,145	30,105	80%
Canada	60,659	50,765	19%
Hong Kong	19,566	18,099	8%
Italy	2,590	2,036	27%
Germany	3,519	3,788	-7%
Total	414,921	378,710	10%

Fuel (in liters)	2,016	2,015	Change
Carentoir (France)	54,027	43,708	24%

The increase in consumption in Romania and Canada is due to relocations.

The Group has updated the heating system for its premises occupied by the Group's French companies in the commune of Carentoir over the past few years, putting in place a temperature control system.

Additional insulation work on heating conduits in the Group's Carentoir warehouse has also been carried out in recent years.

In various subsidiaries, motion detectors allow for optimizing the duration of lighting.

At the Group level, computers and other IT-related office hardware are powered off at the end of the work day.

The Group operates using virtualized servers. The resulting reduction in the number of physical servers has translated into a decrease in electrical consumption.

An external audit was carried out on the French site at Carentoir in order to evaluate the energy situation, as well as the courses of action to be taken in order to achieve energy savings and improve energy efficiency. This audit has allowed the Group to define the areas of work required in order of priority, and identify possible actions to be taken. The main domains involved are management of energy, lighting and heating. The levels of performance have been judged to be relatively good with respect to these different issues. The Group put in place a heating control system following this audit.

11.2.3.2.4 Land use

The Group mainly uses office space.

The Group's activities do not present risks with regard to soil contamination.

The use of large racks allows for the optimization of space occupied in storage warehouses.

A plot of land unused by the Group at the Carentoir site is used by a local farmer.

11.2.4 Climate change

11.2.4.1 Significant sources of greenhouse gas emissions generated as a result of the company's activity, particularly via the use of goods and services that it produces

With respect to the transportation of merchandise, the Group optimizes the loading rates for trucks by using shippers which allow the grouping together of orders for multiple customers. The use of a logistics platform via a provider in Hong Kong as of 2013 has allowed it to increase direct deliveries (deliveries to customers without transiting through the Group's storage warehouses) and thereby decrease road transport significantly. The Group is continuing to develop its platform, thereby decreasing the number of kilometers traveled by its products.

With respect to the supply of consumables, the Carentoir site maintains its share of purchases from local suppliers in order to decrease transport distances.

The Group advocates videoconferencing, and its employees use it regularly.

The virtualization of servers enables the Group to limit the use of air conditioners in computer facilities.

A low volume of air conditioners is used in office spaces.

Offices within large cities are located near train stations and subways, encouraging employees to use public transportation.

The Group does not have any production plants of its own, and mainly uses office space for its activities. The goods that it produces are pieces of electronic hardware, which require the consumption of electricity for their use.

11.2.4.2 Adapting to the consequences of climate change

In recent years, the Group has carried out works to improve the insulation of buildings which it owns, in order to render them less sensitive to temperature fluctuations.

Global warming may give rise to intensified weather phenomena, such as storms which can result in electrical disturbances. The Group has put in place resources allowing it to be self-sufficient in terms of its electricity generation, thereby guaranteeing business continuity.

The Group's storage warehouses and main production subcontractors are not located in regions recognized as being susceptible to the risks of climate change.

The consequences with respect to climate change have not been quantified.

11.2.5 Protection of biodiversity

11.2.5.1 Measures taken to preserve or improve biodiversity

Local initiatives exist. At the Carentoir site, green spaces are covered with organic mulching composed of pine bark. This avoids recourse to chemical herbicides, maintains the aeration and looseness of the soil, promotes biological life and the work of earthworms, protects beneficial insects during the winter and limits the drying out of soil in summer.

11.3 Information regarding societal commitments promoting sustainable development

Societal reporting questionnaires were submitted to each of the Group's subsidiaries in 2016 to allow for the collection of quantitative and qualitative information regarding all societal categories included in the Grenelle 2 law, based on the entire scope of consolidation.

11.3.1 Territorial, economic and social impact of the company's activities

11.3.1.1 With respect to regional employment and development

The daily presence of employees in the offices of different subsidiaries has influenced local businesses (restaurants, supermarkets, delivery services, garages, parking lots...). Some subsidiaries have entered into agreements with local hotels or sports facilities.

In France, the Group supports regional establishments for the allocation of apprenticeship taxes and works with a variety of local businesses (Etablissement et service d'Aide par le Travail, a vocational rehabilitation center for disabled workers...).

In France, the Group offers its support in the form of donations to the Initiative Funds of the "Club des Trente," whose goal is to support and finance all general interest initiatives with a view to ensuring the equilibrium, expansion and prosperity of territories in western France; stimulate economic activities in western France, involve the business world with respect to the greater public, and among young people in particular; promote, spread and defend the values of engagement, initiative and responsibility.

This organization participated in financing the following projects in recent years:

- The Armorican Passport for Engagement, which operates with a view to regional development by encouraging and facilitating access to the business world for young people with a professional project. The sponsorship of these young people by business leaders during their studies, in conjunction with financing from two bank partners, acts as a real accelerator for projects. The main goal is to transmit a business-related social and cultural heritage to young people socially isolated from the world of entrepreneurship by facilitating their access to the world of business, fostering their ambition and acting as a project accelerator, uncovering new talents.
- Audencia, a Management school, whose incubator supports project promoters and young business creators by making available to them a dedicated physical space and awarding scholarships.
- ENSMA (Ecole Nationale Supérieure de Mécanique et d'Aérotechnique – National Higher Mechanical and Aerotechnical School), which has created a Junior Enterprise within its establishment, with the goal of carrying out educational studies for professionals.
- FORDE (Fonds de Recherche sur la Doctrine de l'Entreprise – Research Fund on Business Doctrine), the scientific goal of which is to present and make accessible all references to works, reports and colloquia relating to Business Doctrine.
- AgroCampus Ouest (Institut supérieur des sciences agronomiques, agroalimentaires, horticoles et du paysage – Higher Institute for agricultural sciences, food industry, horticulture and landscape management), which includes a pre-incubator – Agro Up – whose aim is to help right at the very start of business creation by supporting its students with project ideas.
- Femmes de Bretagne (Women of Brittany), a collaborative network whose goal is to help members start and grow their own business.

11.3.1.2 On neighboring or local populations

The Group regularly donates computer-related hardware and furniture to local schools.

In 2015, the Group donated finished products to an association working to help sick and disabled children.

11.3.2 Relationships formed with persons or organizations interested in the company's activities, in particular with integration associations, teaching establishments, environmental protection associations, consumer associations and neighboring populations

11.3.2.1 Terms of dialogue with these persons or organizations

The Group's French companies take care to assign the apprenticeship tax, which contributes to financing the required spending for the development of technological and professional education, as well as apprenticeships, to its choice of establishments, in order to promote local facilities or create and maintain links, or even stimulate collaboration with educational streams and students.

11.3.2.2 Partnership and sponsorship actions

The Group favors local integration associations with respect to some calls for tender regarding subcontracting and services. In 2016, the Group maintained its services with adapted work structures. Local initiatives exist within the Group where certain employees are involved in sports organizations, associations whose goal is to stimulate local economic activities, or charitable organizations.

11.3.3 Subcontracting and suppliers

11.3.3.1 Taking into account of social and environmental issues in purchasing policies

The Group asks that its subcontractors comply with legislative and regulatory provisions in effect relating to the environment, and encourages them not to use materials or substances which pose a threat to the environment. In 2016, the Group maintained its use of regional service providers for road transport and supply purchases.

Contracts with subcontractors in Asia include recommendations linked to social aspects (the prohibition of child labor, for example).

The Group's main subcontractors in Asia are ISO 9001 and 14001-certified.

11.3.3.2 The importance of subcontracting and taking into account in relationships with suppliers and subcontractors of their social and environmental responsibility

The Group makes use of subcontracting as part of the production of its products.

The majority of production takes place in Asia.

The Group has worked with subcontractors for many years and ensures that they respect the appropriate social and environmental conditions within production facilities. The Hong Kong subsidiary follows the progress of work at factories on a daily basis, and French engineers are regularly present on-site.

The Group also relies on subcontracting for studies, promotional and marketing services, as well as sales force services, and entrusts waste collection and recovery to "eco-organizations."

11.3.4 Fairness of practices

11.3.4.1 Actions undertaken to prevent corruption

In France, the Group notes the duty of loyalty in its work contracts and verbally explains this principle upon taking on new employees.

Moreover, the securing of payments and strict controls on product inventories allow it to prevent any internal attempts at corruption.

11.3.4.2 Measures taken to promote the health and safety of consumers

The Group scrupulously follows the existing standards which cover electrical safety and the use of its products, and complies with the RoHS (Restriction of Hazardous Substances), WEEE (Waste Electrical and Electronic Equipment) and REACH (Registration, Evaluation, Authorization and restriction of CHemicals) directives for the related products.

The foremost concern for development teams is to ensure consumer safety.

11.3.5 Other actions taken to support human rights

The Group supports and respects international laws and standards in this regard.

12 AGREEMENTS STIPULATED IN ARTICLE L.225-102-1 OF THE COMMERCIAL CODE

No agreements stipulated in the final subparagraph of Article L.225-102-1 of the Commercial Code have taken place during the fiscal year ended December 31, 2016.

13 INDEPENDENT AUDITORS' VERIFICATION

The Group's Independent Auditors will inform you of their reports on the financial statements for the fiscal year ended December 31, 2016. Their reports relate to the verification of the Group's annual and consolidated financial statements, the justification of their assessments and the specific verifications required by law. They will also inform you of their special report on the agreements stipulated in Articles L.225-38 and following of the Commercial Code.

You will then be informed of the proposed resolutions.

At that point, we will open up the debate and move on to voting on the resolutions submitted for your approval.

The Board of Directors

March 22, 2017

14 DOCUMENTS AND REPORTS APPENDED TO THE MANAGEMENT REPORT

14.1 Financial table (Article R.225-102 of the Commercial Code) of the company Guillemot Corporation S.A.

Fiscal year	2016	2015	2014	2013	2012
Share capital at fiscal year end (in €K)	11,554	11,554	11,554	11,554	11,554
Number of common shares	15,004,736	15,004,736	15,004,736	15,004,736	15,004,736
Number of preference shares	0	0	0	0	0
Maximum number of shares to be created	593,640	1,250,140	1,250,140	1,250,140	1,692,440
Through bond conversion	0	0	0	0	0
Through stock option exercise	593,640	1,250,140	1,250,140	1,250,140	1,692,440
Through subscription rights exercise	0	0	0	0	0
Fiscal year transactions and results (in €K)					
Sales net of tax	55,867	61,438	36,572	41,251	46,138
Result before taxes, investments, allowances, provisions	-972	2,782	1,382	-538	-2,008
Corporate income tax	0	0	0	0	0
Employee participation	0	0	0	0	0
Result after taxes, investments, allowances, provisions	-433	1,695	1,083	-1,542	-408
Distributed dividends	0	0	0	0	0
Earnings per share (in €)					
Result after taxes, investments before allowances and provisions	0	0.18	0.09	-0.04	-0.13
Result after taxes, investments, allowances and provisions	0	0.11	0.07	-0.10	-0.03
Dividend allocated to each share	0	0	0	0	0
Workforce					
Average employee workforce*	5	5	5	5	5
Aggregate remuneration amount (in €K)	220	220	220	220	216
Payroll deductions and social benefits (in €K)	86	82	91	87	78

* Relates to executive directors, Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot, who do not have employment contracts.

14.2 Share capital evolution chart since the creation of Guillemot Corporation S.A.

Amounts are expressed in euros from September 11, 2001, the date on which share capital was converted into euros.

Date	Transaction type	Number of shares	Cumulative number of shares	Share capital increase amount			Share capital reduction amount	Share's nominal value	Issue or conversion or contribution premium	Cumulative capital amounts
				Through cash contribution or contribution in kind	Through conversion	Through reserve capitalization				
01/09/97	Company creation	1,000,000	1,000,000	-	-	-	-	FRF 20	-	FRF 20,000,000
01/08/98	2 for 1 split	1,000,000	2,000,000	-	-	-	-	FRF 10	-	FRF 20,000,000
24/11/98	Capital increase at public offer	353,000	2,353,000	FRF 3,530,000	-	-	-	FRF 10	FRF 98,840,000	FRF 23,530,000
23/02/00	Capital increase through bond conversion	67,130	2,420,130	-	FRF 671,300	-	-	FRF 10	FRF 30,152,775	FRF 24,201,300
23/02/00	2 for 1 split	2,420,130	4,840,260	-	-	-	-	FRF 5	-	FRF 24,201,300
17/05/00	Capital increase through bond conversion	93,550	4,933,810	-	FRF 467,750	-	-	FRF 5	FRF 21,009,922	FRF 24,669,050
17/05/00	Capital increase through equity warrant exercise	222	4,934,032	FRF 1,110	-	-	-	FRF 5	FRF 64,420	FRF 24,670,160
17/05/00	Capital increase through share issue	953,831	5,887,863	FRF 4,769,155	-	-	-	FRF 5	FRF 321,206,020	FRF 29,439,315
13/09/00	Capital increase through bond conversion	20,818	5,908,681	-	FRF 104,090	-	-	FRF 5	FRF 4,675,409	FRF 29,543,405
11/09/01	Capital increase through bond conversion	128,750	6,037,431	-	FRF 643,750	-	-	FRF 5	FRF 28,915,312	FRF 30,187,155
11/09/01	Conversion of capital into euros and removal of the nominal value	-	6,037,431	-	-	-	-	-	-	€4,602,002.11
16/05/02	Restoration of the nominal value and capital increase through nominal value increase (1)	-	6,037,431	-	-	46,819.76	-	0.77	-	4,648,821.87
16/05/02	Capital increase through bond conversion (1)	4,376	6,041,807	-	3,369.52	-	-	0.77	149,790.48	4,652,191.39
28/06/02	Capital increase through contribution in kind (2)	435,278	6,477,085	335,164.06	-	-	-	0.77	4,587,835.94	4,987,355.45
30/08/02	Capital increase through contribution in kind (3)	3,000,000	9,477,085	2,310,000	-	-	-	0.77	12,690,000	7,297,355.45
30/08/02	Capital reduction through treasury stock cancellation (4)	416,665	9,060,420	-	-	-	320,832.05	0.77	- 11,346,025	6,976,523.40
19/09/02	Capital increase through bond conversion (5)	6,000	9,066,420	-	4,620	-	-	0.77	205,380	6,981,143.40
23/12/03	Capital increase through contribution in kind (6)	4,444,444	13,510,864	3,422,221.88	-	-	-	0.77	10,577,778.12	10,403,365.28
19/01/04	Capital increase through equity warrant exercise (7)	81,446	13,592,310	62,713.42	-	-	-	0.77	181,624.58	10,466,078.70
16/11/06	Capital increase through equity warrant exercise (8)	101	13,592,411	77.77	-	-	-	0.77	4,422.23	10,466,156.47
16/11/06	Capital increase in cash (9)	1,076,233	14,668,644	828,699.41	-	-	-	0.77	1,571,300.59	11,294,855.88
18/09/07	Capital increase through bond conversion (10)	290,532	14,959,176	-	223,709.64	-	-	0.77	700,710.36	11,518,565.52
29/01/08	Capital increase through option exercise (11)	6,700	14,965,876	5,159.00	-	-	-	0.77	7,102.00	11,523,724.52
20/01/11	Capital increase through option exercise (12)	38,860	15,004,736	29,922.20	-	-	-	0.77	40,035.40	11,553,646.72

(1) At its session on May 16, 2002, the Board of Directors restored the mention of the nominal value in the bylaws to bring it to €0.77, using the authorization granted it by the general meeting of February 15, 2002. At this same session, the Board certified the number of bonds converted into shares since the start of the current fiscal year and certified the corresponding capital increase.

(2) The extraordinary general meeting of shareholders held on June 28, 2002 decided to increase capital via the creation of 435,278 new shares in remuneration for the contribution granted by the company Guillemot Participations S.A. consisting of a share of the Italian company Guillemot Srl and representing 100% of the latter's capital. The number of new shares was determined by the value of the contribution, equal to €4,923,000, divided by the reference price of the Guillemot Corporation share corresponding to the average closing price over the sixty trading days preceding the general meeting date.

(3) The extraordinary general meeting of shareholders held on August 30, 2002 decided to increase capital via the creation of 3,000,000 new shares in remuneration for the contribution granted by the company Guillemot Brothers S.A. and consisting of one million Ubisoft Entertainment securities with a total value of €15 million; a parity of three new Guillemot Corporation shares per Ubisoft Entertainment share contributed was stipulated in the contribution contract signed between the company and Guillemot Brothers S.A. On August 14, 2002 the Commission des opérations de bourse issued registration number E.02-213 for the appendix of the Board of Directors' report presented at the extraordinary general meeting.

(4) On August 30, 2002, following the extraordinary general meeting, the Board of Directors used the authorization granted it by the combined general meeting of February 15, 2002 to cancel 416,665 treasury stock shares.

(5) On September 19, 2002 the Board of Directors certified the number of bonds converted into shares between May 16, 2002 and August 31, 2002.

(6) The extraordinary general meeting of shareholders held on December 23, 2003 decided to increase capital via a contribution in kind granted by the company Guillemot Brothers S.A. and consisting of five million Gameloft shares.

(7) On January 19, 2004, the Board of Directors certified the number of warrants issued on December 5, 2003 and exercised during the subscription period having expired on December 31, 2003.

(8) 100 equity warrants issued in 1999 were exercised during the fiscal year ended December 31, 2006. The equity warrants issued in 1999 were available for exercise up until August 31, 2006. Warrants not exercised as of this date lost all of their value and were written off from Eurolist at the end of the trading day on August 31, 2006.

(9) At its meeting on November 16, 2006, the Board of Directors decided to carry out the capital increase of €2,400,000, issue premium included, decided by the extraordinary general meeting of shareholders held October 31, 2006. The subscription of 1,076,233 new shares was settled in full by way of compensation with liquid and payable debts on the company, held by the company Guillemot Brothers S.A.

(10) At its meeting on September 18, 2007, the Board of Directors certified the number of bonds converted between January 1, 2007 and August 31, 2007, the bond issue's settlement date, and certified the corresponding capital increase. 13,206 bonds were converted during this period.

(11) At its meeting on January 29, 2008, the Board of Directors certified the number and the amount of shares issued during the fiscal year ended December 31, 2007, following the exercise of stock options. 6,700 stock options were exercised during this period.

(12) At its meeting on January 20, 2011, the Board of Directors certified the number and the amount of shares issued during the fiscal year ended December 31, 2010, following the exercise of stock options. 38,860 stock options were exercised during this period.

14.3 Special report on share subscription and purchase options (Article L.225-184 of the Commercial Code)

Ladies and gentlemen,

Pursuant to the terms of Article L.225-184 of the Commercial Code, we hereby present in this report the information regarding share subscription and purchase transactions carried out during the fiscal year ended December 31, 2016.

No stock option plans were put in place during the fiscal year ended December 31, 2016. No stock options were granted or exercised during the fiscal year. At December 31, 2016, the remaining stock options would allow for the potential creation of a maximum of 593,640 new shares, representing 3.81% of the sum of the securities composing the company's share capital and these new shares.

The following table summarizes the stock option plans, put in place by the company Guillemot Corporation S.A. during previous fiscal years, which were still in effect at December 31, 2016:

General meeting date	15/06/06	15/06/06
Board of Directors meeting date	18/02/08	18/02/08
Total number of shares available for subscription, of which:	383,000	217,000
- by company Directors	75,000	0
- by the ten highest-allocated employees	200,000	130,000
First option exercise date	18/02/12	18/02/10
Options expiry date	18/02/18	18/02/18
Subscription price (in €)	1.91	1.91
Exercise terms	-	1/3 per year
Number of shares subscribed to	0	6,360
Including during the fiscal year ended 31/12/2016	0	0
Stock options canceled or nullified during the fiscal year ended 31/12/2016	0	0
Remaining stock options at 31/12/2016	383,000	210,640

Moreover, we wish to point out that no stock options have been granted or exercised since the start of the fiscal year on January 1, 2017.

We would also like to point out that no stock option plans have been put in place.

Rennes, March 22, 2017

The Board of Directors

14.4 Special report on bonus shares (Article L.225-197-4 of the Commercial Code)

Ladies and gentlemen,

Pursuant to the terms of Article L.225-197-4 of the Commercial Code, we hereby present in this report the information regarding bonus shares issued during the fiscal year ended December 31, 2016.

No bonus shares were granted to the company's executive directors or to non-executive director employees during the fiscal year ended December 31, 2016, nor during previous fiscal years.

Moreover, we wish to point out that no bonus shares have been granted since the start of the fiscal year on January 1, 2017.

Rennes, March 22, 2017

The Board of Directors

14.5 Report on principles and criteria regarding the determination, distribution and allocation of remuneration for executive directors

Ladies and gentlemen,

Pursuant to the terms of Article L.225-37-2 of the Commercial Code, we hereby present in this report the principles and criteria regarding the determination, distribution and allocation of the fixed, variable and exceptional components comprising the total remuneration and all other benefits allocated to the Chief Executive Officer and Deputy CEOs of the company Guillemot Corporation S.A., by way of compensation for their services.

The remuneration for executive directors is determined in a manner consistent with that for the Group's employees.

The remuneration policy for executive directors of the company Guillemot Corporation S.A. for fiscal 2017 is as follows:

- **Gross annual fixed remuneration of:**
 - €147,000 for the Chief Executive Officer; and
 - €18,360 for each of the Deputy CEOs.No increases are planned (remuneration unchanged since 2012).
- **Target annual variable remuneration** for the Chief Executive Officer and Deputy CEOs representing 20% of their fixed remuneration, with a potential maximum of 40% of their fixed remuneration in the event of outperformance. This annual bonus shall be determined based solely upon the following internal quantitative criteria:

Quantitative criteria	% of variable	Target	Maximum
Growth of consolidated turnover	35%	5%	10%
Consolidated current operating income to consolidated turnover ratio	65%	3%	5%

- **Attendance fees:**

Each executive director who is also part of the Board of Directors may receive a maximum of €15,000 per year by way of attendance fees, provided that this amount remains within the limit set by the ordinary general meeting of the company's shareholders (which is set at a maximum overall annual amount of €150,000 as of the fiscal year begun January 1, 2011 and for each of the following years until otherwise decided). The attendance fees are composed of:

 - a fixed component of €10,000, half of which is paid out in the month of January (in remuneration for the months of January through June), and half of which is paid out in the month of July (in remuneration for the months of July through December); and
 - a variable component proportional to Board members' attendance of Board of Directors meetings held between January 1 of the year n and December 31 of the year n. This variable component shall be paid out during the first three months of the year n+1. The variable component shall be calculated as follows:
 - Attendance of less than or equal to 50% of Board of Directors meetings: no payment for the variable component of attendance fees; or
 - Attendance of between 50% and 75% of Board of Directors meetings: payment of €2,000; or
 - Attendance of greater than or equal to 75% of Board of Directors meetings: payment of €5,000, this being the maximum amount which may be allocated for the variable component.
- There are no elements of remuneration consisting of:
 - Multi-year variable remuneration;
 - Allocation of share subscription or purchase options;
 - Bonus issue of shares;
 - Exceptional remuneration;
 - Remuneration, indemnities or benefits due or potentially due as a result of the undertaking of duties;

- The commitments stipulated in the first and sixth subparagraphs of Article L.225-42-1 (elements of remuneration, indemnities or benefits due or potentially due as a result of the termination or changing of duties, or subsequent to the same, or defined-benefit pension commitments corresponding to the features of the plans stipulated in Article L.137-11 of the Social Security Code);
- Elements of remuneration and benefits of whatever kind due or potentially due to an executive director, as per agreements entered into, whether directly or via an intermediary, as a result of the director's duties, with the company in which the duties are carried out, any company controlled by it (in the sense of Article L. 233-16), any company that controls it (in the sense of the same article), or any company placed under the same control as it (in the sense of this article);
- Benefits in kind.

The payment of variable and exceptional elements of remuneration is subject to approval by the ordinary general meeting of the elements of remuneration for the individual in question pursuant to the terms stipulated in Article L.225-100 of the Commercial Code.

Rennes, March 22, 2017

The Board of Directors

14.6 Report from the Chairman of the Board of Directors on the preparatory and organizational conditions for the workings of the Board of Directors and internal control procedures put in place by the company (Article L.225-37 of the Commercial Code)

Ladies and gentlemen,

Pursuant to the terms of Article L.225-37, subparagraph 6 and following of the Commercial Code, I hereby present in this report an account regarding:

- the composition of your Board of Directors and the application of the principle of balanced representation of men and women therein;
- the preparatory and organizational conditions for the workings of your Board of Directors for the fiscal year ended December 31, 2016;
- the internal control and risk management procedures put in place by the company;
- the financial risks linked to the effects of climate change, and the measures taken to reduce said risks;
- the scope of the powers of the Chief Executive Officer;
- the terms regarding the participation of shareholders in general meetings; and
- the principles and rules used to determine remuneration and benefits granted to the company's executive directors.

This report has been prepared with the support of the Administration and Financial services based on the existing internal control procedures within the Group, and I have personally followed the progress of the work. This report was approved by the Board of Directors at its meeting held on March 22, 2017.

A - CORPORATE GOVERNANCE

The company refers to the Middlednext corporate governance code.

This code is available on the Middlednext website (www.middlednext.com).

The Board of Directors has taken note of the elements set out in the "Points to be noted" sections of the Middlednext code (September 2016 edition) at its meeting held on October 26, 2016.

B - COMPOSITION, PREPARATION AND ORGANIZATION OF THE WORKINGS OF THE BOARD OF DIRECTORS

1) Composition of the Board of Directors

Article 9 of the bylaws stipulates that the company may be administered by a Board of Directors composed of between three members minimum and eighteen members maximum.

The duration of Directors' functions is six years. Each Director must own at least one share and may not be more than eighty years of age.

Your Board of Directors is composed of six members, including four men and two women.

Forename, surname, title or function of Directors	Independent Director	Year of first appointment	Expiry of term of office
Claude Guillemot Chief Executive Officer	No	1997	2018
Michel Guillemot Deputy CEO	No	1997	2018
G�rard Guillemot Deputy CEO	No	1997	2018
Christian Guillemot Deputy CEO	No	1997	2018
Marie-H�l�ne Lair Director	Yes	2011	2017
Maryvonne Le Roch - Nocera Director	Yes	2014	2020

Your Board of Directors includes two independent members in the sense of the Middlednext code, said members being Ms. Marie-H l ne Lair and Ms. Maryvonne Le Roch - Nocera.

The other four members of the Board of Directors, namely Messrs. Claude, Michel, G rard and Christian Guillemot, are not independent in the sense of the above-mentioned code, as they are also executive directors of the company and are brothers.

The percentage of male and female Directors now stands at 66.67% and 33.33%, respectively. Your Board of Directors intends to progressively admit more women to its ranks, in order to meet the recent legal provisions applicable in this regard.

The composition of the Board of Directors changed during the fiscal year ended December 31, 2016, with Mr. Yves Guillemot having stepped down from his Director duties effective August 5, 2016 in order to comply with the terms of Article L.225-94-1 of the Commercial Code.

Your Board of Directors does not include a Director elected by employees.

Each Director also serving a role as elected officer (Messrs. Claude, Michel, Gérard and Christian Guillemot) does not hold more than two other directorships in listed companies outside of the Guillemot Corporation Group.

The list of company Directors, including the functions which they perform as part of other companies and information regarding the experience and competence of each Director, is set out in sections 10.1 and 10.2 of the Management report.

2) Role and workings of the Board of Directors

The Board of Directors determines the guiding lines for the company's activities, and ensures their implementation. It wields its powers within the scope of the company's business purpose, and subject to the regulations expressly determined by law regarding shareholder meetings.

The Chairman of the Board of Directors organizes and directs the workings of the Board, providing accounts thereof to general meetings and carrying out its decisions. The Chairman represents the Board of Directors in its relations with third parties. The Chairman ensures the proper functioning of the company's various bodies, and ensures that Directors are able to carry out their duties.

At its meeting held April 29, 2002, your Board of Directors decided that the duties of the Chairman of the Board of Directors and of the Chief Executive Officer would be held by the same individual concurrently.

Your Board of Directors approved the Internal bylaws proposal put forth by its Chairman, at its meeting held October 31, 2007, which was then modified by the Board of Directors at its meetings held on March 12, 2010, August 26, 2011 and October 26, 2016.

This regulation includes the following sections: the role, composition, and functioning of your Board of Directors, the procedures for informing its members, the duties of its members (plurality of offices, training, confidentiality, loyalty, non-competition, transactions on company shares, and so on), conflicts of interest, committees, rules for determining and remunerating its members, processes for protecting executive directors, and the succession plan for the director and key individuals.

Your Board of Directors' rules and regulations are available on the company's website (www.guillemot.com) in the "Other documents, information and releases" section, under "Financial Information" / "This Year".

In October 2016, Directors were invited to express their opinions on the workings of your Board of Directors and on the preparation of its works during fiscal 2016. All Directors provided feedback by way of a questionnaire relating mainly to the Board's makeup, its workings, the frequency of meetings, the subjects dealt with, the quality of debates, the provision of information to Directors, and the balance of powers between oversight authority and executive power. The result was a positive assessment of the Board's ability to fulfill its duties.

3) Board of Directors meetings

The Board of Directors meets as frequently as the company's best interest dictates.

Meetings of the Board of Directors take place at the company's registered office, or at any alternate location indicated on the meeting notice. For the purposes of calculating quorum and majority, where authorized by law, Directors are deemed to be present when taking part in a Board of Directors meeting by way of videoconferencing or telecommunications methods.

During the fiscal year ended December 31, 2016, your Board of Directors met six times. All meetings were presided over by the Chairman. The meeting attendance rate was 76.98%. The workings of your Board related to:

- Control of financial statements for the fiscal year ended December 31, 2015; Net income appropriation proposal.

- Approval of the report from the Chairman of the Board of Directors on corporate governance and internal controls.
- Consideration of the regulated agreements entered into and authorized during previous fiscal years, the execution of which continued during the fiscal year ended December 31, 2015.
- Preparation and convocation of the annual general meeting of shareholders.
- Presentation of consolidated quarterly turnover figures.
- Control of provisional management documents stipulated in Article L.232-2 of the Commercial Code and the establishment of reports on said documents.
- Authorization of the regulated agreements stipulated in Article L.225-38 of the Commercial Code: adherence, by Messrs. Claude, Yves and Christian Guillemot, to the complementary obligatory collective health insurance contract taken out by the company.
- Implementation of a share buyback program.
- Reimbursement of shareholders' current account advances waived with return to profits clauses.
- Guarantee to be granted to the English subsidiary Guillemot Limited.
- Letter of support for the English subsidiary Guillemot Limited.
- Review and approval of summarized half-year consolidated financial statements relating to the period from January 1, 2016 to June 30, 2016.
- Stepping down of Mr. Yves Guillemot from his Director duties.
- Continuation of Mr. Yves Guillemot in his Deputy CEO duties.
- Deliberations regarding the company's policy with respect to professional and salary equality.
- New edition of the Middenext corporate governance code.
- Changes to the Board of Directors' rules and regulations.
- Self-evaluation of the functioning of the Board of Directors and of the preparation of its works.
- Information regarding the valuation methods for intangible assets.

Directors may, should they wish to do so, hold discussions without the presence of the Chief Executive Officer following each meeting of the Board of Directors.

4) Convocation of Directors

Article 10 of the bylaws stipulates that Directors may be invited to meetings by any method, including verbally. During the fiscal year ended December 31, 2016, all convocations took place via email.

5) Informing Directors

All documents and information required for the Directors' duties were passed on to Directors or made available to them within a sufficient period of time prior to meetings, or were provided to Directors during the meetings themselves.

6) Remuneration of Directors

During the fiscal year ended December 31, 2016, a total amount of €89,968 was paid out to Directors by way of attendance fees. The breakdown of this sum, per Director, is set out in paragraph 10.3.1 of the Management Report.

At its meeting held on August 26, 2011, the Board of Directors determined the breakdown of the maximum overall annual fixed amount of €150,000 allocated to Directors with respect to attendance fees by the general meeting of shareholders held on May 25, 2011. The breakdown of attendance fees was determined according to Directors' attendance, as well as the time devoted to their duties.

Each Director may receive a maximum of fifteen thousand euros (€15,000.00) per year by way of attendance fees, provided that this amount remains within the limit set by the ordinary general meeting of the company's shareholders. The breakdown of these fees is determined according the following criteria.

The attendance fees are composed of:

- a fixed component of ten thousand euros (€10,000); and
- a variable component proportional to Board members' attendance of Board of Directors meetings held between January 1 of the year n and December 31 of the year n. The variable component shall be calculated as follows:
 - Attendance of less than or equal to 50% of Board of Directors meetings: no payment for the variable component of attendance fees; or
 - Attendance of between 50% and 75% of Board of Directors meetings: payment of two thousand euros (€2,000); or
 - Attendance of greater than or equal to 75% of Board of Directors meetings: payment of five thousand euros (€5,000), this being the maximum amount which may be allocated for the variable component.

7) Specialized committees

At its meeting held July 16, 2009, using the exemption stipulated in Article L823-20 4° of the Commercial Code, the Board of Directors decided that the Board itself would carry out the following up of questions relating to the drafting and control of accounting and financial information, since up to that date your Board had exclusively been composed of members carrying out the functions of Directors, and did not include any independent members.

In November 2011 and May 2014, two new Directors were named with particular competencies in financial or accounting matters, and who are independent in the sense of the Middenext corporate governance code.

During fiscal 2016, the Chief Executive Officer chaired the meetings of the Board of Directors convened in the form of an audit committee, with the goal of fostering direct and immediate discussions at these meetings.

To date, no committees have been formed by the Board of Directors, with the majority of its members judging it to be unnecessary to put in place a committee at the present time.

8) Meeting minutes

Minutes of meetings of the Board of Directors are drafted at the end of each meeting.

9) Relations with shareholders

As no major shareholder of the company has, to date, expressed interest in meeting with the Chief Executive Officer at a general meeting, the Chief Executive Officer has not organized any dialogue sessions with major shareholders during fiscal 2016. It should be noted that the known major shareholders of the company are also the company's executive directors (Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot), who jointly hold – directly and indirectly – 73.19% of the company's share capital and 76.04% of the voting rights available for exercise at general meetings.

C - INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

The Group has relied on the recommendations put forth by the AMF in its report published January 22, 2007, as well as the frame of reference for internal controls among listed companies, updated in July 2010.

The Group has also used the implementation guide for small and medium capitalization companies of this frame of reference in order to facilitate reflection and communication on internal controls, and to allow the company to identify the points of control to be improved.

1) Internal control procedures objectives

Internal controls are a company system, defined and implemented under its responsibility, aiming to ensure:

- conformity with laws and regulations,
- the application of instructions and directions set by executive management,
- the proper functioning of the company's internal control procedures, particularly those contributing to the safeguarding of its assets,
- the reliability of financial information,
- and, more generally, promotion of the company's mastery of its activities, the efficiency of its operations and efficient use of its resources.

By contributing to preventing and mastering the risks of not meeting these objectives, the internal control system plays a key role in the conducting and steering of different activities. The internal control field is not limited to procedures allowing for rendering accounting and financial information more reliable.

Nonetheless, internal controls cannot provide an absolute guarantee that these objectives will be met.

2) General organization of internal controls

a) Scope of internal controls

The parent company verifies the existence of internal control systems among its subsidiaries, adapting the systems to the subsidiaries' own features, as well as with regard to relations between the parent company and its subsidiaries.

b) Parties charged with internal controls

The Guillemot Group's internal controls are based on the principles of delegation, authorization and separation of functions, translating into approval and validation procedures and processes.

All of the Group's associates are made aware of the rules of conduct and integrity which are the very foundation of the Group's internal controls. Associates have the required knowledge in order to establish, employ and monitor the internal control system, with respect to the objectives which have been assigned to them.

The organization and roles of the different bodies which contribute toward internal controls are detailed hereafter:

◆ **The Board of Directors** determines the directions of the Group's activities, and oversees their implementation.

◆ **The Chief Executive Officer** is responsible for developing the procedures and methods implemented in order to ensure the functioning and following of internal controls.

◆ **Administrative and Financial services** bring together functional services with a dual mission of expertise and control, including:

The Group's Management Control service provides the relevant numerical data (turnover, margins, costs, etc.) to Directors.

Its objectives are:

- Implementation of reporting, steering and decision-making tools adapted to different levels of responsibility,
- Analysis of deviations between actual results and objectives, explanation of the causes of these deviations with respect to operating goals and follow-up of the implementation of corresponding corrective measures,
- Verification of the exactitude of base data and control of upkeep of accounting and financial information systems.

The Accounting and Consolidation service has the following objectives:

- Drafting of standard and consolidated half-year and annual financial statements, respecting legal obligations and within the timeframes required by financial markets.
- Responsibility for the implementation of accounting procedures,
- Definition and control of the application of financial security procedures, respecting the principle of separation of tasks between organizers and payers,
- Definition of the fiscal strategy, with the aid of financial advice,
- Coordination, with Independent Auditors, of the availability of information useful to their tasks.

The Treasury service

The service's goal is to follow the Group's cashflow levels and ensure optimal management thereof.

The service organizes management of cashflow and decides on the use of financial resources in relation to each financial establishment.

In order to reduce the risk of error or fraud, powers delegated are allocated to a limited number of individuals given sole responsibility by executive management to process certain financial transactions according to predefined thresholds and authorizations.

The Legal service

The Group has an internal legal service responsible for providing services to companies within the Group.

This service is responsible for:

- Definition and control of the application of the Group's contractual policies,
- Following up disputes, litigation and legal risk, and interfacing with the accounting service, allowing it to be taken into account with respect to finances,
- Following up off-balance-sheet commitments,
- Following up the Group's different insurance contracts.

The Human Resources service

The Human Resources service is centralized at the head office level. It is responsible for the Group's respecting of labor codes and organizes relations with bodies representing personnel.

The Financial Communications service

The Financial Communications service distributes the information required for shareholders, financial analysts and investors to be able to accurately assess the Group's strategy.

The Information Systems service

This service in charge of the Group's information systems manages the development of specific tools and is involved in the selection of computer solutions. It regularly follows the progress of computer projects and ensures their concordance with operational needs.

c) Implementation of internal controls and risk management

◆ Risk management

In carrying out its activities, the Group is exposed to a number of risks, which may impact its performance and the achievement of its strategic and financial objectives.

The nature of the main risk factors, as well as the methods of prevention or action, are set out in section 8 ("Risk factors") of this management report.

The key areas involved are the following:

- Risk linked to activity
- Industrial and environmental risk
- Market risk
- Liquidity risk
- Supply and price risk
- Legal risk

The controls put in place represent an internal operating framework for the Group and constantly evolve in order to eventually become genuine risk management tools, to be used at all levels of the organization.

◆ Management control procedures

Business plan

Organization and planning is centralized and organized at the head office level by financial management and the Management Control service, which establish the principles and calendar, guide the process by unit and verify the strategy's compliance with the Group's strategy. This plan is updated on a half-yearly basis.

Annual budget

Operational and functional managers, in conjunction with the Management Control service and financial management, draw up an annual budget for the coming fiscal year.

The objectives set out are subject to validation by executive management, and the organization of two annual meetings attended by operational managers allows for progress to be followed.

Weekly operating report

The Management Control service drafts the weekly operating report addressed to executive management, containing the following information in particular:

- Consolidated turnover,
- Gross margins,
- Costs,
- Inventory levels,
- Achievement indicators in relation to forecasts and budgets,
- Trend indicators.

Reconciliation with accounting data

Each quarter, the Management Control service reconciles accounting data in order to analyze and rectify deviations between:

- Management commitments and actual accounting expenses,
- Methods for meeting expenses via management control and actual expenses.

This reconciliation provides analysis data by sector.

Financial forecasts

In order to carry out the forecast approach developed in budgets and reinforce the coherence of management and treasury forecasts, the Accounting service prepares the following elements:

- The simplified statement of income, allowing for the preparation of selected performance result figures,
- The simplified balance sheet, in order to complete the income-based approach and analysis obtained from management forecasts with an asset-based approach, allowing the Group to anticipate the evolution of key entries such as fixed assets/investments or working capital requirements, and ensure the reliability of the treasury approach,

- The statement of changes in financial position, allowing for work on forecast indicators.

◆ Commitment control procedures

Drafting, approval and following-up of contracts

The Group's Legal service is engaged in securing and controlling commitments, in close collaboration with executive management and operational managers.

Contract control

Before being signed by the Group, contracts are submitted to the Legal service for verification. After contracts are signed, all original contracts are filed with the Legal service.

Purchases

The Group regularly works with the same suppliers it has used in the past.

The opening of an account with a new supplier is the responsibility of management.

The procedure in place verifies the separation of functions inside of the purchasing cycle in particular, from orders to payment of invoices to the subsequent control of accounts.

Sales

General sales conditions are certified and reviewed on a yearly basis by the legal and commercial services according to regulatory changes, in particular.

The solvency of customers is an ongoing concern of the Group. Thus, from management to those responsible for customers, strict procedures are applied.

A rigorous process is established for new customers, who must obtain sufficient credit insurance coverage before any commercial relations are established. The following of regulations (and the following-up of debtors) is permanent and systematic and is the responsibility of both the customer accounting service and commercial management.

◆ Asset control procedures

Fixed assets

Fixed assets are managed by the general accounting service. Regular updates are obtained from a technical manager on the state of these assets.

Inventories

The Group has developed a computing tool for allowing for optimal monitoring of inventory, and has put in place a perpetual inventory procedure for its Carentoir site. External storage warehouses are also subject to daily monitoring.

◆ Treasury control procedures

Securing payments

All of the Group's payment methods are subject to security procedures, established via contracts with banks. The parent company put in place an electronic signature procedure under the EBICS TS protocol in 2016.

These security procedures are combined with daily banking institution-accounting reconciliation.

The risk of internal fraud is limited, thanks to a procedure of separating tasks between the payment order issuer and the signatory.

In light of the upsurge of attempted fraud schemes with respect to transfer orders, the Group has strengthened its control procedures, and regularly alerts the accounting services and operational teams.

Liquidity risk management

The Treasury service is responsible for ensuring that the Group has constant sources of financing at its disposal, and that these sources are sufficient to meet its needs.

To accomplish this, a monthly analysis is carried out, combined with day-to-day updating of treasury forecasts and daily reporting to executive management regarding net cashflow.

Forex and interest rate risk coverage

Purchases of merchandise are carried out mainly in U.S. dollars.

The Group invoices its customers mainly in euros.

As a result of the indexation of sale prices to dollar cost prices by all players in the Group's segment of activity, the Group's sales prices are either increased or decreased as a function of overall cost prices. In order to limit the Group's Forex risk, Guillemot Corporation covers a portion of Forex variation risks by way of cash purchases, forward purchase contracts and foreign exchange options.

The interest rate risk is studied regularly by the Treasury service and validated by executive management.

◆ **Financial information production and control procedures**

Validation of turnover

Each quarter, the Management Control service provides the Group's consolidated turnover figure.

Accounting of turnover is ensured by the tabulations of invoicing data in invoicing software as part of accounting systems.

Reconciliation is carried out between data obtained from management controls and figures from accounting.

Accounting tools

The Group uses a variety of software tools for the requirements of general accounting, cashflow management, fixed asset management, pay and consolidation. The internal development of specific management tools allows the Group to optimize its requirements.

Analysis and control procedures

Recurring accounting events are regularly recorded using dedicated accounting software, ensuring optimal productivity and security.

The principle of separating tasks is applied at the accounting service level, in order to avoid the risk of error or fraud.

Great attention is paid to the security of computer data and processing (physical and software protection of access, safeguards, computer back-ups, etc.).

Access rights are managed centrally allowing for secure handling of companies' information and data, as well as the authorization and issuing of payments.

All balance sheet and statement of income entries are analyzed in comparison to the previous fiscal year, and all deviations are justified in the interest of controlling the risk of fraud or error.

Closing of accounts procedures

A presentation is given by the Accounting service to members of executive management regarding the closing of accounts, a procedure also subject to joint analysis of inventory postings in conjunction with the Management Control service. The posting of provisions is subject to a precise analysis of the risks to the operational and/or functional services involved, by the Legal service and, if need be, by outside advisors.

The drafting of the consolidated financial statements is carried out internally by the Consolidation service, which is responsible for the updating of consolidation parameters, as well as the preparation and drafting of statutory statements pursuant to IFRS standards. The main controls carried out by the Consolidation service relate to the controls regarding subsidiaries' returns and statements, the reviewing of adjusted control reports following consolidation processing and control of consolidation analysis reports.

Relations with Independent Auditors are organized as follows:

- A meeting prior to the closing of accounts, in which executive management takes part, provides for the establishment of a calendar and the organization of proceedings, and also allows for validation of the main accounting options,

- A summarization meeting is organized with the participation of members of executive management following the closing of accounts, allowing company officials to take note of any remarks put forth by the Independent Auditors regarding the company's financial statements or consolidated financial statements.

Financial statements are then presented to the Chairman of the Board of Directors, before being approved by the Board.

Financial communications

The Chief Executive Officer and Deputy CEOs are the main players involved in communicating financial information to the markets.

Financial management, along with the Communications and Legal services are also authorized to communicate financial information.

Financial communications are carried out by way of financial and accounting statements, reference documents and press releases.

These documents are validated by the various administrative and financial services involved, and the whole is then validated in turn by executive management.

Finally, the reference document is submitted to the Autorité des Marchés Financiers (AMF).

Financial information is sent out via email and telephone, as well as by post.

Regulated financial information is also transmitted by way of a professional distributor meeting the criteria set out in the Autorité des Marchés Financiers General Regulations. Press releases are made available online on the Guillemot Group website (texts are available in both English and French on the website).

d) Drafting of accounting and financial information for shareholders

The internal control procedures set out in this report regarding the drafting and processing of accounting and financial information for shareholders, as well as those ensuring conformity with generally accepted accounting principles, are organized by members of executive management, who then delegate tasks to be carried out by the Administration and Financial services and oversee their execution.

e) Conclusion

The Guillemot Group's internal control procedures are constantly evaluated, allowing them to be updated and evolve in order to take into account modifications in terms of legislation and regulations applicable to the Group and its activities, amongst other factors.

The projects carried out in 2016 with the goal of improving the reliability and proper control of the Group's activities were the following:

- Implementation of secure EBICS TS banking communications.
- Revamping of budget monitoring tools.
- Updating of the Group's network architecture, with replacement of physical servers.
- Migration of workstations to Windows 10.
- Strengthening of security for the Group's online shop websites.

The projects for 2017 are as follows:

- Continued upgrading of network architecture.
- Reinstallation of the standby server room at the Carentoir site.
- Migration of Windows servers.
- Integration of the Hong Kong subsidiary into the Group's IT network.

The Group pays the greatest attention to the continuity of its activities, and system recoveries are tested on a yearly basis.

It is the opinion of the Chairman of your Board of Directors that the measures in place provide for the maintenance of effective internal controls.

D - POWERS OF CHIEF EXECUTIVE OFFICER

To date, the Board of Directors has made no limitations in terms of the particular powers granted to your company's Chief Executive Officer, other than those prescribed in the bylaws and by law.

E - PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

The conditions for the participation of shareholders in general meetings are set out in Article 14 of the bylaws, quoted as follows:

"General meetings include all shareholders of Guillemot Corporation other than the company itself. Meetings are convened and held in accordance with the conditions stipulated in applicable legal and regulatory provisions.

All shareholders have the right, upon proof of identity, to participate in general meetings, whether by way of personal attendance, submission of a completed ballot form by post, or by proxy designation.

Justification for the right to participate in general meetings is obtained by registration of the securities held in the name of the shareholder or of the intermediary registered for his or her account pursuant to Article L.228-1 of the Commercial Code, by the second working day preceding the meeting date at zero hour, Paris time, either in the nominative securities registry held by the company, or in the bearer securities registry held by an authorized intermediary. For bearer securities, registration of the securities in the bearer securities registry held by an authorized intermediary is certified by way of a certificate of participation delivered by said intermediary."

A shareholder may be represented at the general meeting by another shareholder, by his or her spouse, by the partner with whom he or she has signed a civil solidarity pact, or by any other natural or legal person of his or her choice (Article L.225-106 of the Commercial Code).

F - PRINCIPLES AND REGULATIONS EMPLOYED TO DETERMINE REMUNERATION OF AND BENEFITS PROVIDED TO COMPANY DIRECTORS

1) Directors

The principles and rules are set out in section B- 6) of this report.

2) Executive directors

The principles and rules are set out in section 14.5 of the management report.

Details regarding the remuneration paid to executive directors during the fiscal year ended December 31, 2016 are set out in section 10.3.1 of the Management report.

Moreover, in paragraph 10.3.1 of the Management report, information is provided relating to:

- work contracts and corporate mandates,
- severance benefits, and
- additional pension schemes.

G - INFORMATION STIPULATED IN ARTICLE L.225-100-3 OF THE COMMERCIAL CODE

The elements which may have an impact in the event of a public offer, stipulated in Article L.225-100-3 of the Commercial Code, are set out at section 9.3.4 of the Management report.

Rennes, March 22, 2017

Chairman of the Board of Directors

➤ CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016

All entries are in €K.

1 CONSOLIDATED BALANCE SHEET

ASSETS (in €K)	Notes	31.12.16	31.12.15
Excess fair market values	5.7.1	0	888
Intangible fixed assets	5.7.2	7,781	7,081
Tangible fixed assets	5.7.3	2,683	2,682
Financial assets	5.7.4	457	459
Income tax receivables	5.7.9	380	0
Deferred tax assets	5.8.7	0	0
Non-current assets		11,301	11,110
Inventories	5.7.5	10,369	17,336
Customers	5.7.6	21,703	14,876
Other receivables	5.7.7	1,497	1,445
Financial assets	5.7.4	15,003	12,250
Cash and cash equivalents	5.7.9	50	329
Income tax receivables	5.7.8	2,164	6,372
Current assets		50,786	52,608
Total assets		62,087	63,718
LIABILITIES AND SHAREHOLDERS' EQUITY (in €K)	Notes	31.12.16	31.12.15
Capital (1)		11,554	11,554
Premiums (1)		10,472	10,472
Reserves and consolidated income (2)		5,634	2,803
Forex adjustments		705	419
Group shareholders' equity	5.7.10	28,365	25,248
Minority interests		0	0
Shareholders' equity		28,365	25,248
Personnel commitments	5.7.12	847	589
Loans	5.7.13	1,672	4,182
Other liabilities	5.7.14	972	972
Deferred tax liabilities	5.8.7	1,018	715
Non-current liabilities		4,509	6,458
Suppliers		13,395	18,337
Short-term loans	5.7.13	8,643	6,870
Fiscal liabilities		224	273
Other liabilities	5.7.14	6,175	6,195
Provisions	5.7.11	776	337
Current liabilities		29,213	32,012
Total liabilities and shareholders' equity		62,087	63,718

(1) Of the consolidated parent company.

(2) Net income for the fiscal year: €+3,059K.

The notes presented in section 5 form an integral part of the consolidated financial statements.

2 STATEMENT OF NET INCOME AND GAINS AND LOSSES POSTED DIRECTLY UNDER SHAREHOLDERS' EQUITY

- Net consolidated statement of income

(in €K)	Notes	31.12.16	31.12.15
Net sales	5.6	64,226	65,799
Purchases	5.8.1	-27,002	-42,790
External expenses	5.8.1	-14,488	-14,547
Personnel expenses	5.8.1	-8,276	-7,137
Taxes and duties		-264	-314
Depreciation and amortization	5.8.2	-2,641	-2,557
Provisions allowance	5.8.2	-1,361	-1,528
Changes in inventories	5.8.3	-6,411	10,667
Other operating revenues	5.8.4	168	141
Other operating expenses	5.8.4	-3,342	-5,286
Current operating income		609	2,448
Other operations-related revenues	5.8.5	1,000	483
Other operations-related expenses	5.8.5	-887	0
Operating income		722	2,931
Cash and cash equivalents revenues		1	0
Cost of gross financial debt		264	199
Cost of net financial debt	5.8.6	-263	-199
Other financial revenues	5.8.6	3,297	5,291
Other financial expenses	5.8.6	-321	-163
Income tax expenses	5.8.7	-376	-817
Net income before minority interests		3,059	7,043
including net income from terminated activities	5.8.8	0	0
Minority interest share		0	0
Group net income		3,059	7,043
Base earnings per share	5.8.9	0.21	0.48
Diluted earnings per share	5.8.9	0.20	0.45

- Statement of net income and gains and losses posted directly under shareholders' equity

(in €K)	31.12.16	31.12.15
Net attributable profit	3,059	7,043
Elements recyclable under income		
Forex adjustments	286	-129
Revaluation of coverage derivatives	0	0
Revaluation of financial assets available for sale	0	0
Elements not recyclable under income		
Revaluation of fixed assets	0	0
Actuarial gains and losses on defined benefit plans	-192	8
Share of gains and losses posted directly under shareholders' equity of equity method companies	0	0
Total gains and losses posted directly under shareholders' equity - Group share	94	-121
Net income and gains and losses posted directly under shareholders' equity - Group share	3,153	6,922
Income and gains and losses posted directly under shareholders' equity - Minority interests	0	0

The notes presented in section 5 form an integral part of the consolidated financial statements.

3 CONSOLIDATED SHAREHOLDERS' EQUITY EVOLUTION

(in €K)	Notes	Capital	Premiums	Conso- lidated reserves	Net income	Forex adjust- ments	Total share- holders' equity
Balance at 01.01.15		11,554	10,472	-3,341	-931	547	18,301
Comprehensive income at 31.12.15	5.8				7,043	-128	6,915
31.12.14 net income appropriation				-931	931		0
Stock options	5.7.10						0
Consolidated parent company securities	5.7.10			1			1
Capital gain/loss on treasury securities	5.7.10			25			25
Other	5.7.12			6			6
Balance at 31.12.15		11,554	10,472	-4,240	7,043	419	25,248
Balance at 01.01.16		11,554	10,472	-4,240	7,043	419	25,248
Comprehensive income at 31.12.16	5.8				3,059	286	3,345
31.12.15 net income appropriation				7,043	-7,043		0
Stock options	5.7.10						0
Consolidated parent company securities	5.7.10			-49			-49
Capital gain/loss on treasury securities	5.7.10			15			15
Other	5.7.12			-194			-194
Balance at 31.12.16		11,554	10,472	2,575	3,059	705	28,365

The notes presented in section 5 form an integral part of the consolidated financial statements.

4 CONSOLIDATED CASHFLOW TABLE

(in €K)	Notes	31.12.16	31.12.15
Cashflow linked to operating activities			
Net income of integrated companies		3,059	7,043
+ Depreciation, amortization and provisions allowance (apart from that linked to current assets)	5.8.2	4,184	3,425
- Depreciation, amortization and provisions recovery		-1,000	-34
- /+ Latent gains and losses linked to changes in fair value	5.8.6	-3,165	-5,292
+/- Expenses and revenues linked to stock options	5.7.10	0	0
-/+ Net gain/loss on disposals	5.7.4	-131	3
Research Tax Credit on previous fiscal years recorded in income statement	5.8.5	0	-483
Research Tax Credit on previous fiscal years received over the period	5.8.5	0	483
Deferred tax change	5.8.7	303	715
Cashflow after cost of net financial debt		3,250	5,860
Cost of net financial debt	5.8.6	263	199
Cashflow before cost of net financial debt		3,513	6,059
Cashflow Forex adjustment		91	-131
Inventories	5.7.5	6,966	-9,902
Customers	5.7.6	-6,827	-1,376
Suppliers		-4,943	8,418
Other		63	1,114
Working capital requirements change		-4,741	-1,746
Net cashflow linked to operating activities		-1,400	3,983
Cashflow linked to investments			
Intangible fixed asset acquisitions	5.7.2	-1,442	-1,979
Tangible fixed asset acquisitions	5.7.3	-804	-857
Intangible and tangible fixed asset disposals	5.7.3	2	6
Financial fixed asset acquisitions	5.7.4	-33	-6
Financial fixed asset disposals	5.7.4	547	0
Net cashflow on subsidiary acquisitions/disposals		0	0
Net cashflow linked to investment activities		-1,730	-2,836
Cashflow linked to financing activities			
Capital increase or cash contribution	5.7.10	0	0
Dividends paid to minority interests		0	-1
Debt issuance	5.7.13	0	6,500
Shareholders' current account reimbursement	5.7.14	-424	-271
Debt repayments	5.7.13	-3,501	-2,157
Other cashflow linked to financing activities		0	0
Total cashflow linked to financing activities		-3,925	4,071
Forex adjustment impact		75	-33
Cashflow change		-6,980	5,185
Net cashflow at fiscal year start	5.7.8/5.7.13	3,027	-2,158
Net cashflow at fiscal year end	5.7.8/5.7.13	-3,953	3,027

The notes presented in section 5 form an integral part of the consolidated financial statements.

5 APPENDICES TO CONSOLIDATED FINANCIAL STATEMENTS

5.1 General information

The Group's financial statements were approved on March 22, 2017 by the Board of Directors. Guillemot Corporation is a designer and manufacturer of interactive entertainment hardware and accessories. The Group offers a diversified range of products under the Hercules and Thrustmaster brand names. Active in this market since 1984, the Guillemot Corporation Group is currently present in eleven countries including France, Germany, the UK, the United States, Canada, Spain, the Netherlands, Italy, Belgium, China (Hong Kong) and Romania, and distributes its products in more than eighty-five countries worldwide. The Group's mission is to provide high-performance, ergonomic products which maximize the enjoyment of digital interactive entertainment end users.

The company is a joint stock company, with its registered office located at Place du Granier, BP 97143, 35 571 Chantepie Cedex.

5.2 Significant events of the fiscal year

The Group's annual turnover for fiscal 2016 amounted to €64.2 million, down 2%, with Hercules' sales growing by 5% and Thrustmaster's turnover decreasing slightly over the first nine months of the year, but returning to growth in the fourth quarter. Thrustmaster was unable to rely on the launch of its high-end Gran Turismo-licensed racing wheel, which had to be pushed back until 2017 due to the delay of the associated Gran Turismo game.

Key events of 2016:

- Delivery of the 500,000th copy of the Hercules DJUCED® DJing software, created for the brand's controllers.
- Implementation of new distribution networks for Hercules in the United States and Canada over the course of the year, in order to make inroads into the music-related products channel.
- An overall sales increase of 24% in North America.
- Signature of a major partnership agreement with the leading chain of video game shops in the United Kingdom.
- Opening of new distributors, particularly in China, Japan, the Nordic countries and Eastern Europe/Russia.
- Positioning of Thrustmaster in the eSports market, and the exclusive use of Thrustmaster racing wheels for the Formula E Vegas eRace competition in Las Vegas.
- Launch of the brand-new TS-PC Racer racing wheel during the fourth quarter, allowing Thrustmaster to position itself in the high-end PC racing wheels market.
- Delay of the very highly-anticipated game Gran Turismo Sport until 2017, resulting in the postponement of the release of Thrustmaster's new Gran Turismo-licensed racing wheel for PlayStation®4.
- Rollout of a new range of flight simulation accessories as part of Thrustmaster's 25th anniversary celebration in the industry.
- Receipt of the CES Innovation Awards Honoree distinction in January 2017 (for the fourth consecutive year), awarded this year to the T.16000M FCS Flight Pack for its technological advances providing flight sim pilots with an unprecedented degree of precision.

Current operating income amounted to €+0.6 million for fiscal 2016, compared with €+2.4 million at December 31, 2015.

Operating income amounted to €+0.7 million, and includes an Other operating revenue of €1 million linked to an impairment reversal on the Thrustmaster brand, and an Other operating expense of €0.9 million linked to depreciation on excess fair market values attached to Hercules' activity.

Consolidated net income amounted to €+3.1 million, compared with €+7 million for the previous fiscal year. This result includes a financial revenue of €3.2 million linked to a revaluation gain on the portfolio of Ubisoft Entertainment securities held by the Group. Shareholders' equity amounted to €28.4 million at December 31, 2016.

Net indebtedness increased to €9.1 million at December 31, 2016 (excluding the Group's €15 million portfolio of marketable investment securities), compared with €6.1 million at December 31, 2015.

5.3 Reference

Pursuant to EC Regulation number 1606/2002 of July 19, 2002, the Guillemot Corporation Group presents herewith its consolidated financial statements for fiscal 2016 in accordance with the IFRS reference as adopted in the European Union (this reference is available on the European Commission's website at the following address: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm).

These international accounting standards include the IFRS (International Financial Reporting Standards) and IAS (International Accounting Standards), as well as their interpretations.

5.4 Main accounting methods

5.4.1 New IFRS standards and interpretations

The following new standards, amendments to existing standards and interpretations must be applied in 2016:

- IAS 1 – Amendment linked to “Disclosure Initiative” project
- IAS 16 & IAS 38 – Clarifications regarding acceptable methods of depreciation and amortization
- IAS 19 – Defined benefit plans: employee contributions
- IAS 27 – Equity method in separate financial statements
- IFRS 11 – Acquisition of an interest in a joint operation
- IAS 28 & IFRS 10 & IFRS 12 – Application of the consolidation exception for investment companies
- IAS 16 & IAS 41 – Bearer biological assets

Improvements to IFRS (2010-2012 cycle):

- IFRS 2 – Definition of vesting conditions
- IFRS 3 – Contingent price adjustment
- IFRS 8 – Aggregation of operating segments and reconciliation of segment assets with total assets
- IAS 16 & IAS 38 – Proportional adjustment of accumulated amortization
- IAS 24 – Concept of key management personnel services

Improvements to IFRS (2012-2014 cycle):

- IFRS 5 – Disposal of an asset or group of assets
- IFRS 7 – Management mandate and information regarding compensation of financial assets and liabilities
- IAS 19 – Actuarial assumptions discount rates
- IAS 34 – Clarification regarding the expression “elsewhere in the interim financial report”

These standards, amendments to existing standards and interpretations have not had a significant impact on the Group’s financial statements.

The new texts applicable for early adoption in 2016 are the following:

- IAS 12 – Recognition of deferred tax assets for unrealized losses
- IAS 7 – Additional information to be provided regarding changes in financial liabilities on the balance sheet (non-cash movements, in particular)
- IFRS 2 – Share-based payments
- IFRS 15 – Revenue from regular activities resulting from contracts with customers
- IFRS 9 – Financial instruments

These texts have not been adopted in advance by the Group.

Their impact on the financial statements is being evaluated, but is likely to be slight.

5.4.2 Consolidation principles

Companies controlled directly or indirectly by the Guillemot Corporation Group in the sense of the IFRS 10 standard – that is to say, the companies in which the Group has the power to direct financial and operational policies in order to obtain benefits from their operations – are fully consolidated. All consolidated companies close their annual accounts on December 31. Subsidiaries’ accounting methods are aligned with those of the Group. Companies in which the Group does not exert a significant influence are not consolidated. The Guillemot Corporation Group does not exercise joint control in or significant influence on its other holdings. Results of companies within the Group’s scope of consolidation are consolidated from the date on which control was assumed, or from the company’s creation date. Inter-company transactions between all companies within the Group are eliminated in accordance with accepted accounting practices. All significant transactions between consolidated companies are eliminated, as are unrealized internal results included in fixed assets and inventories of consolidated companies. The calculation method employed for current operating income complies with the ANC 2013.R.03 recommendation.

5.4.3 Intangible fixed assets

Brands

Brands acquired by the Group have been considered as having an indefinite lifespan and are therefore not eligible for amortization. Their duration of use is reexamined annually and brands are subject to depreciation tests at the level of the cashflow generating unit to which the intangible fixed asset belongs. A depreciation test is also carried out in the event of an indication of loss in value. In the absence of a deep market for the brands in the Group's segment of activity, the fair value method is not applied for valuation of brands held by the Group. The going value is the discounted value of future cashflow expected from an asset, which is to say of its continued use and removal at the end of its usefulness. This method is used for the valuation of brands.

Excess fair market values

When a subsidiary is acquired, its identifiable assets, liabilities and possible liabilities are recorded on the consolidated balance sheet at their fair value at this date. A positive residual amount between the acquisition cost of securities and the true value acquired by the Group in the net fair value of identifiable net assets is accounted for as "excess fair market values." After initial accounting, excess fair market values are evaluated at their cost less cumulative losses in value. Excess fair market values are subject to annual depreciation tests. Losses in value are not reversible. For the requirements of depreciation tests, the excess fair market value is assigned to each of the Group's cashflow-generating units which may benefit from the synergies involved. Elements acquired by the Group classified as goodwill, and in particular intangible elements (customer base, market share, expertise and so on) allowing the company to carry out its activities and pursue its development, but which do not meet the identification criteria allowing them to be presented on their own on the consolidated balance sheet, are also assimilated into excess fair market values.

Research and Development costs

Research and Development costs are accounted for as expenses.

Development costs are accounted for as fixed assets where certain conditions have been met:

- The technical feasibility for completion of the intangible fixed asset so that it can be used or sold,
- The intent to complete the intangible fixed asset and use or sell it,
- The ability to use or sell it,
- The probability that future profits can be linked to this asset,
- The current or future availability of technical, financial or other resources necessary for carrying out the project,
- The ability to measure spending linked to this asset in a dependable way during its developmental phase.

The amortization of development costs, applied according to the term of use of the asset in question, is based on a period which may not exceed five years.

Office automation software

Office automation software is amortized over its actual period of use, generally between 3 and 5 years.

Licenses

The company pays license fees in advance to third parties for distribution and reproduction rights. Once a contract has been signed, guaranteed amounts must be paid. These amounts are accounted for in a Licenses account in intangible fixed assets, where they meet the definition of an asset (identifiable, controlled and creating future economic advantages), and amortized on a straight-line basis according to the duration of contracts.

5.4.4 Tangible fixed assets

Tangible fixed assets are recorded at their acquisition or transfer cost.

Depreciation of assets is calculated by the application of homogeneous rates within the Group, and is determined as a function of assets' estimated economic lives as follows:

Buildings:	20 years (straight-line)
Fixtures and fittings:	10 years (straight-line)
Technical installations:	between 1 and 10 years (straight-line)
Vehicles:	4 or 5 years (straight-line)
Office and computer equipment:	between 3 and 5 years (straight-line)
Office furniture:	between 5 and 10 years (straight-line)

The residual values and durations of use of assets are reviewed and adjusted, if need be, at each closing of accounts. Subsequent costs are included in the asset's worth or else accounted for as a separate asset if it is probable that future economic advantages associated with the asset will go to the Group and that the cost of the asset can be measured in a dependable manner.

5.4.5 Non-financial fixed asset depreciation

Fixed assets with an undetermined lifespan are not amortized, and are subject to annual depreciation tests. Amortized fixed assets are subject to depreciation tests where, due to particular events or circumstances, the coverability of their book values is cast into doubt. Depreciation is posted up to the limit of the surplus of the book value over the asset's recoverable value. An asset's recoverable value represents its fair value less disposal costs or its going value, if this is greater.

The fair value is the amount that can be obtained from the sale of an asset by way of a transaction under normal conditions of competition between well-informed, consenting parties, less buying-out costs. The going value is the discounted value of future cashflow expected from an asset, which is to say of its continued use and removal at the end of its usefulness.

For the purpose of evaluating depreciation, assets are grouped into cashflow-generating units, which represent the smallest group of identifiable assets which generate cashflow amounts largely independent of treasury entries generated by other assets or groups of assets. For non-financial assets (apart from goodwill) having undergone a loss in value, the possible recovery of the depreciation is examined at each annual or interim closing of accounts.

Brands and goodwill held in France are allocated to the two Hercules and Thrustmaster cashflow generating units comprising the segments of activity-related sectorial information.

5.4.6 Leases

Leases which transfer practically all of the liabilities and advantages inherent to an asset's property are considered as financing leases.

They are accounted for under assets at their resale cost and amortized as described above. The corresponding debt is recorded as a liability.

There were no financing leases underway at December 31, 2016.

Lease contracts in which practically all of the liabilities and advantages inherent to an asset's property is retained by the lessor are classified as operating leases. Payments made for operating leases (net of any incentive measure on the part of the lessor) are posted on the statement of income on a straight-line basis for the duration of the contract.

5.4.7 Financial assets

The IFRS reference sets out four categories of financial assets: financial assets accounted for at their fair value under income, assets held until maturity, loans and receivables and assets available for sale.

Securities in the Group's portfolio are posted at their fair value (generally the acquisition cost), plus (for assets other than those classified as assets evaluated at their fair value as hedging for income) transaction costs directly attributable to the acquisition or issuing of the asset. The inventory value of each holding is assessed according to its reevaluated share of equity and the company's future prospects. If this value falls below the book value, depreciation is recorded for the amount of the difference.

Treasury stock shares held at closing are deducted from the Group's shareholders' equity at their acquisition value, €728K at December 31, 2016 (FIFO method).

The fair asset value of financial assets is the share closing price on the last day of the fiscal year for listed securities, and the probable execution value for unlisted securities. Where the asset value is less than the acquisition value and where an objective indicator of depreciation exists, a provision for depreciation is posted.

In order to limit the Group's foreign exchange risk, Guillemot Corporation covers the risks of foreign exchange variations by way of forward purchase contracts and foreign exchange options. As these transactions do not meet the accounting criteria for coverage, they are posted as transaction instruments. These derived instruments are posted at their fair value on the transaction date on the balance sheet, under current financial assets or liabilities. The profit or loss resulting from the revaluation at fair value is immediately posted under financial income.

5.4.8 Income tax receivables

A distinction between current and non-current income tax receivables appears on the consolidated balance sheet.

5.4.9 Inventories

Inventories of companies within the Group are evaluated at their base cost, and exclude any inter-company holding gains and losses. Valuation is carried out according to the FIFO method (First-In First-Out). Loan costs are not included in inventory valuation. Depreciation is recorded when the cost of inventory is greater than its probable realizable value, less marketing costs. Obsolescence tests are carried out each year, and the probable realizable value is calculated according to the evolution observed and expected in terms of sales and the market prices of products.

5.4.10 Prepayments

This heading includes prepayments on orders made to suppliers.

5.4.11 Customers

Customers are recorded at their book value. A provision for depreciation is recorded at fiscal year end if need be, based on an assessment of collection probabilities for trade accounts receivable. A depreciation provision is posted where there exists an objective indicator of the Group's inability to recover all amounts due according to the conditions initially stipulated at the time of the transaction. Significant financial difficulties encountered by the debtor, the probability of bankruptcy or the financial restructuring of the debtor and a failure or default in payment represent indicators for the depreciation of receivables.

5.4.12 Other receivables

Other receivables mainly include VAT receivables.

5.4.13 Deferred tax

Deferred taxes, which reflect the time differences between books values after consolidation reclassification and the fiscal bases of assets and liabilities, are posted according to the variable rate method. Deferred tax is posted in the statement of income and on the balance sheet in order to take into account current deficits, where their calculation on future fiscal earnings appears probable within reasonable recovery timeframes. Pursuant to the variable deferral method, the effects of possible tax rate variations on deferred tax posted previously is registered during the fiscal year in which the rate changes take place, in the statement of income or among the other elements of overall income, following the initial accounting method for the corresponding deferred tax amounts. Deferred tax assets are posted up to the limit of deferred tax liabilities, taking into account the tax rules in effect, in particular those relating to the capping of the use of tax loss carryforwards: they are compensated if the taxable entity has a legally binding right to compensate the callable tax assets and liabilities, and if these deferred tax assets and liabilities relate to taxes on income deducted by the same fiscal authority.

Deferred tax is evaluated at the tax rate expected to be applied for the period during which the asset will be realized or the liability settled, based on the tax rates and fiscal regulations which have been adopted or nearly adopted at the end of the fiscal year.

5.4.14 Cash and cash equivalents

Cash and cash equivalents are comprised of cash accounts, accounts at banks and other financial institutions, and certificates of deposit (highly liquid investments maturing in less than three months, which do not represent a significant risk in terms of loss of value).

5.4.15 Foreign currency transactions and conversion of financial statements

Foreign currency-denominated transactions are translated at their transaction rate or, where applicable, at their foreign exchange hedge contract rate. Non-covered foreign currency-denominated assets and liabilities are translated at the closing rate. Forex adjustments for monetary assets and liabilities are incorporated into the consolidated net income figure for the period to which they relate.

All Groups subsidiaries use their local currencies for operations. Accounts of foreign subsidiaries not situated in high inflation zones are converted from foreign currencies according to the currencies' value at year end, with Forex adjustments related to other elements of comprehensive income.

5.4.16 Other liabilities

Other liabilities include compensation and benefits liabilities, current accounts, deferred income and assorted liabilities.

5.4.17 Provisions for liabilities and expenses

A provision is made where the company has a current obligation (legal or implicit) resulting from a past event and it is probable that an outlay of resources will be required in order to meet the obligation. The obligation amount may be estimated in a reliable fashion.

Provisions for risks linked to commercial litigation are included in this category, as are provisions for product warranties and returns.

5.4.18 Employee benefits

Upon retiring, Group employees are entitled to pension benefits calculated on the applicable collective agreement. This system is a defined benefits post-employment system.

The Group has no other post-retirement benefits programs other than the legal program stipulated by the collective agreements which govern the Group's employees.

A provision corresponding to the updated commitment is posted on the balance sheet under the personnel commitments heading.

5.4.19 Share-based payments

The Group has put in place remuneration plans denominated in shareholders' equity instruments (options on shares). The fair value of the services rendered by employees in exchange for the granting of options is accounted for as expenses. The total amount accounted for as expenses over the acquisition period of rights is determined by reference to the fair value of the options granted, without taking into account the conditions of acquisition of rights, which are not market conditions. The conditions of acquisition of rights which are not market conditions are integrated into the hypotheses on the number of options which may become available for exercise. At each closing date, the entity re-examines the number of options which may become available for exercise. If need be, the Group posts in its statement of income the impact of the revision of its estimates as hedging for a corresponding adjustment to shareholders' equity.

5.4.20 Segment information

Operating segments are presented on the same bases as those used in the internal reporting presented to the Group's executive management.

Segment information broken down by activity relates to the Hercules and Thrustmaster segments of activity.

Segment information broken down by geographic zone is based on the following geographical segments: European Union, North America and Other.

5.4.21 Product accounting

Pursuant to the IAS 18 standard, the overall turnover figure is valued at the fair value of the compensation received or to be received, taking into account the amount of any commercial rebates or quantity-related rebates provided by the company. Product sales are registered and considered to be definitive as of the delivery date corresponding to the date of transfer of risks and benefits. All products sold by the Group include a 2-year legal guarantee of conformity. In some cases, products are subject to a warranty transfer by way of a discount provided to the customer. For the other cases, the warranty liability is recorded via a provision corresponding to the best estimate of the costs linked to probable returns (cancellation of the margin alone or of the entire turnover amount if the products returned are unsaleable, plus the estimated repair costs and other costs linked to returns). This estimate is based on an analysis carried out by the Group taking into account the level of sales, observation of average return times for non-compliant products, and management's judgement, in particular.

Moreover, the Group's general sales conditions do not stipulate acceptance by the Group of returns of unsold merchandise. In practice, if such agreements exist, the return agreement is recorded as a deduction from turnover based on permitted returns. In the event whereby management anticipates additional returns linked to past sales, the take-back obligation is recorded as a provision for liabilities and expenses.

5.4.22 Public subsidies

Subsidies for the fiscal year are listed in the statement of income and are deducted from the charges to which they relate. Any receivables with respect to the public body which has granted the subsidy are classified as other receivables.

5.4.23 Loans

Loans are initially presented on the balance sheet at their fair value. Loans are then accounted for at their amortized cost using the effective interest rate method. Loan costs are accounted for as expenses.

5.4.24 Earnings per share

The Group lists base earnings per share and diluted earnings per share based on consolidated net income. Base earnings per share are calculated by dividing income by the average number of shares in circulation during the fiscal year, after deducting shares held by the Group.

Diluted earnings per share are calculated taking into account the conversion of all existing dilution instruments with respect to the average number of shares in circulation.

5.4.25 Uncertainties regarding valuations

Drafting of financial statements according to the IFRS requires employing certain determinant accounting estimations. Executive management must also use its judgment when applying the Group's accounting methods. The domains in which stakes are highest in terms of judgment or complexity, or those for which hypotheses and estimates are significant with regard to the consolidated financial statements, are set out in the appendix and relate mainly to the recoverable amount of intangible fixed assets, customer receivables and inventories, as well as products and provisions.

5.5 Scope of consolidation

5.5.1 Companies included within the Guillemot Corporation Group's scope of consolidation

COMPANY	SIREN number	Country	Percentage of control/interest	Method
GUILLEMOT CORPORATION SA	414,196,758	France	Parent company	Full consolidation
GUILLEMOT Administration et Logistique SARL	414,215,780	France	99.96%	Full consolidation
HERCULES THRUSTMASTER SAS	399,595,644	France	99.42%	Full consolidation
GUILLEMOT Innovation Labs SAS	752,485,334	France	100.00%	Full consolidation
GUILLEMOT Ltd (b)		UK	99.99%	Full consolidation
GUILLEMOT Inc		Canada	74.89% (a)	Full consolidation
GUILLEMOT GmbH		Germany	99.75%	Full consolidation
GUILLEMOT Corporation (HK) Limited		Hong Kong	99.50%	Full consolidation
GUILLEMOT Recherche et Développement Inc		Canada	99.99%	Full consolidation
GUILLEMOT Romania Srl		Romania	100.00%	Full consolidation
GUILLEMOT Inc		United States	99.99%	Full consolidation
GUILLEMOT SA		Belgium	99.93%	Full consolidation
GUILLEMOT SRL		Italy	100.00%	Full consolidation
GUILLEMOT Electronic Technology (Shanghai) Co., Ltd		China	100.00%	Full consolidation
GUILLEMOT Spain SL		Spain	100.00%	Full consolidation

(a) Guillemot Inc (United States) also holds 25.11%. (b) The subsidiary Guillemot Ltd benefits from the statutory audit exemption.

Minority interests are not calculated in light of their non-significant nature.

5.5.2 Changes to scope of consolidation

There were no changes to the scope of consolidation.

5.6 Segment information

Pursuant to the IFRS 8 standard on operating segments, the Group has presented the formats for segment information on the same bases as those used in the internal reporting presented to the Group's executive management.

Segment information broken down by activity relates to the Hercules and Thrustmaster segments of activity. Segment information broken down by geographic zone is based on the following geographical segments: European Union, North America and Other.

5.6.1 Segment information by activity

The Hercules segment of activity includes the following product ranges: DJing and digital music, multimedia speakers, wireless speakers for smartphones and tablets, and webcams.

The Thrustmaster segment of activity includes the following gaming accessories for PC and consoles: racing wheels, gamepads, joysticks and gaming headsets.

- Turnover by activity (in € millions)

Turnover breakdown:	31.12.16	31.12.15
Hercules	11.0	10.5
Digital devices	9.5	9.3
OEM*	1.5	1.2
Thrustmaster	53.2	55.3
Gaming accessory ranges	53.2	55.1
OEM*	0.0	0.2
TOTAL	64.2	65.8

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

- Statement of income by activity (in €K)

	31.12.16			31.12.15		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Turnover	64,226	10,999	53,227	65,799	10,540	55,259
Depreciation and amortization	2,641	1,171	1,470	2,556	1,296	1,260
Provisions allowance	1,361	626	735	1,528	1,057	471
Current operating income	609	-2,719	3,328	2,448	-2,773	5,221
Operating income	722	-3,607	4,329	2,931	-2,447	5,378

- Balance sheet by segment of activity (in €K)

	31.12.16			31.12.15		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Excess fair market values	0	-	-	888	888	-
Intangible fixed assets	7,781	2,833	4,948	7,081	3,330	3,751
Tangible fixed assets	2,683	1,184	1,499	2,682	1,243	1,439
Inventories	10,369	2,804	7,565	17,336	4,852	12,484
Customers	21,703	3,472	18,231	14,876	2,821	12,055
Unallocated assets	19,551	-	-	20,855	-	-
TOTAL ASSETS	62,087	10,293	32,243	63,718	13,134	29,729
Shareholders' equity	28,365	-	-	25,248	-	-
Provisions	1,623	562	1,061	926	382	544
Suppliers	13,395	3,482	9,913	18,337	4,933	13,404
Unallocated liabilities	18,704	-	-	19,207	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	62,087	4,044	10,974	63,718	5,315	13,948

Unallocated assets are financial assets, income tax assets, other receivables and cash.

Unallocated liabilities are loans, other liabilities, fiscal liabilities and deferred tax liabilities.

5.6.2 Segment reporting by geographic zone

- Turnover by geographic zone (in € millions)

Sales in:	31.12.16	31.12.15
European Union	36.7	42.7
North America	20.1	16.2
Other	7.4	6.9
TOTAL	64.2	65.8

- Overall value of assets by geographic location (in €K)

	31.12.16				31.12.15			
	Total	EU	North America	Other	Total	EU	North America	Other
Excess fair market values	0	-	-	-	888	888	-	-
Tangible fixed assets	2,683	2,506	145	32	2,682	2,588	57	37
Financial assets	15,460	15,391	29	40	12,709	12,667	3	39
Inventories	10,369	5,099	1,398	3,872	17,336	8,101	2,063	7,172
Customers	21,703	13,456	6,294	1,953	14,876	9,906	2,937	2,033
Other receivables	1,497	1,326	156	15	1,445	1,289	142	14
Cash and cash equivalents	2,164	1,482	518	164	6,372	5,055	1,120	197
Income tax receivables	430	254	176	-	329	329	-	-
Unallocated assets	7,781	-	-	-	7,081	-	-	-
TOTAL ASSETS	62,087	39,514	8,716	6,076	63,718	40,823	6,322	9,492

Unallocated assets are intangible fixed assets.

5.7 Balance sheet account explanatory notes

5.7.1 Excess fair market values

Excess fair market values were broken down at December 31, 2016 as follows:

Excess fair market values change	Gross at 31.12.15	Change	Gross at 31.12.16
Guillemot Ltd (UK)	1	-	1
Hercules Thrustmaster SAS (France)	1,299	-	1,299
Guillemot Administration et Logistique SARL (France)	233	-	233
Guillemot SA (Belgium)	233	-	233
Guillemot Inc (United States)	1,034	-	1,034
Guillemot Corporation SA (France)	941	-	941
Guillemot Inc (Canada)	16,894	-	16,894
Guillemot Srl (Italy)	4,392	-	4,392
Total	25,027	0	25,027

Excess fair market values depreciation	Provisions at 31.12.15	Additional loss in value from 01.01.16 to 31.12.16	Provisions at 31.12.16
Guillemot Ltd (UK)	1	-	1
Hercules Thrustmaster SAS (France)	411	888	1,299
Guillemot Administration et Logistique SARL (France)	233	-	233
Guillemot SA (Belgium)	233	-	233
Guillemot Inc (United States)	1,034	-	1,034
Guillemot Corporation SA (France)	941	-	941
Guillemot Inc (Canada)	16,894	-	16,894
Guillemot Srl (Italy)	4,392	-	4,392
Total	24,139	888	25,027
Net value	Total	888	0

The application of a valuation test on excess fair market values from the subsidiary Hercules Thrustmaster SAS (net amount of €888K) and relating to Hercules goodwill, revealed a loss in value and resulted in the posting of depreciation of €888K under Other operating expenses at December 31, 2016.

The recoverable amount was determined based on going values.

The hypotheses used for applying this valuation test to the Hercules cashflow generating unit are the following:

- Negative operational cashflow to turnover ratio for the 2 years to come, and then 5% for the 3 following years.
- Forecasts over 5 years (10% increase in turnover for the 2 years to come, and then 25% for the 3 following years).
- Long-term growth rate of 2%.
- 12% discount rate.

The book value of the Hercules cashflow generating unit amounted to €7.7 million before depreciation.

The recoverable amount of the Hercules cashflow generating unit stood at €6.9 million.

Hercules' activity has shown a significant decrease with respect to its turnover for the past 3 years, following the successive ending of its Wi-Fi, PLC and webcam product lines, and more recently multimedia speakers as well.

The refocusing of activities on audio products is underway and requires significant R&D and marketing investments, which have an impact on profitability in the short term. In relation to the hypotheses employed last year for the depreciation test, the lack of short-term profitability, due to the expected turnover level, impacts the recoverable amount of the asset and results in the posting of depreciation in the amount of €888K.

The emergence of smartphones and of mobile uses for music represents a fundamental shift, for which Hercules has been preparing itself in recent years by deploying its Research and Development teams to focus on these new markets. These efforts have already resulted in the brand receiving five innovation prizes at the last three editions of the prestigious CES trade show in Las Vegas. These international awards, highly coveted within the IT industry, bear witness to the Hercules brand's ability to create increasingly unique and innovative solutions.

This refocusing of activities on audio products buoys the Group with respect to its hypotheses regarding double-digit growth for Hercules' turnover over the next five years.

Pursuant to the IAS 36 standard, losses in value posted on goodwill during previous fiscal years will not be recovered at a later date.

Sensitivity test on the discount rate: a 1% increase in the discount rate has an impact of €-0.5 million on the recoverable amount of the Hercules cashflow generating unit.

Sensitivity test on the cashflow/turnover ratio: a 1% decrease in the cashflow/turnover ratio over the period from 2019-2021 would have an impact of €-1.7 million on the recoverable amount of the Hercules cashflow generating unit.

5.7.2 Intangible fixed assets

Intangible fixed assets are broken down as follows:

Gross values	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	31.12.16
Brands	10,842					10,842
Development costs	4,654		1,232	63	-2	5,821
Development costs in process	1,473		1,417	1,308	-4	1,578
Licenses	2,418		271	169		2,520
Concessions, patents...	875		20		14	909
Other intangible fixed assets	950		4		26	980
TOTAL	21,212	0	2,944	1,540	34	22,650

With respect to Development costs, projects meeting the six eligibility criteria set out by the IAS 38 standard are capitalized. The switch from fixed assets in progress to fixed assets under development costs takes place when the asset is put into production (an amount of €1,232K for the fiscal year). Development costs capitalized over the period amounted to €84K in net value. Asset disposals amounted to €150K for the fiscal year and mainly relate to development projects which no longer meet the capitalization criteria. Guillemot Corporation Group companies which produce Development costs are Hercules Thrustmaster SAS, Guillemot Recherche & Développement Inc, Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs relate to all product ranges for the Hercules and Thrustmaster brands.

The increase in Development costs in process for the fiscal year amounted to €1,417K. These investments are financed using shareholders' equity, as well as by way of recourse to bank loans and overdraft clearances (cf. note 5.7.13).

The geographic distribution of these Development costs in process was as follows for fiscal 2016: France = €669K; foreign = €748K.

The Licenses entry includes guaranteed amounts to be paid out over the lifespan of contracts.

Amortization and provisions	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	31.12.16
Brands	8110			1000		7,110
Development costs	2,560		1,257	69		3,748
Licenses	1,704		628	169		2,163
Concessions, patents...	811		48		13	872
Other intangible fixed assets	946		4		25	975
TOTAL	14,131	0	1,937	1,238	38	14,868

Brands include the Thrustmaster and Hercules brands acquired. These brands are subject to depreciation tests at each closing of accounts and are valued taking into account future discounted cashflow.

In the absence of a deep market for the brands in the Group's segment of activity, the fair value method is not applied for valuation of brands held by the Group.

The going value is the discounted value of future cashflow expected from an asset, which is to say of its continued use and removal at the end of its usefulness. This method is used for the valuation of brands.

The Hercules brand is assigned to the Hercules cashflow generating unit. This cashflow generating unit was subject to an impairment test at December 31, 2016 with the hypotheses set out in note 5.7.1.

The Thrustmaster brand is assigned to the Thrustmaster cashflow generating unit. The depreciation test on the Thrustmaster cashflow generating unit resulted in the posting of a provision reversal of €1 million on the Thrustmaster brand at December 31, 2016, under Other operating revenues.

The Thrustmaster brand has a net balance sheet value of €2,300K against an acquisition cost of €9,410K, and the Hercules brand has a net balance sheet value of €1,432K against an acquisition cost of €1,432K.

Pursuant to IAS 36, forecasts are made over five years with a terminal value.

The hypotheses used in calculating future discounted cashflow for the Thrustmaster cashflow generating unit are the following:

- Operational cashflow to turnover ratio of 5%.
- Forecasts applied to a five-year business plan with turnover growing by 10% in 2017, stable in 2018, down by 10% in 2019 and stable for the two following years, taking into account the cyclical nature of activities related to the releases of game consoles.
- 12% discount rate.

The book value of the Thrustmaster cashflow generating unit amounted to €21.3 million before depreciation reversal.

The recoverable amount of the Thrustmaster cashflow generating unit stood at €22.3 million.

Valuation of the Thrustmaster brand presents an adjustment risk over the years to come, in the event whereby the hypotheses employed for future cashflow generated by Thrustmaster activities are revised either upward or downward.

Thrustmaster has acquired worldwide recognition and is now omnipresent in the racing wheels market for PC and consoles, the installed base of which continues to grow. The Group has achieved turnover in excess of €50 million over the past two years.

In relation to the hypotheses employed last year for the depreciation test, confirmation of the prospects for change with regard to turnover and profitability impact the recoverable amount of the asset and result in the posting of depreciation in the amount of €1,000K.

The maximum potential impact on the Group's statement of income would be €+7,110K in the event of a complete reversal of the depreciation on the Thrustmaster brand in the years to come.

Sensitivity test on the discount rate:

A 1% increase in the discount rate has an impact of €-1.6 million on the recoverable amount of the Thrustmaster cashflow generating unit.

A 1% decrease in the discount rate would have an impact of €+2.1 million on the recoverable amount of the Thrustmaster cashflow generating unit.

Sensitivity test on the cashflow/turnover ratio:

A 1% increase in the cashflow/turnover ratio would have an impact of €+4.6 million on the recoverable amount of the Thrustmaster cashflow generating unit.

A 1% decrease in the cashflow/turnover ratio would have an impact of €-4.4 million on the recoverable amount of the Thrustmaster cashflow generating unit.

5.7.3 Tangible fixed assets

Tangible fixed assets related to operations are broken down as follows:

Gross values	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	31.12.16
Land	399					399
Buildings	5,379		114			5,493
Technical installations	4,341		573	22	12	4,904
Other tangible fixed assets	1,007		115	11	6	1,117
Under development	496		516	533		479
TOTAL	11,622	0	1,318	566	18	12,392

Buildings represent buildings located in Carentoir (France).

Tangible fixed assets under development in the amount of €514K have been transferred to the Technical installations entry during the fiscal year. Tangible fixed assets under development mainly relate to molds and tools used in the production of new products. The Group disposed of obsolete materials for an amount of €42K (gross value).

The total amount of investments in tangible fixed assets for the fiscal year amounted to €804K.

These investments are financed using shareholders' equity, as well as by way of recourse to bank loans and overdraft clearances (cf. note 5.7.13).

The geographic distribution of these investments was as follows for fiscal 2016: France = €136K; foreign = €668K.

Real estate leased by the Group only relates to office space.

The main countries involved are France and Canada.

Lease commitments amounted to €797K at December 31, 2016, including €239K for France and €374K for Canada.

The annual cost of leases amounts to less than €500K.

Depreciation	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	31.12.16
Buildings	4,592		205			4,797
Technical installations	3,475		517	22	12	3,982
Other tangible fixed assets	873		62	9	5	931
TOTAL	8,940	0	784	31	17	9,710

5.7.4 Financial assets

Non-current financial assets are broken down as follows:

Gross values	31.12.15	Scope mvt	Increase	Decrease	Forex adjustment	31.12.16
Other fixed securities	152			33		119
Other financial fixed assets	307		33	3	1	338
TOTAL	459	0	33	36	1	457

Movements with respect to other fixed securities relate to the liquidity contract currently in place. Assets assigned to the liquidity account amount to €300,000 in cash since the origin.

Movements with respect to other financial fixed assets relate to collateral deposits.

Current financial assets include Ubisoft Entertainment shares.

	Net 31.12.15	Disposal 31.12.16	Acquisition 31.12.16	Forex adjustment 31.12.16	Financial gain/loss 31.12.16	Net 31.12.16
Ubisoft Entertainment shares						
Number	443,874					443,874
Fair value (in €K)	11,837				3,166	15,003
Gameloft shares						
Number	68,023	-68,023				0
Fair value (in €K)	413	-544			131	0
Derivatives on foreign exchange transactions						
	0					0
Total value	12,250	-544	0	0	3,297	15,003

Ubisoft Entertainment shares (listed on an active market) are valued at their fair value pursuant to the IAS 39 standard. These shares were classified in the financial assets category, valued at their fair value as hedging for income during the switch to IFRS standards.

At December 31, 2016, the Group held 443,874 Ubisoft Entertainment shares, representing 0.39% of share capital.

The share price used at December 31, 2015 was €26.67 for Ubisoft Entertainment shares. The price used at December 31, 2016 for the valuation of the shares at their fair value was €33.80 for the Ubisoft Entertainment shares. The revaluation gain thereby posted at December 31, 2016 amounted to €3,166K for Ubisoft Entertainment shares.

Gameloft shares were disposed of during the first half of the year at a price of €8, resulting in the posting of a net disposal gain of €131K.

In order to limit the Group's foreign exchange risk, Guillemot Corporation covers the risks of foreign exchange variations by way of forward purchase contracts and foreign exchange options. As these transactions do not meet the accounting criteria for coverage, they are posted as transaction instruments. These derived instruments are posted at their fair value on the transaction date on the balance sheet, under current financial assets or liabilities. The profit or loss resulting from the revaluation at fair value is immediately posted under financial income. No contracts of this type were in place at December 31, 2016.

5.7.5 Inventories

Inventories	Gross 31.12.15	Inventory change (Result)	Scope change	Forex adjustment	Gross 31.12.16
Raw materials	1,572	-94	0	0	1,478
Finished products	17,063	-7,100	0	201	10,164
TOTAL	18,635	-7,194	0	201	11,642

Depreciation	31.12.15	Increase	Decrease	Scope change	Forex adjustment	31.12.16
Raw materials	151	128	31	0	0	248
Finished products	1,148	574	715	0	18	1,025
TOTAL	1,299	702	746	0	18	1,273

Total net inventory	17,336					10,369
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Inventories include electronic components and subsets as well as finished products. Depreciation is posted when the value of inventory is greater than its probable realizable value.

The decrease in inventories over the year was linked to the strong sales momentum at the end of the year, and to the Group's initiative to master its inventory level at December 31, 2016.

Half of the increase in depreciation of €702K relates to products in the Hercules range.

5.7.6 Customers

Customer receivables	Gross 31.12.15	Movements	Scope change	Forex adjustment	Reclassification	Gross 31.12.16
Customers	15,166	6,491		291		21,948

Customer receivables are covered by credit insurance, covering the majority of the Customers entry at December 31, 2016. The Customers entry had a net value of €21,703K at December 31, 2016, compared with €14,876K at December 31, 2015. This change was linked to an increase in activity at the end of the year, and to the increase over the year of sales departing from the Group's platform based in Hong Kong.

Depreciation	31.12.15	Allowances	Reversals	Forex adjustment	Reclassification	31.12.16
Customers	290	21	68		2	245

5.7.7 Other receivables

	31.12.16	31.12.15
Advances and prepayments on account	632	576
VAT receivables	436	392
Supplier debtors	6	25
Other	199	145
Prepaid expenses	224	307
TOTAL	1,497	1,445

5.7.8 Cash and cash equivalents

	31.12.16	31.12.15
Cash	2,164	6,372
Cash equivalents	0	0
TOTAL	2,164	6,372

5.7.9 Income tax receivables

The figure on the balance sheet amounts to €430K and relates to advance corporation tax due, Crédit d'Impôt Compétitivité Emploi receivables in France for €112K and Crédit Impôt Recherche and Crédit Impôt Innovation receivables in France and Canada for €269K.

5.7.10 Shareholders' equity

Share capital is composed of 15,004,736 shares with a nominal value of €0.77 each.

The company Guillemot Corporation S.A. holds 282,507 treasury stock shares. These treasury stock shares are deducted from shareholders' equity for a value of €728K.

At December 31, 2016, the percentage of share capital represented by treasury stock shares was 1.88%.

Maximum potential number of shares to be created:

Through option exercise 480,000

Main features of stock option plans:

	9th plan	10th plan
Board of Directors meeting date	18.02.08	18.02.08
Number of shares	383,000	217,000
Nominal value	€0.77	€0.77
Subscription price	€1.91	€1.91
Exercise dates	18.02.12 to 18.02.18	18.02.10 to 18.02.18
Number of shares subscribed to	-	6,360
including during fiscal 2016	-	-
Stock options cancelled or nullified	-	-
Remaining stock options	383,000	210,640
Options potentially exercisable at 31.12.16	334,000	146,000

The first eight stock option plans have been nullified.

The Group has put in place remuneration plans denominated in shareholders' equity instruments (options on shares). The fair value of the services rendered by employees in exchange for the granting of options is accounted for as expenses. The total amount accounted for as expenses over the acquisition period of rights is determined by reference to the fair value of the options granted, without taking into account the conditions of acquisition of rights, which are not market conditions. The conditions of acquisition of rights which are not market conditions are integrated into the hypotheses on the number of options which may become available for exercise. At each closing date, the entity re-examines the number of options which may become available for exercise. If need be, the Group posts in its statement of income the impact of the revision of its estimates as hedging for a corresponding adjustment to shareholders' equity.

The number of potentially exercisable options takes into account the exercise terms for options proper to each plan.

Pursuant to the IFRS 2 standard regarding share benefits, stocks options have been valued at their fair value according to the Black & Scholes method. No charges were posted for fiscal 2016, with all plans being amortized.

5.7.11 Provisions for liabilities and expenses

Provisions for liabilities and expenses are broken down as follows:

	31.12.15	Increases	Decreases		Forex adjustment	31.12.16
			Used	Unused		
Product returns	233	413			15	661
Other	104	11				115
TOTAL	337	424	0	0	15	776

The increase in the provision for product returns is linked in particular to the growth of sales in North America, and to the updating of hypotheses relating to return estimates.

The Other entry mainly includes amounts linked to supplier disputes.

5.7.12 Personnel commitments

The Group has no post-retirement benefits programs other than the legal program stipulated by the collective agreements which govern the Group's employees.

A provision is calculated using the method of projected credit units, based on retirement benefits at the time of retirement according to seniority (these are the benefits which will be due to the employee at the time of his or her retirement).

The main actuarial hypotheses employed are the following:

- Calculation year: 2016.
- Discount rate: 1.5%.
- Use of collective agreements for subsidiaries.
- Retrospective calculation method for projected credit units.
- TG05 mortality table.
- 2016 reference salary, accounting for a 2% annual increase until end of career.

At December 31, 2016, the amount of the provision stood at €847K, compared with €589K at December 31, 2015.

Pursuant to the revised IAS19 standard, all actuarial gains and losses are posted under OCI (Other comprehensive Income), and no longer under results. The impact on the Group's shareholders' equity for fiscal 2016 was €-194K.

5.7.13 Loans

Financial liabilities are broken down as follows:

	31.12.16	Current (within 1 yr)			Non-current (1 yr +)	31.12.15
		0-3 months	3-6 months	6-12 months		
Financial institution loans	4,182	627	627	1,257	1,672	7,682
Bank overdrafts and currency advances	6,117	6,117				3,345
Other	16	16				25
TOTAL	10,315	6,760	627	1,257	1,672	11,052

The Group has fixed-rate loans worth €1,333K and variable-rate loans worth €2,849K. At December 31, 2016, a loan in the amount of €875K was covered by acceleration clauses. The obligation to be respected is the following:

Adjusted indebtedness / Shareholders' equity ≤ 1 (Based on the financial statements of Guillemot Corporation S.A.).

This obligation was respected at December 31, 2016.

Bank overdrafts amounted to €1,796K (variable rate) and currency advances to €4,321K (fixed rate).

Over the period, the Group reimbursed €3,501K in bank loans, and did not take out any new loans.

At December 31, 2016, no debts were financed by currencies other than the euro.

Net indebtedness	31.12.16	31.12.15	31.12.14
Financial liabilities	10,315	11,052	7,316
Shareholders' current accounts	972	1,396	1,666
Cash	2,164	6,372	1,790
Net indebtedness	9,123	6,076	7,192

The Group's net indebtedness stood at €9,123K at December 31, 2016.

The Group also held a share portfolio worth €15,003K (in fair value at December 31, 2016).

5.7.14 Other liabilities

	31.12.16		31.12.15
	Current	Non-current	
Compensation and benefits liabilities	1,783		1,713
Current accounts		972	1,396
Other	4,392		4,058
TOTAL	6,175	972	7,167

Other liabilities include €972K in current account advances contributed by founding shareholders. These advances were waived, with return to profits clauses.

The Other entry contains charges to be paid to linked to licenses, end-of-year discounts, advances and payments on account received on orders and deferred revenues.

In 2002 and 2003, founding shareholders of Guillemot Corporation waived current accounts for a total amount of €7.7 million. These waivers were combined with return to profits clauses, stipulating reimbursement once the parent company became profitable again.

Out of this €7.7 million, €6,729K has already been reimbursed pursuant to the terms set out in the current account agreements, which stipulated reimbursement according to the net income of the parent company Guillemot Corporation S.A.

An amount of €424K will be reimbursed to founding shareholders in 2016.

The balance of €972K (classified as non-current) will be progressively reimbursed over the years to come at the level of 20% of the annual net income of the parent company Guillemot Corporation S.A. This debt was not discounted at December 31, 2016.

5.8 Statement of income explanatory notes

5.8.1 Purchases, external expenses and personnel expenses

Purchases

Purchases relate to purchases of primary materials (electronic components) and finished products, totaling €27,002K for fiscal 2016.

External expenses

External expenses are broken down as follows:

	31.12.16	31.12.15
Subcontracting purchases	462	640
Unstored purchases, materials and supplies	177	167
Other external expenses	13,849	13,740
TOTAL	14,488	14,547

Other external expenses mainly include transport expenses for sales, publicity, marketing and external, non-capitalized Research and Development costs.

Personnel expenses

Personnel expenses include personnel remuneration and benefits expenses.

The amount of this entry stood at €8,276K in 2016, compared with €7,137K in 2015. An amount of €112K corresponding to the Crédit d'Impôt Compétitivité Emploi was posted as a deduction from personnel expenses in 2016 in the Group's French subsidiaries, compared with €95K in 2015.

An amount of €179K corresponding to the Crédit Impôt Recherche and Crédit Impôt Innovation was posted as a deduction from personnel expenses in 2016 in the Group's French and Canadian R&D subsidiaries.

5.8.2 Depreciation and amortization

Depreciation and amortization are broken down as follows:

	31.12.16	31.12.15
Depreciation and amortization on intangible fixed assets	1,877	1,714
Depreciation and amortization on tangible fixed assets	764	843
TOTAL	2,641	2,557

Depreciation and amortization on intangible fixed assets mainly relates to guaranteed amounts on licensing contracts (€628K), as well as capitalized Research and Development costs (€1,201K).

Depreciation and amortization on tangible fixed assets mainly relates to buildings for €205K and technical installations for €495K.

Depreciation is broken down as follows:

	31.12.16	31.12.15
Current assets depreciation	21	107
Liabilities and expenses depreciation	488	202
Inventory depreciation	698	568
Other depreciation	154	651
TOTAL	1,361	1,528

Inventory depreciation relates to products in both the Hercules and Thrustmaster ranges. Other depreciation contains depreciation on capitalized R&D projects which no longer meet the capitalization criteria.

Liabilities and expenses depreciation mainly relates to product returns.

5.8.3 Changes in inventories

The change in inventories includes provisions reversals on inventories and negative and positive inventory variations, in particular.

5.8.4 Other operating revenues and expenses

	31.12.16	31.12.15
Revenues		
Other current asset reversals	67	14
Other operating revenues	99	121
Fixed assets disposal price	2	6
Total revenues	168	141
Expenses		
Licenses	-3,201	-5,126
NBV of fixed asset disposals	-2	-6
Other operating expenses	-138	-154
Total expenses	-3,341	-5,286
TOTAL	-3,173	-5,145

The decrease in the licenses entry is due to the downward renegotiation of certain contracts and the falling into the public domain of some technologies used by the Group. The main amounts relate to partnerships underway linked to the Xbox One® console from Microsoft® and the PlayStation®4 console from Sony®.

5.8.5 Other operations-related revenues and expenses

Other operations-related expenses relate to depreciation of €888K on excess fair market values attached to the activity of Hercules (cf. depreciation test at 5.7.1).

Other operations-related revenues relate to a depreciation reversal of €1,000K on the Thrustmaster brand (cf. depreciation test at 5.7.2).

5.8.6 Cost of net financial debt, other financial expenses and revenues

The cost of net financial debt stood at €263K at December 31, 2016. This includes interest expenses and financial expenses linked to loans, as well as Forex losses and gains linked to the elimination of financial liabilities.

Other financial revenues and expenses are broken down as follows:

	31.12.16	31.12.2015
Forex differences	-	-
Unrealized gain/loss on Gameloft shares	-	185
Gain on disposals of Gameloft shares	132	-
Unrealized gain/loss on Ubisoft Entertainment shares	3,165	5,106
Unrealized gain/loss on Ubisoft Entertainment equity warrants	-	-
Total other financial revenues	3,297	5,291
Forex differences	321	163
Unrealized gain/loss on Gameloft shares	-	-
Unrealized gain/loss on Ubisoft Entertainment shares	-	-
Total other financial expenses	321	163

Forex effect linked to currency conversion of subsidiaries:

All subsidiaries use local currency for their operations. The impact on shareholders' equity is €+286K.

Financial risk:

Pursuant to the IFRS 7 standard on financial instruments, the Group details hereafter its exposure to various financial risks:

Liquidity risk: At December 31, 2016, the Group had not used all of its loan and banking facilities, and its net indebtedness was €9.1 million.

The Group held a portfolio of marketable investment securities worth €15 million in fair value at December 31, 2016. No loans were covered by acceleration clauses at December 31, 2016.

Share price risk: The stock market price change on shares held impacts on the Group's income. For 2017, a 10% decrease in the price of Ubisoft Entertainment shares (in relation to the price at December 31, 2016) would have an impact of €-1.5 million on financial income.

At March 17, 2017, the closing price of Ubisoft Entertainment shares was €37.45, representing an increase of 10.8% in relation to December 31, 2016, resulting in the posting of a revaluation gain of €1,620K in the Group's consolidated financial statements at this date.

Market rates variation risk: A 1% increase in interest rates, taken on an annual basis and considering the balance at December 31, 2016 (the amount of variable-rate, non-covered financial liabilities) would have an impact of an increase in financial expenses of €46K.

Exchange rates variation: The balance of the Group's currency-denominated assets and liabilities at December 31, 2016 was broken down as follows (the position is given for non-covered amounts, meaning those subject to currency variations):

Currency amounts exposed to positive or negative exchange rates variations:

(In €K)	USD	GBP
Assets	11,302	2,120
Liabilities	13,505	38
Net pre-adjustment position	-2,203	2,082
Off-balance-sheet position	0	0
Net post-adjustment position	-2,203	2,082

A 10% increase in the rate of the American dollar, taken on an annual basis and considering the balance at December 31, 2016 (the amount of currencies subject to exchange variations) would have an impact of an increase in financial charges of €209K.

A 10% decrease in the rate of the pound sterling, taken on an annual basis and considering the balance at December 31, 2016 (the amount of currencies subject to exchange variations) would have an impact of an increase in financial charges of €222K.

The impact of exchange variations on other currencies is not significant.

As all of the major players in the multimedia industry conduct transactions in U.S. dollars, there is no competitive advantage between one manufacturer and another translating into increased market share. As a result of the indexation of sales prices to dollar cost prices by all players in the industry, sales prices are either increased or decreased as a function of overall cost prices.

The main currency for hardware and accessory purchases is the U.S. dollar. In the United States, Canada and all other countries outside of Europe, the transaction currency is also the U.S. dollar. In Europe, the Group sells mainly in euros. Rapid currency variations and dips in the value of the U.S. dollar in particular may result in lower sales prices for the Group's products and consequently impact on the value of merchandise inventories. Conversely, a strong and rapid increase in the value of the U.S. dollar over the second half of the year would not allow the Group to offset this increase in full on the sales prices of its products, given the seasonal nature of the company's activities, and could result in a temporary impact on gross margins.

However, in order to limit the Group's risk, Guillemot Corporation covers Forex risks by way of buying on the spot market, forward purchase contracts and foreign currency options.

There were no hedging contracts underway at December 31, 2016.

Moreover, increased export sales in general and sales in the United States in particular over the past several years enhance the Group's natural coverage and significantly decrease the Forex risk.

Credit risk: credit risk represents the risk of financial loss in the event whereby a customer would fail to meet its contractual obligations. The Group has taken out credit insurance in order to protect against this risk. The number of customers is reduced, as the Group relies mainly upon wholesalers. In some cases, the Group is obliged to grant additional credit where coverage is judged to be particularly ill-suited.

5.8.7 Income tax expenses

Income tax expenses are broken down as follows:

(In €K)	31.12.16	31.12.15
Deferred tax	303	715
Income tax payable	73	102
TOTAL	376	817

Income tax payable corresponds to the total income taxes of all Group companies.

Deferred tax is calculated based on temporary differences relating to tax adjustments, consolidation adjustments and losses carried forward. In this case, it corresponds to the deferred tax linked to the unrealized gain on the portfolio of Ubisoft Entertainment securities held by Guillemot Corporation S.A., taking into account the tax rules in effect, particularly those relating to the capping of the use of tax loss carryforwards. The tax rate of 28% employed for calculating deferred tax takes into account the new provisions stipulated by the 2017 finance law in France, progressively bringing the tax rate of companies to 28% in the medium term. The Group does not plan to dispose of Ubisoft securities in the short term.

In the light of loss-making results for previous fiscal years, the tax loss carryforwards balance of €62,986K (cf. the following table) did not result in the posting of deferred tax assets in the Group's consolidated financial statements at December 31, 2016.

Income tax for the fiscal year:

(In €K)	31.12.16
Pre-tax income	3,435
Non-taxable income and expenses	411
Theoretical tax (33.33%)	1,008
Non-deductible/taxable income tax expenses and revenues	130
Income tax on previous losses carried forward	-1,386
Income tax on non-included fiscal year losses	692
Income tax before adjustments	444
Rate differences	-75
Other	7
TOTAL	376

Tax loss carryforwards are broken down as follows:

(in €K)	31.12.16
Guillemot Corporation SA (France)	58,654
Hercules Thrustmaster SAS (France)	1,046
Guillemot GmbH (Germany)	1,467
Guillemot Inc (Canada)	1,293
Guillemot Corporation (HK) Ltd (Hong Kong)	193
Guillemot Ltd (England)	333
TOTAL	62,986

5.8.8 Discontinued activities

The Group has not discontinued any activities over the course of the past number of years.

5.8.9 Earnings per share

Base earnings per share	31.12.16	31.12.15
Earnings	3,059	7,043
Indexed average number of shares (K)	15,005	15,005
Number of treasury stock shares (K)	-282	-235
Total shares (K)	14,723	14,770
Base earnings per share	0.21	0.48

Diluted earnings per share	31.12.16	31.12.15
Earnings	3,059	7,043
Indexed average number of shares (K)	15,005	15,005
Number of treasury stock shares (K)	-282	-235
Total shares (K)	14,723	14,770
Maximum number of shares to be created		
Through bond conversion	0	0
Through option exercise	480	965
Through subscription rights exercise	0	0
Total shares (K)	15,203	15,735
Diluted earnings per share	0.20	0.45

5.8.10 Advances and loans to executive management

No loans or advances have been made to executive management, in accordance with Article L.225-43 of the Commercial Code.

5.8.11 Off-balance-sheet commitments

Rental commitments:	€797K
Documentary credits:	€1,068K

5.8.12 Executive management remuneration

The company's executive directors (Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot) are remunerated for their functions of Chief Executive Officer or Deputy CEO. They do not have employment contracts. The total gross remuneration paid out by the parent company and by its subsidiaries to executive directors amounted to €220K for the fiscal year.

The amount of attendance fees paid out by the company to members of the Board of Directors was €90K for the fiscal year. This amount includes the sum of €27K paid to independent Directors.

No specific retirement program has been put in place for Directors. No commitments have been made by the Group corresponding to elements of remuneration, indemnities or benefits due or potentially due as a result of the undertaking, ending or changing of these functions or subsequent to the same. No remuneration has been paid by virtue of a profit-sharing plan or bonuses. No share subscription or purchase options have been granted.

5.8.13 Workforce

At December 31, 2016, the Group had 162 employees worldwide, 74 of whom were managers. Employees of the Group's European companies accounted for 77% of the workforce, and employees on other continents 23%.

5.8.14 Elements regarding associated companies

The parent company's share capital is held by the company Guillemot Brothers S.E. (19.99%), the Guillemot family (53.29%), Guillemot Corporation (1.88%) and public shareholders (24.84%).

Associated companies are the company Guillemot Brothers S.E. and the members of the Guillemot family controlling the issuer, the Group's consolidated subsidiaries (cf. scope of consolidation presented in section 5.5.1) and the Ubisoft Entertainment group, an entity in which members of the Guillemot family hold significant voting rights.

The company Guillemot Corporation S.A. benefited over the course of previous fiscal years from current account waivers for a total amount of €7.7 million on the part of founders of the Group's parent company and of the company Guillemot Brothers S.E.

There remains on the balance sheet an amount of €972K in shareholders' current account advances, which will be reimbursed over fiscal years to come, with the stipulation that reimbursement may not exceed 20% of the parent company's annual net income.

Principal aggregates relating to the Ubisoft Entertainment group:

	31.12.16
(In €K)	Ubisoft Entertainment
Customer balance	10
Supplier balance	128
Revenues	1,627
Charges	357

6 POST-CLOSURE EVENTS

There were no post-closure events.

7 DATA PERTAINING TO THE GUILLEMOT CORPORATION S.A. PARENT COMPANY

GUILLEMOT CORPORATION S.A.	31.12.16	31.12.15
(in €K)		
Turnover	55,867	61,438
Operating income	-2,846	939
Pre-tax income	-433	1,695
Net income	-433	1,695

8 FEES PAID TO INDEPENDENT AUDITORS AND MEMBERS OF THEIR NETWORKS

Fiscal 2016	PricewaterhouseCoopers Audit		MB Audit	
	Amount (Net of tax)	%	Amount (Net of tax)	%
Certification of accounts	59,200	88%	48,800	100%
Other services	8,000	12%	0	0%
TOTAL	67,200	100%	48,800	100%

9 INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS – FISCAL YEAR ENDED DECEMBER 31, 2016

To shareholders of

Guillemot Corporation
Place du Granier
BP 97143
35571 Chantepie Cedex

As part of the auditing duties conferred upon us at your general meeting, we present herewith our report regarding the fiscal year ended December 31, 2016, on:

- our audit of the consolidated financial statements of the company Guillemot Corporation, as attached to this report;
- the justification of our assessments; and
- the specific verifications required by law.

The consolidated financial statements have been prepared by your Board of Directors. It is our task to provide an opinion on these consolidated financial statements, on the basis of our audit.

I - Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards of practice applicable in France; these standards require due diligence procedures in order to ascertain with reasonable certainty that the consolidated financial statements are free of material misstatement. An audit consists of an examination, on a sampling basis or by other methods of selection, of elements justifying the amounts and information presented in the consolidated financial statements. An audit also includes an assessment of the accounting principles applied, as well as of the significant estimates made in the presentation of the consolidated financial statements and of their overall presentation. It is our view that the audit we have carried out forms a true and fair basis for the opinion expressed below.

We hereby certify that the consolidated financial statements are orderly and sincere, according to the IFRS reference as adopted in the European Union, and that they provide a true and fair view of the assets and liabilities, financial standing and profit or loss of the whole comprised of the persons and entities included within the scope of consolidation.

II - Justification of our assessments

Pursuant to the terms of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring the following elements to your attention:

Accounting principles

Note 5.4.3 ("Intangible fixed assets") in the appendix to the consolidated financial statements sets out the accounting methods relating to Research and Development costs. As part of our evaluation of the accounting principles followed by your company, we have verified the appropriate nature of the accounting methods mentioned above and of the information provided in appendix notes 5.4.3 and 5.7.2 ("Intangible fixed assets") and are satisfied regarding their correct application.

Accounting estimates

The company systematically conducts, at each closing of accounts, impairment tests on excess fair market values and brands with an indefinite lifespan (the Hercules and Thrustmaster brands), pursuant to the methods set out in notes 5.4.3 ("Intangible fixed assets") and 5.4.5 ("Impairment of non-financial assets"), as well as notes 5.7.1 ("Excess fair market values") and 5.7.2 ("Intangible fixed assets"). We have examined the methods employed in these impairment tests, as well as the cashflow forecasts and hypotheses employed, and have verified that these notes provide the appropriate information.

The assessments arrived at in this way were in the context of our audit process for the annual consolidated financial statements, taken in their entirety, and have therefore contributed to the formation of our opinion expressed in the first section of this report.

III - Specific verifications

We have also carried out the specific verifications required by law of the information relating to the Group, provided in the management report, in accordance with the professional standards of practice applicable in France.

We have no observations to offer regarding its fair presentation and consistency with the consolidated financial statements.

Rennes, April 25, 2017

Independent Auditors

PricewaterhouseCoopers Audit

Jérôme Mouazan

MB Audit

Khadija Roullé

➤ FINANCIAL STATEMENTS AT DECEMBER 31, 2016

All entries are in €K.

1 BALANCE SHEET

ASSETS	Gross	Amort/Depr	Net	Net
(in €K)	31.12.16	31.12.16	31.12.16	31.12.15
Intangible fixed assets	19,720	12,193	7,527	6,462
Tangible fixed assets	8,188	6,045	2,143	2,200
Financial fixed assets	43,450	37,689	5,761	3,823
Total fixed assets	71,358	55,927	15,431	12,485
Inventories	9,966	1,019	8,947	15,291
Advances and payments on account	918	0	918	534
Trade accounts receivable	16,412	245	16,167	13,595
Other receivables	3,360	706	2,654	3,848
Marketable investment securities	7,017	51	6,966	7,120
Cash	1,178	0	1,178	4,702
Total current assets	38,851	2,021	36,830	45,089
Adjustment accounts	482		482	395
TOTAL ASSETS	110,691	57,948	52,743	57,968

LIABILITIES AND SHAREHOLDERS' EQUITY

(in €K)	31.12.16	31.12.15
Capital	11,554	11,554
Issuance, conversion and amalgamation premiums	10,555	10,555
Reserves	1,337	1,337
Retained earnings	-2,158	-3,853
Net income	-433	1,695
Total shareholders' equity	20,855	21,288
Provisions	765	231
Financial liabilities	10,229	11,008
Trade accounts payable liabilities	15,224	18,550
Tax and social security liabilities	74	180
Fixed asset liabilities	816	854
Other liabilities	3,832	4,723
Total liabilities	30,175	35,315
Adjustment accounts	948	1,134
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	52,743	57,968

2 STATEMENT OF INCOME

(in €K)	31.12.16	31.12.15
Turnover	55,867	61,438
Stored production	-6,417	8,487
Capitalized production	1,477	1,995
Other operating revenues	1,369	1,061
Total operating revenues	52,296	72,981
Purchases	26,982	42,843
Inventory change	94	-357
External expenses	20,798	20,847
Taxes and duties	66	139
Personnel expenses	306	302
Other expenses	4,013	5,641
Amortization,	1,911	1,939
Depreciation and provisions allocations	972	688
Total operating expenses	55,142	72,042
Operating income	-2,846	939
Financial revenues on investments	0	238
Net gain on marketable investment security disposals	384	27
Other interest and similar income	63	91
Reversals of provisions and charge transfers	2,235	1,955
Forex gains	1,248	2,582
Total financial revenues	3,930	4,893
Financial allowance for amortization and provisions	398	297
Interest and financial expenses	293	263
Forex losses	1,645	2,452
Net expenses on marketable investment security disposals	15	2
Total financial expenses	2,351	3,014
Financial income	1,579	1,879
Ordinary income	-1,267	2,818
Exceptional income	834	-1,123
Pre-tax income	-433	1,695
Corporate income tax	0	0
Fiscal year net income	-433	1,695

3 SELECTED PERFORMANCE RESULTS

The main performance results are as follows:

(in €K)	31.12.16	31.12.15
Fiscal year production	50,927	71,920
Added value	3,053	8,587
Gross operating surplus	2,681	8,146
Operating income	-2,846	939

4 CASHFLOW TABLE

Cashflow linked to operating activities (in €K)	31.12.16	31.12.15
Net income	-433	1,695
Depreciation, amortization and provisions allocations (1)	3,434	3,608
Depreciation, amortization and provisions reversals (1)	-3,985	-2,223
Net gain/loss on disposals		3
Operating income	-984	3,083
Operating requirements change	477	-531
Non-operating requirements change	-278	377
Working capital requirements change	199	-154
Cashflow linked to investment activities		
Intangible fixed asset acquisitions	-1,477	-1,941
Tangible fixed asset acquisitions	-606	-761
Intangible and tangible fixed asset disposals	0	0
Financial fixed asset acquisitions	34	-26
Financial fixed asset disposals	0	0
Net change on amalgamation	0	0
Net change on subsidiary acquisitions/disposals	-70	0
Net cashflow linked to investment activities	-2,119	-2,728
Cashflow linked to financing activities		
Capital increase or contribution	0	0
Debt issuance	0	6,500
Debt repayments	-3,501	-2,157
Shareholders' current account repayments		0
Net cashflow linked to financing activities	-3,501	4,343
Cashflow change	-6,405	4,544
Net cashflow at fiscal year start (2)	8,562	4,016
Net cashflow at fiscal year end (2)	2,157	8,562

- (1) Excluding the allocations and reversals regarding provisions for the depreciation of marketable investment securities.
- (2) Including marketable investment securities for their net amounts.

5 APPENDICES TO FINANCIAL STATEMENTS

The notes and tables hereinafter, presented in thousands of euros, form an integral part of the financial statements and represent an appendix to the balance sheet, before allocation of net income for the fiscal year ended December 31, 2016. The balance sheet total amounted to €52,743K. The income statement showed a loss of €433K.

The fiscal year had a duration of twelve months, spanning the period from January 1 to December 31, 2016.

5.1 Significant events of the fiscal year

Annual turnover for the company Guillemot Corporation in fiscal 2016 amounted to €55,867K, with Hercules' sales growing by 4% and Thrustmaster's turnover down 12% over the year. Thrustmaster was unable to rely on the launch of its high-end Gran Turismo-licensed racing wheel, which had to be pushed back until 2017 due to the delay of the associated Gran Turismo game.

Key events of 2016:

- Delivery of the 500,000th copy of the Hercules DJUCED® DJing software, created for the brand's controllers.
- Signature of a major partnership agreement with the leading chain of video game shops in the United Kingdom.

- Opening of new distributors, particularly in China, Japan, the Nordic countries and Eastern Europe/Russia.
- Positioning of Thrustmaster in the eSports market, and the exclusive use of Thrustmaster racing wheels for the Formula E Vegas eRace competition in Las Vegas.
- Launch of the brand-new TS-PC Racer racing wheel during the fourth quarter, allowing Thrustmaster to position itself in the high-end PC racing wheels market.
- Delay of the very highly-anticipated game Gran Turismo Sport until 2017, resulting in the postponement of the release of Thrustmaster's new Gran Turismo-licensed racing wheel for PlayStation®4.
- Rollout of a new range of flight simulation accessories as part of Thrustmaster's 25th anniversary celebration in the industry.
- Receipt of the CES Innovation Awards Honoree distinction in January 2017 (for the fourth consecutive year), awarded this year to the T.16000M FCS Flight Pack for its technological advances providing flight sim pilots with an unprecedented degree of precision.

Operating income amounted to €-2,846K, compared with €939K at December 31, 2015.

Financial income amounted to €1,579K, compared with €1,879K for the previous fiscal year. This result includes, in particular, provisions reversals for €2,235K and a net financial gain of €354K following the disposal of 68,023 Gameloft SE shares.

Exceptional income amounted to €834K and takes into account a revenue of €1,000K relating to a provision reversal on the Thrustmaster brand and exceptional expenses of €166K linked to exceptional amortization on development costs and materials.

Net income amounted to €-433K, compared with €1,695K for the previous fiscal year.

Net indebtedness amounted to €3,135K at December 31, 2016, compared with an amount of €652K at December 31, 2015.

5.2 Financial accounting reporting principles

Guillemot Corporation S.A.'s annual financial statements were drafted pursuant to the ANC (Autorité des Normes Comptables – the French accounting standards authority) regulations number 2016-07 of November 4, 2016, modifying regulation number 2014-03 of June 5, 2014 relating to the general accounting plan (plan comptable général [PCG]). Impairment tests with respect to tangible and intangible fixed assets were carried out, as stipulated in Articles 214-16 through 214-19 of the general accounting plan.

Generally accepted accounting practices are applied in accordance with the principle of conservatism pursuant to the following basic regulations:

- going concern,
- consistency of application of accounting policies and methods,
- clearly identifiable accounting periods,

and pursuant to other generally recognized principles regarding the drafting and presentation of annual financial statements.

The basic method employed for the valuation of items recorded in the financial statements is the historic cost method.

5.3 Financial accounting reporting policies and methods

5.3.1 Intangible fixed assets

Goodwill

Goodwill includes all intangible elements acquired by the company (customer base, market share, expertise and so on) allowing it to carry out its activities and pursue its development.

The current value of goodwill is reviewed at each closing of accounts, comparing the market value to the going value.

The market value corresponds to the amount which may be obtained at sale, during a transaction concluded under normal market conditions. The going value is determined according to expected cashflow.

Goodwill is subject to depreciation if the asset worth is higher than the greater of the market or going values.

Brands

The brands acquired by the company have an undetermined lifespan.

The brands acquired by the company are subject to depreciation tests at each closing of accounts. The current value of brands is determined according to the market and their usefulness to the company. This is the result of a comparison between the market value and going value.

At closing, if the net book value is higher than the greater of the market or going values, depreciation is recorded.

Research and Development costs

Research and Development costs are accounted for as expenses for the period to which they relate. Development production costs are determined in accordance with the Conseil National de la Comptabilité (National Accounting Advisory Board) pronouncement of April 1987, and must also respect regulation CRC 2004-06. According to the PCG (Plan Comptable Général – General Accounting Plan), this means that the company must respect the following cumulative conditions:

- The technical feasibility for completion of the intangible fixed asset so that it can be used or sold,
- The intent to complete the intangible fixed asset and use or sell it,
- The ability to use or sell the intangible fixed asset,
- The way in which the intangible fixed asset will generate probable future economic benefits,
- The availability of resources (technical, financial or other) required to complete the development and use or sell the intangible fixed asset,
- The ability to measure spending linked to the intangible fixed asset in a dependable manner during its developmental phase.

The amortization of development costs, carried out according to the duration of use of the asset in question, is applied over a period which may not exceed 5 years.

Patents and software

These are amortized on a straight-line basis over their actual duration of use.

5.3.2 Tangible fixed assets

Tangible fixed assets are recorded at their historic costs. The amortization periods, determined according to fixed assets' probable duration of use, are as follows:

- Buildings: 10 to 20 years (straight-line)
- Fixture and fittings: 1 to 20 years (straight-line)
- Technical installations: 1 to 10 years (straight-line)

5.3.3 Financial fixed assets

Portfolio securities are recorded at their acquisition prices, excluding incidental costs. The asset value of each investment is assessed as a function of its share of the company's reevaluated net worth, as well as its future growth potential. When this value is less than the recorded value, depreciation is recorded for the amount of the difference.

The fair asset value of financial assets is the average price during the last trading month of the fiscal year, for listed securities. If the asset value is less than the acquisition price, a provision for depreciation is recorded.

5.3.4 Inventories

Inventories are valued at their procurement costs. The gross value of inventory includes the purchase price and incidental fees.

Inventories are valued according to the First-In First-Out (FIFO) method.

Depreciation provisions are recorded when the cost of inventory is greater than its probable sale value less sales and marketing costs.

5.3.5 Advances and payments on account

Advances and payments on account correspond to advances on orders paid to suppliers. The company pays license fees in advance to third parties for distribution and production rights. The signature of licensing contracts may entail the payment of guaranteed amounts.

When billed for by third parties, these amounts are registered in a prepayment account and amortized on a pro rata basis according to product sales. When guaranteed amounts have not yet been registered in their entirety, an off-balance-sheet commitment is recorded for the balance.

At year end, the unamortized amounts are reviewed against the related products' sales potential, and where sales prospects are insufficient, additional amortization is recorded.

5.3.6 Trade accounts receivable

Trade accounts receivable are recorded at their book value. Receivables are amortized, if need be, when their asset value is less than their book value.

5.3.7 Current account advances

Current account advances to subsidiaries are subject to a provision if the subsidiary's net worth falls below the asset value of the investment.

5.3.8 Translation of foreign currency-denominated receivables and payables

Foreign currency-denominated receivables and payables not covered by short-term Forex hedge sales or purchase contracts are converted at their closing rates, with the resulting loss or gain recorded on the balance sheet under a separate heading. A provision for foreign exchange loss is recorded where a loss is deemed likely to occur.

Forex gains or losses resulting from short-term Forex hedge sales or purchase contracts attached to receivables and liabilities are included in financial income.

5.3.9 Marketable investment securities

Parent company securities acquired by the Group on the stock market are included in this category according to the purchasing objective.

Securities are valued at the average market price of the closing month.

A provision is made for unrealized potential depreciation.

Pursuant to the terms of Articles L.225-209 and following of the Commercial Code, treasury stock shares held in the context of a share buyback program are accounted for as marketable investment securities.

5.3.10 Cash

Cash is composed of accounts at banks. Bank accounts in foreign currencies are converted at their closing rates, and Forex adjustments are included in financial income.

5.3.11 Provisions

Provisions for Forex losses relating to the conversion of receivables and debts into foreign currencies are included under this heading.

A provision is made where the company has a current obligation (legal or implicit) resulting from a past event and it is probable that an outlay of resources will be required in order to meet the obligation. The obligation amount may be estimated in a reliable fashion.

Provisions for risks linked to commercial litigation are also included in this category, as are provisions for product warranties and returns.

5.3.12 Loans

Loans are initially presented on the balance sheet at their fair value. Loan costs are accounted for as expenses.

5.3.13 Product accounting

The overall turnover figure is valued at the fair value of the compensation received or to be received, taking into account the amount of any commercial rebates or quantity-related rebates provided by the company. Product sales are registered and considered to be definitive as of the delivery date corresponding to the date of transfer of risks and benefits. All products sold by the company include a 2-year legal guarantee of conformity. In some cases, products are subject to a warranty transfer by way of a discount provided to the customer. For the other cases, the warranty liability is recorded via a provision corresponding to the best estimate of the costs linked to probable returns (cancellation of the margin alone or of the entire turnover amount if the products returned are unsaleable, plus the estimated repair costs and other costs linked to returns). This estimate is based on an analysis carried out by the company taking into account the level of sales, observation of average return times for non-compliant products, and management's judgement, in particular.

Moreover, the general sales conditions do not stipulate acceptance by the company of returns of unsold merchandise. In practice, if such agreements exist, the return agreement is recorded as a deduction from turnover based on permitted returns. In the event whereby management anticipates additional returns linked to past sales, the take-back obligation is recorded as a provision for liabilities and expenses.

5.3.14 Segment information

Segment information broken down by activity relates to the Hercules and Thrustmaster segments of activity. Segment information broken down by geographic zone is based on the following geographical segments: European Union, North America and Other.

5.4 Balance sheet account explanatory notes

5.4.1 Intangible fixed assets

Intangible fixed assets are broken down as follows:

Gross book values	31.12.15	Increase	Decrease	31.12.16
Research and development costs	4,851	1,232	20	6,063
Brands and goodwill	11,782	0	0	11,782
Concessions, patents, licenses, brands, software	237	0	0	237
Intangible fixed assets in progress	1,523	1,477	1,362	1,638
TOTAL	18,393	2,709	1,382	19,720

Brands include the Thrustmaster and Hercules brands acquired.

Development costs are composed of all works carried out by Research and Development teams, with a view to providing the technical elements required for production. These may relate to personnel costs, external costs such as design, mock-up, prototype and sample costs, as well as to testing costs in factories. These costs are recorded in account 617, "Studies and Research."

Development costs relating to projects are capitalized if the six eligibility criteria set out in CRC 2004-06 are simultaneously met. The corresponding charges are debited to account 232 ("Intangible fixed assets in progress") by way of the crediting of account 72 ("Capitalized production").

The movement from "Fixed asset in progress" to a fixed asset under "Development costs" takes place when the asset is put into production. The amount of costs transferred to the "Development costs" account amounted to €1,232K.

Subsidiaries of the company Guillemot Corporation which produce development costs are Hercules Thrustmaster SAS, Guillemot Recherche et Développement Inc, Guillemot Romania Srl and Guillemot Corporation (HK) Ltd. Capitalized costs relate to all product lines for the Hercules and Thrustmaster brands. Development costs capitalized over the period amounted to €1,477K.

The company has reclassified development costs which no longer meet the six eligibility criteria. The amount removed for the fiscal year totaled €150K in gross value, including €130K in costs posted under "Intangible fixed assets in progress" and €20K in costs posted under development costs.

Amortization and depreciation	31.12.15	Increase	Decrease	31.12.16
Research and development costs	2,669	1,257	20	3,906
Brands and goodwill	9,051	0	1,000	8,051
Concessions, patents, licenses, brands, software	210	26	0	236
TOTAL	11,930	1,283	1,020	12,193

Amortization of development costs, according to the duration of use of the asset in question, takes place over a period of 1 to 5 years.

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

The Thrustmaster brand had a net balance sheet value of €2,300K against an acquisition cost of €9,410K, while the Hercules brand had a net balance sheet value of €1,432K against an acquisition cost of €1,432K.

5.4.2 Tangible fixed assets

Tangible fixed assets are broken down as follows:

Gross values	31.12.15	Increase	Decrease	31.12.16
Land	219	0	0	219
Buildings and leasehold improvements	3,029	74	0	3,103
Technical installations/hardware	3,877	531	22	4,386
Tangible fixed assets in progress	498	516	534	480
TOTAL	7,623	1,121	556	8,188

Amortization and depreciation	31.12.15	Increase	Decrease	31.12.16
Land	0	0	0	0
Buildings and leasehold improvements	2,387	135	0	2,522
Technical installations/hardware	3,037	508	22	3,523
TOTAL	5,424	643	22	6,045

Tangible fixed assets in progress are composed of production materials currently being manufactured. The decrease in these fixed assets in progress corresponds to a transfer to the "hardware" entry for €514K. The acquisition of materials corresponds to the molds used for production. The company disposed of materials for a total amount of €42K in gross value.

5.4.3 Financial fixed assets

Financial fixed assets are broken down as follows:

	31.12.15	Increase	Decrease	31.12.16
Equity securities	42,623	0	0	42,623
Other financial fixed assets	858	0	35	823
Deposits and guarantees	4	0	0	4
TOTAL	43,485	0	35	43,450

Movements with respect to other financial fixed assets relate to the liquidity contract currently in place, as well as a security deposit relating to the collection and recycling of waste electrical and electronic equipment in Germany. The liquidity account's cash balance amounted to €118K at December 31, 2016. The security deposit relating to waste processing amounted to €228K.

Other financial fixed assets also include 132,619 treasury stock securities for a value of €477K.

Other financial fixed assets	31.12.15	Increase	Decrease	31.12.16
Treasury stock		Allocations	Reversals	
Number of securities	132,619	0	0	132,619
Gross value	477	0	0	477
Amortization	268	32	0	300
Net	209	-32	0	177

At December 31, 2016, Guillemot Corporation securities were valued at their average price in December of €1.34.

The average purchase price of treasury stock securities was €3.60.

Equity securities relate to securities of the subsidiaries of the company Guillemot Corporation.

Equity securities	31.12.15	Increase	Decrease	31.12.16
Subsidiaries securities		Allocations	Reversals	
Gross value	42,623	0	0	42,623
Amortization	39,394	8	2,013	37,389
Net	3,229	8	2,013	5,234

Equity securities of the company's subsidiaries were depreciated for €37,389K.

Depreciation of the equity securities of subsidiaries is broken down as follows:

Companies 100% depreciated:

- Guillemot GmbH (Germany)	€15K
- Guillemot Ltd (UK)	€12,211K

Other companies (depreciated according to their net worth):

- Guillemot SA (Belgium)	€163K
- Guillemot Srl (Italy)	€4,874K
- Guillemot Inc (Canada)	€20,061K
- Guillemot Electronic Technology Co, Ltd (Shanghai)	€37K
- Guillemot Innovation Labs SAS (France)	€28K

Subsidiaries table

	Currency	Registered office	Financial information (in €K)					Book value of securities (€K)		Value of loans and advances to company (€K)	Value of pledges and guarantees given	Amount of dividends received by Guillemot Corporation S.A.	Observations: depreciation applied on loans and advances
			Capital	Shareholders' equity other than capital (net income incl.)	Capital ownership	Last fiscal year turnover (excl. taxes)	Last fiscal year income	Gross	Net				
Hercules Thrustmaster SAS (France)	EUR	Carentoir	279	90	99.42%	4,919	-1,011	288	288	-	-	-	-
Guillemot Administration et Logistique SARL (France)	EUR	Carentoir	222	366	99.96%	2,938	97	222	222	-	-	-	-
Guillemot Ltd (UK)	GBP	Surrey	9,988	-10,018	99.99%	173	15	12,211	0	70	-	-	30
Guillemot S.A (Belgium)	EUR	Wemmel	175	78	99.93%	0	34	416	253	-	-	-	-
Guillemot GmbH (Germany)	EUR	Obermichelbach	511	-1,187	99.75%	590	17	15	0	908	-	-	676
Guillemot Corporation (H-K) Limited (Hong Kong)	HKD	Hong Kong	1	450	99.50%	1,495	68	23	23	-	-	-	-
Guillemot Recherche & Développement Inc (Canada)	CAD	Montréal	1,171	471	99.99%	966	103	1,257	1,257	-	-	-	-
Guillemot Inc (United States)	USD	Sausalito	95	109	99.99%	0	-2	8	8	-	-	-	-
Guillemot Inc (Canada)	CAD	Montréal	33,930	-29,963	74.89%	19,418	2,471	23,032	2,971	1,897	-	-	-
Guillemot SRL (Italy)	EUR	Milan	10	39	100.00%	344	9	4,923	49	-	-	-	-
Guillemot Romania Srl (Romania)	RON	Bucharest	16	190	100.00%	702	36	20	20	-	-	-	-
Guillemot Spain SL (Spain)	EUR	Madrid	3	92	100.00%	338	20	3	3	-	-	-	-
Guillemot Electronic Technology (Shanghai) Co., Ltd	RMB	Shanghai	68	-35	100.00%	226	6	70	33	305	-	-	-
Guillemot Innovation Labs (France)	EUR	Carentoir	135	-28	100.00%	0	-7	135	107	-	-	-	-

5.4.4 Inventories

Inventories are broken down as follows:

Inventories	Gross	Inventory change	Gross
	31.12.15	(result)	31.12.16
Stored packaging	20	3	23
Finished goods	14,905	-6,417	8,488
Materials and goods in progress	1,552	-97	1,455
TOTAL	16,477	-6,511	9,966

Depreciation	31.12.15	Increase	Decrease	31.12.16
Stored packaging	0	0	0	0
Finished goods	1,035	451	715	771
Materials and goods in progress	151	128	31	248
TOTAL	1,186	579	746	1,019

Inventories are composed of components and electronic subsets as well as finished products. Depreciation is posted when the value of inventory is greater than its probable realizable value.

The decrease in inventories over the year is linked to the strong sales momentum at the end of the year, and to the company's goal of mastering its inventory level at December 31, 2016.

62% of the €579K increase in depreciation relates to products in the Hercules range.

5.4.5 Advances and payments on account

This relates to advances on orders paid to product suppliers. The amount of advances stood at €918K at fiscal year end, including €305K relating to the subsidiary Guillemot Electronic Technology (Shanghai) Co., Ltd, following its creation in September 2015.

5.4.6 Trade accounts receivable

Trade accounts receivable are broken down as follows:

	Gross	Depreciation	Net	Net
	31.12.16	31.12.16	31.12.16	31.12.15
Customers	16,412	245	16,167	13,595
TOTAL	16,412	245	16,167	13,595

Customer receivables are subject to credit insurance, which covered most of the customers entry at December 31, 2016. The Customers entry had a net value of €16,167K at December 31, 2016, compared with €13,595K at December 31, 2015. This change is linked to the increase in activity at the end of the year, and to the increase in sales from the platform based in Hong Kong over the year.

5.4.7 Receivables and debts/liabilities

Receivables and debts/liabilities are broken down as follows:

RECEIVABLES STATEMENT	Gross amount		
	at 31.12.16	Less than 1 yr.	1 yr. +
Current asset receivables			
Supplier debtors	179	179	0
Trade accounts receivable	16,412	16,412	0
State (VAT and other receivables)	306	306	0
Intercompany	2,875	0	2,875
Prepaid expenses	136	136	0
TOTAL	19,908	17,033	2,875

Current account advances in the amount of €2,875K relate to the subsidiaries Guillemot GmbH (Germany) for €908K, Guillemot Ltd (UK) for €70K, and Guillemot Inc. (Canada) for €1,897K. State receivables are composed mainly of VAT receivables. The "Supplier debtors" entry includes €115K of accrued income, including €96K relating to the subsidiary Guillemot Administration et Logistique Sarl.

DEBTS/LIABILITIES STATEMENT	Gross amount at 31.12.16	Due in less than 1 year	Due between 1 and 5 years
Financial institution loans	4,185	2,514	1,671
Bonds	0	0	0
Medium-term bank debt	56	56	0
Bank overdrafts and currency advances	5,988	5,988	0
Trade accounts payable	15,224	15,224	0
Tax and social security liabilities	74	74	0
Other liabilities	2,731	2,731	0
Fixed asset liabilities	816	816	0
Intercompany	1,101	0	1,101
TOTAL	30,175	27,403	2,772
Loans taken out during the fiscal year	0		
Loans repaid through bond conversion	0		
Loans repaid through reimbursement	3,501		
Loans received from individuals	0		

At fiscal year end, the company Guillemot Corporation S.A. held fixed rate loans with financial institutions for €1,333K, and variable rate loans for €2,852K.

At December 31, 2016, a loan in the amount of €875K was covered by acceleration clauses. The obligation to be respected is the following: adjusted indebtedness / shareholders' equity ≤ 1 . This obligation was respected at December 31, 2016. The amount of current bank financing includes €4,321K in currency advances (fixed rates), and €1,667K in bank overdrafts (variable rates).

Over the period, the company repaid €3,501K in bank loans, and did not take out any new loans.

At December 31, 2016, no debts were financed by currencies other than the euro.

Medium-term bank debt in the amount of €56K corresponded to deposits as part of rental contracts. In 2002, founding shareholders waived current account debts for a total amount of €6,500K. These waivers were combined with return to profits clauses, stipulating reimbursement once the parent company became profitable again. Out of this €6,500K, €5,528K has already been reimbursed. The company Guillemot Corporation S.A. has not reintegrated current account liabilities into the balance sheet for fiscal 2016.

The current account advances granted by the subsidiaries Guillemot Recherche & Développement Inc (Canada) and Guillemot Innovation Labs SAS (France) amounted to €986K and €115K, respectively.

	31.12.16	31.12.15
Financial liabilities		
Debenture	0	0
Financial institution loans and debts	10,173	10,953
Financial loans and debts	56	56
Current account advances	1,101	1,465
	11,330	12,474
Available funds		
Net marketable investment securities	7,017	7,120
Cash	1,178	4,702
	8,195	11,822
Net indebtedness	3,135	652

The company's net indebtedness amounted to €3,135K.

5.4.8 Marketable investment securities

This heading included 149,888 treasury stock shares for a value of €250K. The company also held 443,874 Ubisoft Entertainment S.A. securities, representing 0.39% of capital, for a purchase value of €6,767K.

	Gross	Depreciation	Net	Net
	31.12.16	31.12.16	31.12.16	31.12.15
Marketable investment securities	6,767	0	6,767	6,919
Treasury stock	250	51	199	201
TOTAL	7,017	51	6,966	7,120

During the year, the company disposed of 68,023 Gameloft SE shares, resulting in a financial gain of €354K.

At December 31, 2016, treasury stock shares, valued at their average price in December of €1.34, were subject to an impairment provision for the amount of €51K.

The asset value of Ubisoft Entertainment S.A. securities amounted to €14,398K at fiscal year end.

5.4.9 Cash

	31.12.16	31.12.15
Cash	1,178	4,702
Banking facilities	-5,988	-3,260
Net banking position	-4,810	1,442

5.4.10 Adjustment accounts

Assets:

	31.12.16	31.12.15
Prepaid expenses	136	211
Deferred expenses allocated over a number of fiscal years	0	0
Bond redemption premium	0	0
Forex adjustment assets	346	184
TOTAL	482	395

Forex adjustment assets arise mainly from the discounting at closing rates of liabilities denominated in foreign currencies. A provision for unrealized losses has been made.

Liabilities:

	31.12.16	31.12.15
Deferred revenues	722	1,014
Forex adjustment liabilities	226	120
TOTAL	948	1,134

Deferred revenues correspond to products not delivered at December 31, 2016.

Forex adjustment liabilities arise mainly from the discounting of receivables denominated in foreign currencies.

5.4.11 Accrued revenues

	31.12.16	31.12.15
Suppliers - credit to be received	115	25
Customers - invoices to be settled	390	133
TOTAL	505	158

5.4.12 Accrued expenses

	31.12.16	31.12.15
Financial institution loans - accrued interest	4	27
Accrued expenses - expected invoices	8,734	7,255
Customers - balances to be paid	1,379	1,141
Accrued taxes and social security benefits	16	39
Other expenses to be paid	1290	1963
TOTAL	11,423	10,425

5.4.13 Elements regarding associated companies

Equity securities €42,623K

Gross current assets

Trade accounts receivable €3,358K
 Advances and payments on account €305K
 Current account advances €2,875K

Gross liabilities

Supplier and trade payables €3,887K
 Current account advances €1,101K

Financial revenues €61K
 Financial expenses €16K

5.4.14 Balance sheet provisions and allowances

Provisions	At 31.12.15	Increase		Decrease		At 31.12.16
		Used	Unused	Used	Unused	
Forex	184	346	0	184	0	346
Expenses	47	372	0	0	0	419
Total	231	718	0	184	0	765

Forex provisions relate to the discounting of foreign currency-denominated receivables and liabilities at the closing of accounts. The increase in the provision for expenses relates to product returns, and is linked in particular to the updating of hypotheses relating to return estimates.

Depreciation	At 31.12.15	Allocation		Reversal		At 31.12.16
		Increase	Decrease	Increase	Decrease	
Financial fixed assets	39,394	8	0	2,013	0	37,389
Other financial fixed assets	268	32	0	0	0	300
Inventories	1,186	579	0	746	0	1,019
Trade accounts receivable	229	21	0	5	0	245
Intangible fixed assets	9,051	0	0	1,000	0	8,051
Other provisions for depreciation	781	12	0	37	0	756
Total	50,909	652	0	3,801	0	47,760

Inventory depreciation relates to products in both the Hercules and Thrustmaster ranges. Treasury stock shares were depreciated for an amount of €350K at fiscal year end.

The company depreciated accounts attached to its subsidiaries according to their net positions (equity securities for €37,389K, and current account advances for €706K).

Depreciations on other ex-Group receivables amounted to €245K and related to doubtful receivables. The provision reversal of €1,000K relates to the Thrustmaster brand.

5.4.15 Share capital

	Number of securities	Nominal value	Amount
At 31/12/15	15,004,736	0.77	11,553,646.72
Stock options exercise	0	0.77	0.00
At 31/12/16	15,004,736	0.77	11,553,646.72

Share capital is composed of 15,004,736 shares with a nominal value of €0.77 each. Treasury stock accounted for 1.88% of capital.

Changes to shareholders' equity table:

In €K	Balance before allocation of fiscal year income at 31.12.15	Allocation of fiscal year income at 31.12.15	After allocation of fiscal year income at 31.12.15	Capital increase	Fiscal year income at 31.12.16	Balance at 31.12.16
Capital	11,554	0	11,554	0		11,554
Issuance and conversion premiums	10,436	0	10,436	0		10,436
Merger premium	119	0	119	0		119
Legal reserve	275	0	275	0		275
Other reserves	1,062	0	1,062	0		1,062
Debit carryforward	-3,853	1,695	-2,158	0		-2,158
Income	1,695	-1,695	0	0	-433	-433
TOTAL	21,288	0	21,288	0	-433	20,855

Maximum number of shares to be created:

Through option exercise: 593,640

Current stock option plans:

Board of Directors meeting date	18.02.08	18.02.08
Number of shares	383,000	217,000
Nominal value	€0.77	€0.77
Subscription price	€1.91	€1.91
Exercise dates	from 18.02.12 to 18.02.18	from 18.02.10 to 18.02.18
Number of shares subscribed to	0	6,360
- including during fiscal 2016	0	0
Stock options cancelled or nullified	0	0
Remaining stock options	383,000	210,640

45,560 options have been exercised since their origin.

5.4.16 Advances and loans to executive management

No loans or advances have been made to executive management, in accordance with Article L.225-43 of the Commercial Code.

5.5 Statement of income explanatory notes

5.5.1 Turnover breakdown

The Hercules segment of activity includes the following product ranges: DJing and digital music, multimedia speakers, wireless speakers for smartphones and tablets, and webcams.

The Thrustmaster segment of activity includes the following gaming accessories for PC and consoles: racing wheels, gamepads, joysticks and gaming headsets.

By geographic zone	31.12.16	31.12.15
(in €K)		
European Union	36,833	42,824
North America	11,178	11,878
Other	7,856	6,736
TOTAL	55,867	61,438

By segment of activity	31.12.16	31.12.15
(in €K)		
Thrustmaster	45,100	51,039
Hercules	10,767	10,399
TOTAL	55,867	61,438

5.5.2 Stored production

Stored production is broken down as follows:

	31.12.16	31.12.15
Stored production	-6,417	8,487
Total	-6,417	8,487

5.5.3 Capitalized production

Capitalized production is broken down as follows:

	31.12.16	31.12.15
Capitalized production	1,477	1,995
Total	1,477	1,995

Costs linked to projects meeting the capitalization criteria are capitalized. The move from the expenses account to the "Intangible fixed assets in progress" account from the date on which the capitalization criteria were met resulted in operating revenues which amounted to €1,477K for the fiscal year.

5.5.4 Other operating revenues

	31.12.16	31.12.15
Depreciation reversals	751	532
Expense transfers	367	237
Other revenues	251	292
Total	1,369	1,061

Depreciation reversals mainly related to inventories for €746K.

Expense transfers of €367K corresponded to rebilling of costs with respect to third parties, subsidiaries (€318K) and to insurance payments received.

Other revenues mainly related to real estate revenues as part of rental contracts.

5.5.5 Purchases consumed

	31.12.16	31.12.15
Purchases of goods	0	0
Purchases of primary materials	26,982	42,843
Inventory variations	94	-357
Total	27,076	42,486

5.5.6 Other operating expenses

Other operating expenses are broken down as follows:

	31.12.16	31.12.15
Other external purchases and expenses	20,798	20,847
Other expenses	4,013	5,641
Total	24,811	26,488

Transportation services accounted for €1,277K.

Subsidiary-related subcontracting services amounted to €10,890K. Marketing and publicity-related spending amounted to €4,101K.

Costs relating to projects meeting the 6 capitalization criteria amounted to €1,477K for the fiscal year. Development costs which do not meet the capitalization criteria are definitively recorded under expenses, and amounted to €2,260K for fiscal 2016.

Other operating expenses essentially included license fees for an amount of €3,939K, compared with €5,527K at December 31, 2015. Operating licenses are charged against the product sales to which they relate on a pro rata basis. The decrease in the Licenses entry is due to the downward renegotiation of certain contracts and the falling into the public domain of some technologies used by the company. The main amounts relate to partnerships underway linked to the Xbox One® console from Microsoft® and the PlayStation®4 console from Sony®.

Attendance fees due to members of the Board of Directors amounted to €88K for 2016.

5.5.7 Personnel expenses

	31.12.16	31.12.15
Salaries and processing	220	220
Benefits expenses	86	82
Total	306	302

The workforce at December 31, 2016 was composed solely of executive Directors. The gross amount of total remuneration paid out for Directors' duties amounted to €220K.

5.5.8 Depreciation, amortization and provisions allowance

	31.12.16	31.12.15
Intangible fixed asset amortization	1,276	1,201
Tangible fixed asset amortization	635	738
Current assets depreciation	600	688
Provisions for liabilities and expenses	372	0
Total	2,883	2,627

Amortization with respect to intangible fixed assets mainly related to development costs capitalized from the good's production date, for a total amount of €1,257K for the fiscal year.

Amortization with respect to tangible fixed assets mainly related to amortization on buildings for €135K and to the molds used for the production of products, for an amount of €497K.

Depreciation on inventories for €579K related to products in both the Hercules and Thrustmaster ranges. The allocation for receivables amounted to €21K.

Depreciation for liabilities and expenses related to product returns.

5.5.9 Financial income

	31.12.16	31.12.15
Financial revenues on investments	0	238
Total other financial revenues	0	238
Reversal on provisions and expense transfers	2,235	1,955
Financial allowance on amortization and provisions	398	297
Total allowance and provision reversals	1,837	1,658
Forex gains	1,248	2,582
Forex losses	1,645	2,452
Total Forex differences	-397	130
Net revenues on marketable investment security disposals	384	27
Net expenses on marketable investment security disposals	15	2
Income on marketable investment security disposals	369	25
Other assimilated interest and revenues	63	91
Assimilated interest and revenues	293	263
Total interest revenues and expenses	-230	-172
TOTAL	1,579	1,879

Financial risks are as follows:

- Liquidity risk: At December 31, 2016, the Group had not used all of its loan and banking facilities, and its net indebtedness was €3,135K.

The Group held a portfolio of marketable investment securities worth €14,599K, valued at their average trading price for the month of December 2016.

A loan in the amount of €875K was covered by acceleration clauses at December 31, 2016. The terms of the clauses were met at that date.

- Share price variation risk: The share price variation on shares held impacts the Group's income. For 2017, a 10% decrease in the prices of shares (in relation to their prices at December 31, 2016) would have an impact of €-36K on financial income.

At March 17, 2017, the closing price of Ubisoft Entertainment shares was €37.45, representing an increase of 28.28% in relation to that on December 31, 2016.

- Market rates variation risk: A 1% increase in interest rates, taken on an annual basis and considering the balance at December 31, 2016 (the amount of non-covered, variable-rate financial liabilities) would have an impact of an increase in charges of €45K.

- Exchange rates variation risk: The balance of the Group's currency-denominated assets and liabilities at December 31, 2016 was broken down as follows (the position is given for non-covered amounts, meaning those subject to currency variations):

Currency amounts exposed to positive or negative exchange rate variations:

(In €K)	USD	GBP	CAD
Assets	4,529	2,120	0
Liabilities	13,510	37	503
Net pre-adjustment position	-8,981	2,083	-503
Off-balance-sheet position	0	0	0
Net post-adjustment position	-8,981	2,083	-503

A 10% increase in the rates of the American dollar and Canadian dollar, taken on an annual basis and considering the balance at December 31, 2016 (the amount of currencies subject to exchange variations) would have an impact of an increase in financial charges of €887K.

The impact of exchange variations on other currencies is not significant.

For all of the major players in the multimedia industry with cost prices in U.S. dollars, there is no competitive advantage between one manufacturer and another translating into increased market share. As a result of the indexation of sales prices to dollar cost prices by all players in the industry, sales prices are either increased or decreased as a function of overall cost prices.

The main currency for hardware and accessory purchases is the U.S. dollar. In the United States, Canada and all other countries outside of Europe, the transaction currency is also the U.S. dollar. In Europe, the Group sells mainly in euros. Rapid currency variations and dips in the value of the U.S. dollar in particular may result in lower sale prices for the Group's products and consequently impact on the value of merchandise inventories. Conversely, a strong and rapid increase in the value of the U.S. dollar over the second half of the year would not allow the Group to offset this increase in full on the sales prices of its products, given the seasonal nature of the company's activities, and could result in a temporary impact on gross margins.

However, in order to limit the exchange rates variation risk, the company Guillemot Corporation S.A. covers Forex risks by way of buying on the spot market, forward purchase contracts and foreign currency options. No contracts were in place at December 31, 2016.

Moreover, increased export sales over the past several years enhance its natural coverage and significantly decrease the exchange rates variation risk.

- Credit risk: Credit risk represents the risk of financial loss in the event whereby a customer would fail to meet its contractual obligations. The Group has taken out credit insurance in order to protect against this risk. The number of customers is reduced, as the Group relies mainly on wholesalers. In some cases, the Group is obliged to grant additional credit where coverage is judged to be particularly ill-suited.

Financial provisions reversals and allowances

As a result of the financial difficulties encountered by the subsidiaries of Guillemot Corporation S.A., the company depreciated the accounts of some subsidiaries during previous fiscal years. With respect to the net worth amounts at December 31, 2016, the equity securities and current account advances of some subsidiaries were subject to provisions allowances or reversals.

With respect to equity securities, the company posted an allowance of €8K for securities of the subsidiaries Guillemot SRL (Italy) and Guillemot Innovation Labs SAS (France), and a provision reversal on the securities of Guillemot Inc. (Canada) for €1,976K, Guillemot Electronic Technology (Shanghai) Co., Ltd (China) for €6K and Guillemot S.A. (Belgium) for €31K.

Treasury stock shares were subject to an additional allowance of €44K at the end of the fiscal year.

The company posted a provision reversal on the current account advances granted to the subsidiaries Guillemot Ltd (UK) for €21K and Guillemot GmbH (Germany) for €16K.

Other provisions reversals related mainly to various reversals for unrealized Forex losses with respect to the previous fiscal year for €184K.

The company Guillemot Corporation S.A. posted a provision of €346K to cover the risk of unrealized Forex losses at the end of the fiscal year.

Net revenues and expenses on marketable investment securities disposals

The company Guillemot Corporation S.A. posted a disposal result on treasury stock shares of €15K during the year, within the context of the liquidity contract in effect. Moreover, the company disposed of 68,023 Gameloft SE shares at a share price of €8, thereby posting a net gain of €354K in its financial statements.

Interest revenues and expenses

Interest revenues were chiefly comprised of interest on current account advances granted to subsidiaries.

Financial revenues also included an amount of €17K which corresponds to the reintegration into balance sheet assets of current account advances, waived by the parent company in 2004 in favor of its subsidiary Guillemot GmbH (Germany) with a return to profits clause.

Expenses for loan interest and banking institution interest accounted for €264K.

Current account interest charges accounted for €17K.

Discounts granted totaled €12K.

5.5.10 Exceptional income

Exceptional income includes extraordinary elements and elements which are unusual in terms of their amount or their effect on current activities.

	31.12.16	31.12.15
Exceptional revenues on management transactions	0	0
Exceptional revenues on capital transactions	0	0
Reversals on provisions and expense transfers	1,000	34
Total exceptional revenues	1,000	34
Exceptional expenses on management transactions	0	10
Exceptional expenses on capital transactions	0	463
Exceptional amortization and provision allocations	166	684
Total exceptional expenses	166	1,157
TOTAL	834	-1,123

The company has reclassified development costs which no longer meet the eligibility criteria, with the corresponding materials being disposed of. The company has therefore applied exceptional amortization of €166K at December 31, 2016.

Depreciation reversals of €1,000K relate to the Thrustmaster brand.

5.5.11 Corporate income tax

Income at 31.12.16	Current	Exceptional	Net
Taxable base	-2,726	834	-1892
Carry-forward of losses	2,726	-834	1892
Income tax at 33.33%	0	0	0
Tax credits	0	0	0

The net decrease/increase in future income tax liability: temporarily non-deductible expenses (to be deducted next year):

- Company social solidarity contribution [Contribution Sociale de Solidarité des Sociétés (C3S)] provision: €6K
- Forex change: €572K

Table of losses carried forward

Year	Losses carried forward
2002	30,273
2003	7,690
2004	7,006
2005	9,171
2006	1,229
2009	565
2011	2,410
2012	357
2013	1,425
2014	1,272
2016	1,892
TOTAL	63,290

5.5.12 Average workforce

	Total	Management	Non-management
31.12.16	5	5	0

The workforce at December 31, 2016 was composed solely of executive directors.

5.5.13 Financial commitments

Letters of intent:

Letters of support to Guillemot GmbH (Germany) and Guillemot Ltd (UK) as a shareholder regarding the continuity of operations at these companies.

Non-matured discounted notes:

€0K.

Outstanding documentary credits:

€1,069K.

Pension retirement benefits:

As the workforce is composed solely of executive directors, no pension retirement benefits are due.

Minima guaranteed on licenses:

€70K.

Commitments given:

The company Guillemot Corporation S.A. received current account waivers granted during fiscal 2002 for a total amount of €6,500K on the part of the founders of the company.

These waivers are combined with a return to profits clause. The total amount reintegrated into balance sheet liabilities during previous fiscal years amounts to €5,528K. As fiscal 2016 resulted in a loss, no funds were reintegrated into the balance sheet.

The remaining €971K will be progressively re-integrated into balance sheet liabilities over the coming years at the rate of 20% of annual net income.

Commitments received:

Guillemot Corporation S.A. has waived €6 million in current account expenses for its subsidiary Guillemot GmbH (Germany).

This waiver is combined with a return to profits clause, whereby repayments may not exceed 50% of annual net income once the company returns to profits. As fiscal 2016 resulted in a profit for the subsidiary Guillemot GmbH (Germany) and given the reimbursement terms, the company Guillemot Corporation S.A. reintegrated an amount of €17K into its balance sheet assets. The remaining €5,674K will be progressively reimbursed over the coming years at the rate of 50% of annual net income.

Commitment received linked to operating activities: bank guarantees in the amount of €150K.

5.5.14 Executive management remuneration

The company's executive directors (Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot) are remunerated for their functions of Chief Executive Officer or Deputy CEO. They do not have employment contracts. The total gross remuneration paid out by the company to executive directors amounted to €220K for the fiscal year.

The amount of attendance fees paid out by the company to members of the Board of Directors was €90K for the fiscal year. This amount included the sum of €27K paid to independent Directors.

No specific retirement program has been put in place for Directors. No commitments have been made by the Group corresponding to elements of remuneration, indemnities or benefits due or potentially due as a result of the undertaking, ending or changing of these functions or subsequent to the same. No remuneration has been paid by virtue of a profit-sharing plan or bonuses. No share subscription or purchase options have been granted.

5.5.15 Consolidating company

GUILLEMOT CORPORATION S.A.

Place du Granier, BP 97143 – 35571 CHANTEPIE Cedex, France

5.6 Post-closure events

There were no post-closure events.

5.7 Proposed allocation of income

	In €	In €
Sources		
Retained earnings brought forward		
Income for fiscal year ended 31.12.2016		-433,268.49
<i>including current result after tax:</i>	-1,267,044.66	
Deduction from reserves		
Assignments		
Appropriation to reserves:		
- Legal reserve		
- Special long-term capital gains reserve		
- Other reserves		
Dividends		
Other allocations:		
- charges to issue premiums		
- charges to contribution premiums		
- charges to conversion premiums		
Retained losses	-433,268.49	
TOTAL	-433,268.49	-433,268.49

6 INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS – FISCAL YEAR ENDED DECEMBER 31, 2016

To shareholders of

Guillemot Corporation
Place du Granier
BP 97143
35571 Chantepie Cedex

As part of the auditing duties conferred upon us at your general meeting, we present herewith our report regarding the fiscal year ended December 31, 2016, on:

- our audit of the financial statements of the company Guillemot Corporation, as attached to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been prepared by your Board of Directors. It is our task to provide an opinion on these financial statements, on the basis of our audit.

I - Opinion regarding the annual financial statements

We have conducted our audit in accordance with the professional standards of practice applicable in France; these standards require due diligence procedures in order to ascertain with reasonable certainty that the annual financial statements are free of material misstatement. An audit consists of an examination, on a sampling basis or by other methods of selection, of elements justifying the amounts and information presented in the financial statements. An audit also includes an assessment of the accounting principles applied, as well as of the significant estimates made in the presentation of the financial statements and of their overall presentation. It is our view that the audit we have carried out forms a true and fair basis for the opinion expressed below.

We hereby certify that the annual financial statements are orderly and sincere, according to French accounting rules and principles, and that they provide an accurate representation of the result of transactions carried out during the past fiscal year, as well as of the financial situation and assets of the company at year end.

II - Justification of our assessments

Pursuant to the terms of Article L.823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following elements:

Accounting rules and methods

- Note 5.3.1 of the appendix ("Intangible fixed assets") sets out the accounting rules and methods relating to Research and Development costs. As part of our assessment of the accounting rules and methods followed by your company, we have verified the appropriate nature of the above-mentioned accounting methods and of the information provided in appendix notes 5.4.1 ("Intangible fixed assets") and 5.5.3 ("Capitalized production") and are satisfied that they have been applied correctly.

- Moreover, note 5.3.3 of the appendix ("Financial fixed assets") sets out the accounting rules and methods relating to financial fixed assets. As part of our assessment of the accounting rules and principles and valuation methods employed by your company, we have verified their appropriate nature and are satisfied that they have been applied correctly.

Accounting estimates

- Intangible fixed assets, and more precisely brands, are tested for impairment according to the methods set out in notes 5.3.1 ("Intangible fixed assets") and 5.4.1 ("Intangible fixed assets"). We have verified the appropriate nature of the methodology employed by the company, as well as of the hypotheses used.

- Inventories of finished products are subject to depreciation, described in notes 5.3.4 (“Inventories”), 5.4.4 (“Inventories”), 5.4.14 (“Balance sheet provisions and allowances”) and 5.5.8 (“Depreciation, amortization and provisions allowance”) of the appendix. We have verified the appropriate nature of the methodology employed by the company and evaluated the reasonable nature of these estimates.

The assessments arrived at in this way were in the context of our audit process for the annual financial statements, taken in their totality, and therefore contributed to the formation of our opinion expressed in the first section of this report.

III - Specific verifications and information

We have also performed the specific verifications required by law, in accordance with professional standards of practice applicable in France.

We have no observations to make regarding the fair presentation and consistency with the annual financial statements of the information provided in the Board of Directors’ management report and documents addressed to shareholders in relation to the company’s financial standing and annual financial statements.

Regarding the items of information supplied pursuant to the terms of Article L.225-102-1 of the Commercial Code with respect to remuneration paid and benefits granted to the company’s executive officers, as well as the commitments made in their favor, we have verified their concordance with the accounts or with the data used in drafting these accounts and, if need be, with the elements collected by your company from the companies controlling your company or controlled by it. Based on this work, we confirm the accuracy and sincerity of these items of information.

In accordance with the law, we are satisfied that the various items of information relating to the identities of holders of capital or voting rights have been communicated to you in the Management report.

Rennes, April 25, 2017

Independent Auditors

PricewaterhouseCoopers Audit

Jérôme Mouazan

MB Audit

Khadija Roullé

➤ CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The company refers to the Middelnext corporate governance code for listed companies with medium and smaller-sized securities.

1 REPORT FROM CHAIRMAN OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE AND INTERNAL CONTROLS

This information is set out in section 14.6 of the Management report.

2 INDEPENDENT AUDITORS' REPORT DRAFTED PURSUANT TO ARTICLE L.225-235 OF THE COMMERCIAL CODE, ON THE REPORT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS OF THE COMPANY GUILLEMOT CORPORATION – FISCAL YEAR ENDED DECEMBER 31, 2016

To shareholders of

Guillemot Corporation
Place du Granier
BP 97143
35571 Chantepie Cedex

As Independent auditors of the company Guillemot Corporation S.A. and pursuant to the terms of Article L.225-235 of the Commercial Code, we present herein our report on the report assembled by your company's Chairman in accordance with the provisions of Article L.225-37 of the Commercial Code for the fiscal year ended December 31, 2016.

It is the Chairman's responsibility to assemble and submit for the Board of Directors' approval a report describing the internal control procedures and risk management procedures put in place at the company, and providing the other items of information required by Article L.225-37 of the Commercial Code, relating in particular to the system of corporate governance.

Our duties are to:

- communicate to you the observations we have noted with respect to the information contained in the Chairman's report, relating to the internal control procedures and management of risks regarding the drafting and processing of accounting and financial information; and
- certify that the report includes the other items of information required by Article L.225-37 of the Commercial Code, with the stipulation that it is not our duty to verify the accuracy of these other items of information.

We have carried out our work in accordance with the professional standards of practice applicable in France.

Information relating to the internal control procedures and the management of risks regarding the drafting and processing of accounting and financial information

Professional standards of practice require the implementation of due diligence procedures in order to evaluate the accuracy and sincerity of the information relating to the internal control and risk management procedures regarding the drafting and processing of accounting and financial information in the Chairman's report. In particular, these due diligence procedures consist of:

- informing ourselves of the internal control and risk management procedures relating to the drafting and processing of accounting and financial information underlying the information presented in the Chairman's report, as well as of the existing documentation;
- informing ourselves of the works which have allowed for the drafting of these items of information and of the existing documentation; and
- determining whether any major deficiencies in terms of internal controls relating to the drafting and processing of accounting and financial information we may have uncovered as part of our audit are subject to appropriate disclosure of information in the Chairman's report.

Based on these due diligence procedures, we have no observations to offer with respect to the company's internal control and risk management procedures relating to the drafting and processing of accounting and financial information, presented in the report of the Chairman of the Board of Directors, drafted pursuant to the terms of Article L.225-37 of the Commercial Code.

Other information

We certify that the Chairman's report includes the other items of information required by Article L.225-37 of the Commercial Code.

Rennes, April 25, 2017

Independent Auditors

PricewaterhouseCoopers Audit

Jérôme Mouazan

MB Audit

Khadija Roullé

➤ INFORMATION REGARDING MARKETS AND TRENDS

1 INFORMATION REGARDING MARKETS

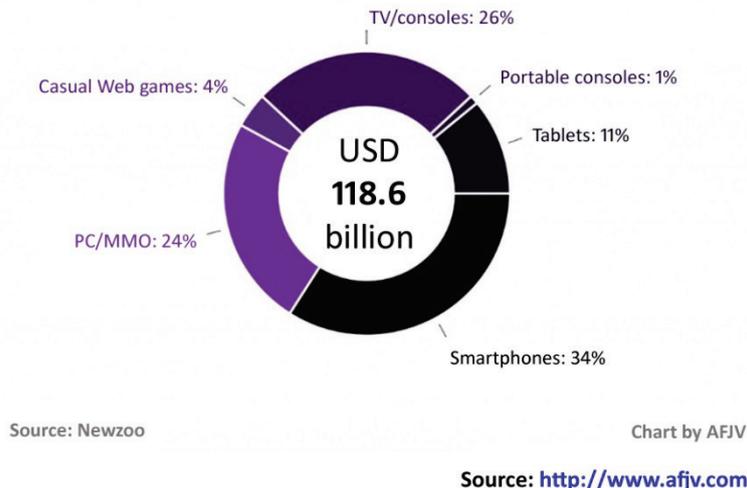
1.1 The video game market: A dynamic year

For the past thirty years, video games have won over an ever-increasing fan base. This industry, which has expanded with annual worldwide revenues reaching USD 100 billion, has succeeded in offering cultural products adapted to a globalized economy (Source: http://www.afjv.com/news/6869_documentaire-jeux-video-les-nouveaux-maitres-du-monde.htm, 15/11/2016).

Opportunities arise for the video game industry each and every year. 2016 saw the arrival of virtual reality, along with the launches of three consoles: the Xbox One® S, PlayStation®4 Slim and PlayStation®4 Pro. The video game market is structured around three different segments – namely consoles, games and accessories. In 2016, consumers continued to move toward next-generation consoles. In France, the market is dominated by game consoles (63%); PC gaming is in second place with 29% of turnover, while mobile gaming accounted for just 8% of the market (www.gamewave.fr; 02/02/2017).

According to forecasts, this constantly-evolving sector should account for nearly USD 120 billion in 2019 (Source: <http://fr.dexerto.com/news/jeu-video-chiffre-daffaires-100-milliards-2016>, 08/11/2016).

Worldwide video game turnover in 2019 (forecasts)



The global video game market confirmed its momentum and robust health in 2016. There has been a marked evolution in terms of uses, with a migration toward the world of digital: all ecosystems, including the consoles market, as well as both PC and mobile games, are experiencing growth. Today, video games are at the crossroads of cultural and technological goods, with innovation and creativity leading the way forward more than ever before. The emergence of virtual reality, the launches of new consoles and the current bumper crop of car racing games are all contributing to boosting this market for Thrustmaster. A new era is dawning with the rise of virtual reality, offering developers new opportunities for incredible levels of realism.

The video game market generated USD 30.4 billion in the United States in 2016. This amount includes revenues linked to all hardware, software, peripherals and in-game purchases (Source: www.jeuxvideo.com, 03/03/2017).

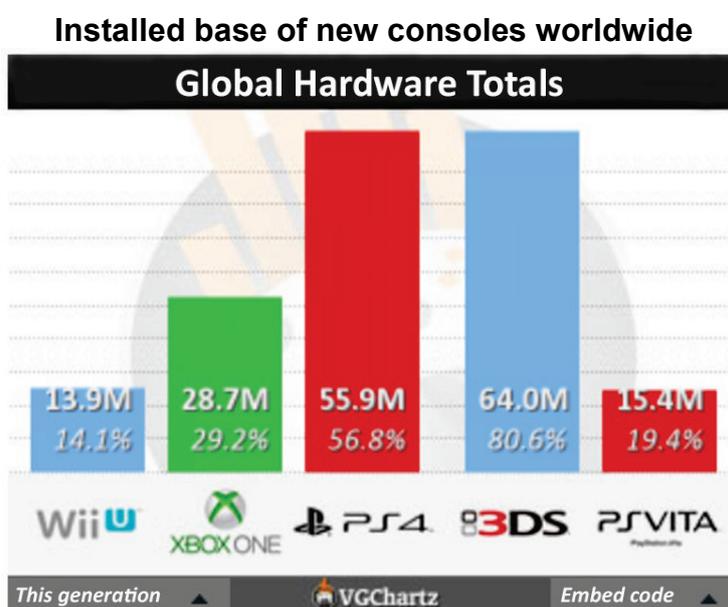
According to the DFC Intelligence market research firm, the new generation of consoles should reach new heights in the coming years. Per DFC Intelligence's analysis, the PlayStation®4 console is set to exceed 100 million units in 2020 (more than the PlayStation®3 console's 85 million, but less than the PlayStation®2's 150 million units), thereby ensuring its leadership in this generation (Source: Multimédia à la Une, number 224, page 8, April 2016).

The Asia-Pacific region continues to dominate on a worldwide level, accounting for 47% of the market. On its own, China represents one quarter of all worldwide video game revenues (Source: <http://fr.dexerto.com/news/jeu-video-chiffre-daffaires-100-milliards-2016>, 08/11/2016).

In the UK, according to the GfK market research firm, the video game industry generated GBP 1.78 billion (€2 billion) in 2016, combining sales of consoles, games sold in boxes and accessories, representing an annual decrease of 15.8% (Source: www.gamekult.com, 12/01/2017). In terms of consoles, turnover was down by 27.1%, due in large part to lower sales prices for the two main consoles on the market. The PlayStation®4 remains the console leader in the UK, with 48.2% market share in terms of turnover for PS4™ games, compared with 36.3% for Xbox One® games (Source: www.gamekult.com, 12/01/2017).

According to figures unveiled by SELL (Syndicat des Editeurs de Logiciels de Loisirs – Union of Publishers of Entertainment Software), in 2016 the video game market in France beat its historic record set in 2008, with €3.46 billion in combined sales of hardware (consoles, PC gaming and accessories) and games (Source: www.lesechos.fr/tech-medias, 02/02/2017). With growth of 4% in 2016, the French video game sector experienced a record year (Source: <http://bfmbusiness.bfmtv.com>, 02/02/2017).

The new PlayStation®4 Slim console from Sony, along with Microsoft's Xbox One® S, are providing strong new momentum in terms of console sales and expanding the Group's market. Available since early August 2016, the Xbox One® S console established itself very quickly with respect to the Xbox One® console. The mid-November launch of the PlayStation®4 Pro console pushed this momentum even further, thanks to its optimization for the PlayStation®VR virtual reality headset.



Millions of hardware units sold (as of February 25, 2017)

Source: VGChartz, 25/02/2017

With an installed base of nearly 178 million consoles at the start of 2017, including 55.9 million PlayStation®4 units, the consoles market is performing well (Source: www.vgchartz.com, 25/02/2017). By early December 2016, more than 50 million PlayStation®4 consoles had been sold to gamers worldwide. At December 4, 2016, more than 369.6 million PS4™ games had been sold (Source: <http://www.afjv.com/news/7022-50-millions-de-playstation-4-vendues-dans-le-monde.htm>, 07/12/2016). On the market for slightly more than three years now, the PlayStation®4 console ranks seventh on the list of the best-selling video game consoles of all time (Source: www.itrnews.com, 12/12/2016).

At a press conference, Nintendo announced the launch of its new console – the Nintendo Switch, an innovative hybrid game console – on March 3, 2017 in Japan, the United States and the main European territories. Among the first pieces of information that Nintendo's President chose to reveal were the fact that games for the new console would be region-free, and that online functions would now be supported.

The profile of who and what a “gamer” is has evolved considerably over the past 15 years: the median age is now 14 years older, many more female players are represented, and gameplay takes place on both consoles and smartphones. Some 35 million individuals now regularly play video games in France – accounting for 53% of the population, compared with just 12% in 2000 (Source: Le Journal des Loisirs Interactifs, number 314, 27/06/2016, page 8).

2017 will see the arrival of new platforms – real growth drivers for the industry – and the ascent of the new versions of game consoles (Source: www.afjv.com, 02/02/2017).

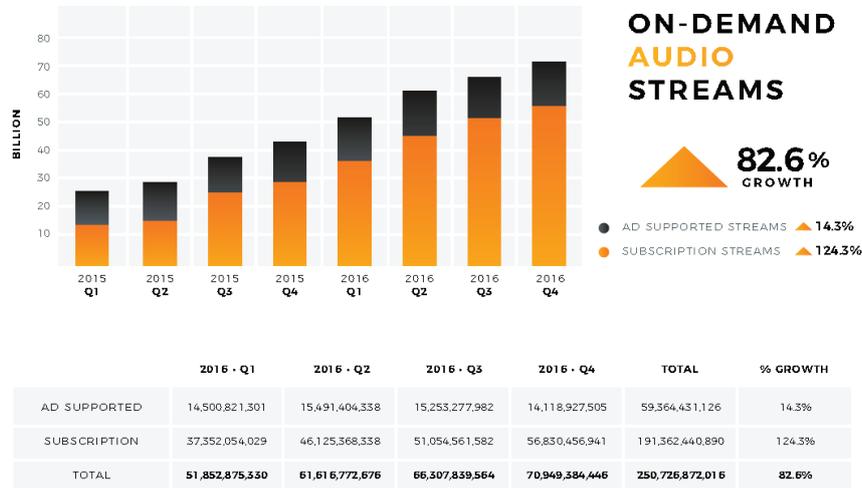
1.2 The streaming audio, headphones and multimedia speakers market

Ergonomic design, reliability and innovation are the essential drivers in terms of satisfying the increasingly exacting demands of consumers in this segment.

1.2.1 The streaming audio market: The spectacular rise in popularity continues

Streaming has been flourishing over the past few years – a true growth driver for the music market overall, which is expanding its lead in the American music marketplace.

The streaming market grew by 82.6% in the United States in 2016 (Source: www.buzzanglemusic.com).



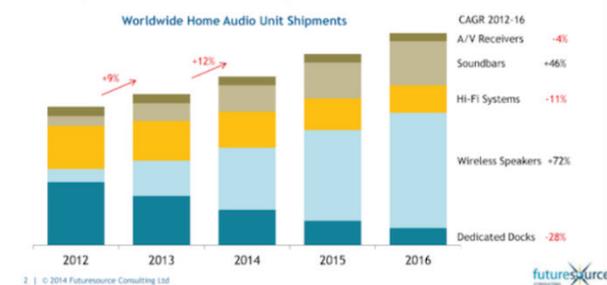
Source : Medium report

BUZZANGLE MUSIC

The boom in terms of streaming is a real growth driver for the recorded music market. In France, the music market is being boosted by streaming: according to figures from SNEP (Syndicat National de l'Édition Phonographique – National Union of Music Publishing), the music market in France grew by 6% during the first half of 2016 (Source: <http://elise.news/2016/07/snep-le-marche-de-la-musique-francaise-booste-par-le-streaming>, 21/07/2016). It is thanks to streaming and to platforms such as Spotify, Deezer, Apple Music and Tidal that streaming revenues increased by 44%, including 51% for audio subscriptions and 18% for ad-supported streaming. One-third of the French population now listens to music via streaming, representing more than twenty-two million users. Streaming on its own accounts for 36% of all revenues related to recorded music (Source: <http://elise.news/2016/07/snep-le-marche-de-la-musique-francaise-booste-par-le-streaming>, 21/07/2016).

HOME AUDIO MARKET ON THE RISE

Wireless Speakers & Soundbars outweigh decline in traditional audio and docks



The Group's WAE range of wireless speakers benefits from the growth of streaming. Speakers incorporating *Bluetooth*® wireless technology account for approximately 80% of wireless speaker sales and naturally, the rise in popularity of online music services remains the major growth engine for the home audio products market (Source: www.on-mag.fr, 30/12/2016). In France in 2017, the flagship audio-related product is set to be the wireless speaker – which should set a new record with 3.3 million units sold, representing an increase of 13% in relation to 2016 (Source: www.lesnumeriques.com, 06/02/2017).

1.2.2 The headphones market

To an ever-greater degree, headphones are becoming a unique personal accessory used both at home and on the go, in particular while commuting and traveling. With this in mind, shielding oneself from ambient noise becomes a major concern – and one addressed by active noise-canceling headphones. Today, consumers understand this technological challenge and are prepared to invest accordingly.

Following on from the explosion in popularity of headphones between 2008 and 2012, and more recently that experienced by wireless headphones, the audio market is leveling off, according to GfK (Source: Le Journal des Loisirs Interactifs, number 317, page 18, 30/09/2016).

For several years now, the wireless headphones market has been achieving good growth. *Bluetooth®* wireless technology supports this growth in this mature market with sales boosted by this technology. This is a particularly competitive market which is dominated by a few top-tier manufacturers worldwide.

According to the results of a survey conducted by the Toluna Institute, headphones and video games remained the most popular Christmas gifts in France in 2016 (Source: www.lsa-conso.fr, 20/12/2016).

1.2.3 The multimedia speakers market

This segment is highly dependent upon the PC market. The Group does not have access to figures regarding this market.

The trend is moving more toward smart speakers (www.presse-citron.net, 24/01/2017).

1.2.4 The digital DJing market

As this market is split up between music shops and electronics shops, few reliable and up-to-date indicators are available with which to quantify its size and growth.

- In the Americas, the DJ controllers market should increase. The presence of many popular DJs on the continent is one of the main reasons for this significant market. Moreover, the ever-growing demand for live music has resulted in an increase in the number of dance clubs and pubs in these markets. The United States is the main country generating these revenues.
- The EMEA region should also experience growth. France, the UK and Germany are the European countries which generate the highest revenues in this segment.
- The APAC (Asia-Pacific) market for DJ controllers, after strong inroads made in Japan, is extending to China – which should develop significant potential in the years to come.

The DJing market follows two different axes:

- The first axis relates to high-budget products aimed at hosting public parties or events in clubs. These products are distributed by the music shops channel and online vendors specializing in music.
- The second axis is the mass-market sector, aimed at users who want to get started DJing and hosting their own private parties.

1.3 The PC and tablet market decreases, except in North America

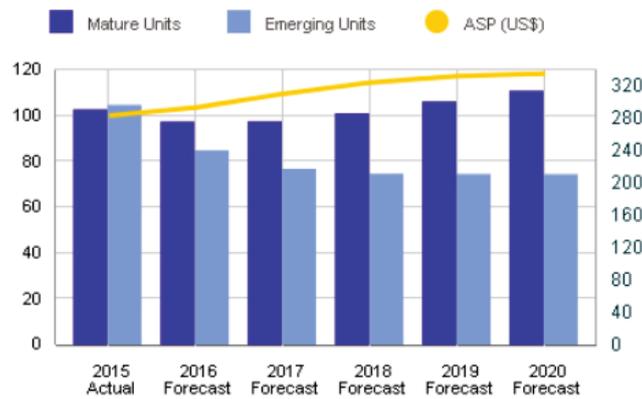
2016 was not a great year for the PC market: worldwide PC sales decreased for the fifth consecutive year. The decline of the traditional PC continues, with worldwide deliveries down by 5.7% in the third quarter of 2016, and by 3.3% for the EMEA region (Source: www.zdnet.fr, 12/10/2016). Worldwide PC shipments totaled 72.6 million units in the fourth quarter of 2016, a 3.7 percent decline from the fourth quarter of 2015, according to preliminary figures published by Gartner (Source: Ouest France, 13/01/2017).

The decline in the PC market continues, falling below 65 million units for the first time since 2007 during the first quarter of 2016 (Source: <http://www.developpez.com/actu/>, 12/07/2016).

With a 1.4% increase in the second quarter of 2016, only the North American market seems to have avoided this recession. PC shipments in the EMEA region (Europe, the Middle East and Africa) amounted to 17.8 million units (Source: <http://www.developpez.com/actu/>, 12/07/2016).

Both in volume and in value, IDC's forecasts for the worldwide tablet market looking forward to 2020 echo those issued for the PC market.

The tablet market got off to a very bad start early in the year, with worldwide shipments down by 14.7% to 39.6 million units in the first quarter of 2016 (Source: www.zdnet.fr, 04/11/2016). In 2018, the tablet market should return to growth thanks to detachables (Source: www.zdnet.fr, 04/11/2016).



(Source: <http://www.itespresso.fr/marche-it-trajectoire-tablettes-rapproche-pc-143809.html>, 05/12/2016)

1.4 The smartphone market

On-the-go lifestyles and mobility are key factors in today's society. According to Strategy Analytics, smartphone sales brought in more than USD 9 billion for manufacturers during the third quarter of 2016 (Source: www.itrnews.com, 23/11/2013). Smartphones have considerably altered the ways in which consumers use this type of technology: major manufacturers are competing with one another in terms of ingenuity in order to gain significant market share.

Nevertheless, the worldwide smartphone market in 2016 was no longer what it had been. Consumers' growing enthusiasm for large-screen models – known as phablets – may help to revive the market to some degree.

In 2016, the slowdown in the global smartphone market increased. In the second quarter of 2016, shipments stagnated at 0.3% with 343.3 million smartphones sold (Source : www.zdnet.fr, 05/09/2016).

The IDC market intelligence firm also notes that Chinese entry-level smartphone manufacturers are successfully making inroads into these markets (Source: www.zdnet.fr, 05/09/2016).

1.5 The smart objects market

Consumers show a growing interest for smart objects, even if they still hesitate to adopt them en masse. Smart objects – and more generally the evolutions in terms of uses made possible by these types of connections – have resulted in the creation of new markets which represent the future of technological goods, simply because they will find their way into all parts of everyday life and activities. Nevertheless, sales are starting out more slowly than manufacturers would have liked (Source: Le Journal des Loisirs Interactifs, number 309, 29/03/2016, page 30).

Although sales in France of new smart objects are slightly below professionals' expectations in terms of volume, things are looking very promising when it comes to turnover, which doubled year-on-year to €340 million in 2015, according to a report published by GfK (Source: Le Journal des Loisirs Interactifs, number 310, 21/04/2016, page 17). GfK also sees an underlying trend at work in this sector, and forecasts a market worth €3.6 billion in 2020 (Source: Le Journal des Loisirs Interactifs, number 310, 21/04/2016, page 17).

1.6 The accessories market for PCs and game consoles

The gaming market is in a constant state of evolution: after having stagnated in 2015, the global hardware market regained its momentum in 2016. Driven by the public's enthusiasm for eSports, this segment is currently one of the most dynamic and profitable in the IT world. This market continues to perform extremely well, and everything is in place for this segment to continue to grow. PC gaming is an important vector for sales of peripherals, and represents the true growth driver for the market itself and for Research and Development. Thanks to the eSports phenomenon and the quest for the best performance, gamers are equipping themselves with high-end gaming hardware to an ever-greater degree. As a result, sales of hardware designed for gaming are only increasing (Source: Le Journal des Loisirs Interactifs, number 314, 27/06/2016, page 22).

SELL (Syndicat des Editeurs de Logiciels de Loisirs – Union of Publishers of Entertainment Software) hopes to set a new sales record in 2017 thanks to the growing numbers of the new versions of eighth-generation consoles, with an explosion in terms of accessories – virtual reality headsets, in particular – and the return of major video game franchises. In late February 2017, Sony announced that it had sold 915,000 units of its

PlayStation®VR virtual reality headset for the PlayStation®4 console since its launch on October 13, 2016 (Source: www.usinenouvelle.com, 01/03/2017).

Whether on console or PC, the gaming experience greatly depends upon the control device being used.

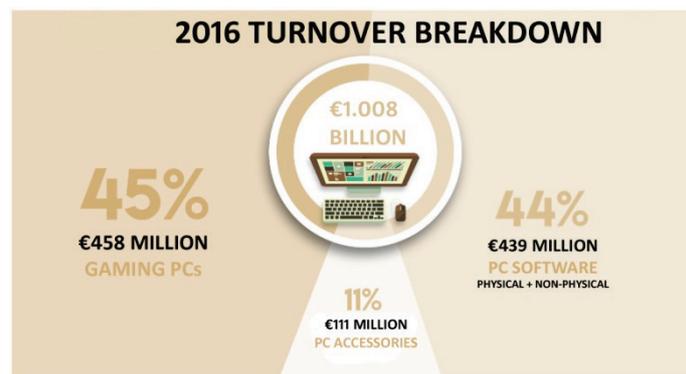
In 2016,

In France:

- Sales of console accessories were up by 6% with gamepads remaining at the head of the class, followed by prepaid cards, headsets, toys and virtual reality headsets – which hit the market in 2016 (Source: <http://gamewave.fr>, 02/02/2017).



- The world of gaming on PC brought in €1.008 billion in turnover overall, of which 45% related to gaming PCs, 44% to PC software, and 11% to PC accessories, which remain the minority share of the market (Source: <http://gamewave.fr>, 02/02/2017).



In the United States:

- The market with respect to racings wheels for game consoles (many of which are multiplatform models, including PC compatibility) grew by 16.2% in value (\$20,940,175) and by 5.6% in volume in 2016 (Source: The NPD Group Inc., 2016), with an average price increase of 4.6% over the period.
- The global console and multiplatform gaming headsets market increased by 1.4% in value and by 9.5% in volume, with 8,333,508 units sold in the American market in 2016 (Source: The NPD Group Inc., 2016).
- The global joysticks market decreased by 27% in value and by 19% in volume (Source: The NPD Group Inc., 2016).

1.7 The eSports market

eSports have existed for more than 20 years now. Popularized by streaming platforms, eSports' development has nevertheless long suffered from a lack of public attention – on the part of television, in particular. Recently, however, eSports have been reaching a significant audience: this is a victory for both fans of the genre and game publishers, who will now have access to an indispensable group of followers, allowing them to continue to grow their communities of gamers. Driven by the widespread popularity of video games as a cultural phenomenon, eSports now draw immense numbers of spectators. Having originated in South Korea with the growth of the Internet in the mid-1990s, eSports started to become more professional in the early 2000s. Little-known in France during the early years, eSports now enjoy better exposure in the media, thanks to the enthusiasm shown for them by a young – mostly male – audience, and the increases in terms of platforms and games available online. eSports are an emerging phenomenon, becoming more well-known on a mass-market scale.

According to a study carried out by SuperData Research, Inc. (in the Czech Republic, France, Greece, Hungary, Italy, Poland, Russia and Spain), the European eSports market is currently estimated to have a value of more than USD 300 million, with nearly 23 million fans (Source:

http://www.afjv.com/news/6153_paypal-devoile-les-derniers-chiffres-du-marche-de-l-e-sport.htm, 12/04/2016). In France, revenues generated by this sector amount to more than USD 22 million, and continue to grow at a rate of approximately 10% per year. The number of eSports fans is also on the rise, with nearly 1.4 million spectators.

According to a study by Newzoo, eSports could draw 145 million spectators in 2017 (Source: www.inaglobal.fr, 25/01/2016). Some TV channels now do not hesitate to invest significant amounts in order to broadcast eSports-related programming. As Matthieu Dallon (former CEO of Oxent, a company which organizes video game tournaments) notes: "One of the challenges for the video game industry will lie in being able to create games which transcend the realm of hardcore fans, in order to connect with people who aren't gamers."

The eSports phenomenon represents a real revolution: it is a truly booming industry. eSports are a major trend, which is growing incredibly quickly. Currently, only 8% of games include an expressly competitive component; however, this will account for 23% of games as of next year (Source: www.inaglobal.fr, 05/01/2017). According to Newzoo's analysts, eSports revenues could break the USD 1 billion barrier as of 2019 thanks to overall audience numbers, admission tickets, online services, and more (Source: Le Journal des Loisirs Interactifs, number 314, 27/06/2016, page 22). Amongst other knock-on effects, the rise in popularity of eSports has been pushing manufacturers to develop product lines specifically aimed at these types of gamers.

1.8 The virtual reality market

The arrival of virtual reality headsets in 2016 should give an even more significant boost to the market's structural growth.

Various studies predict a boom in the mass-market sector of the virtual reality market.

- According to the Digi-Capital firm, the worldwide market should account for USD 150 billion in 2020 (Source: <https://b-com.com>, 14/04/2016).
- According to a study by the Goldman Sachs investment banking company published on January 13, 2016, the virtual reality market will exceed that of television in 2025 (Source: www.lsa-conso.fr, 18/01/2016).
- According to Gartner, 6.3 million units of virtual reality and augmented reality headsets will be shipped over the course of 2017 (Source: Retail Numérique Magazine, May 2016, page 18).

Today, digital powerhouses including Sony, Google, HTC, Microsoft and Samsung are positioning themselves in this market niche. The site Business Insider has put forth a figure of 26.5 million virtual reality headsets to be sold in 2020 (Source: <http://lentreprise.lexpress.fr>, 10/04/2015). Businesses focused on virtual reality and augmented reality applied to video games are targeting 216 million potential users (Source: www.frenchweb.fr, 06/07/2016). Virtual reality is opening up exciting new prospects for both hardware and software.

2 INFORMATION REGARDING TRENDS

The Group's activities are impacted by various different trends:

- The increase in the installed base of next-generation consoles, now at more than 84.6 million units sold (Source: VGCHARTZ, 25/02/2017). These consoles are accompanied by a new crop of racing games and space simulation titles, which are significant factors influencing the purchase of Thrustmaster gaming accessories.
- Hercules is confronted with lower sales of multimedia PCs, which impacts upon sales of multimedia speakers and webcams.
- At the same time, the Group has invested in wireless speakers for smartphones and tablets, which are taking over from PCs in terms of consumers listening to their music. The wireless speakers market is growing quickly in the United States and in Europe, and offers significant potential for the Group's new WAE lines of wireless speakers.

➤ COMBINED GENERAL MEETING OF SHAREHOLDERS HELD MAY 24, 2017

1 AGENDA

▪ Within the remit of the ordinary general meeting

- Board of Directors' reports;
- Independent Auditors' reports;
- Approval of December 31, 2016 year-end financial statements;
- December 31, 2016 year-end net income appropriation;
- Approval of December 31, 2016 year-end consolidated financial statements;
- Approval of agreements stipulated in Article L.225-38 of the Commercial Code;
- Renewal of term of office of Ms. Marie-Hélène Lair as Director;
- Appointment of Ms. Corinne Le Roy as Director;
- Approval of the principles and criteria for the determination, sharing out and allocation of remuneration elements for the Chief Executive Officer and Deputy CEOs;
- Authorization to be granted to Board of Directors to carry out transactions on company shares;
- Fulfillment of legal formalities relating to the ordinary general meeting.

▪ Within the remit of the extraordinary general meeting

- Board of Directors' report;
- Independent Auditors' reports;
- Authorization to be granted to Board of Directors to proceed with share capital reduction via cancellation of company shares;
- Delegation of authority to be granted to Board of Directors to issue common shares, equity securities giving access to other equity securities or granting the right to the allocation of debt securities, marketable securities giving access to equity securities to be issued, with preservation of preferential subscription rights;
- Delegation of authority to be granted to Board of Directors to issue common shares, equity securities giving access to other equity securities or granting the right to the allocation of debt securities, marketable securities giving access to equity securities to be issued, with removal of preferential subscription rights, as part of a public offer or offers;
- Delegation of authority to be granted to Board of Directors to issue common shares, equity securities giving access to other equity securities or granting the right to the allocation of debt securities, marketable securities giving access to equity securities to be issued, with removal of preferential subscription rights, as part of an offer or offers stipulated in part II of Article L.411-2 of the Monetary and Financial Code;
- Authorization to be granted to Board of Directors to set, within the limit of 10% of the company's share capital per year, the issue price of equity securities to be issued by way of a public offer or offers or by way of an offer or offers stipulated in part II of Article L.411-2 of the Monetary and Financial Code;
- Authorization to be granted to Board of Directors to increase the amount of the issues which may be decided upon pursuant to the eleventh, twelfth and/or thirteenth resolutions, in the event of excess demand;
- Delegation of powers to be granted to Board of Directors to proceed with capital increases, in order to remunerate contributions in kind granted to the company and composed of equity securities or marketable securities granting access to capital;
- Delegation of authority to be granted to Board of Directors to proceed with capital increases reserved for members of a corporate or group savings plan;
- Setting the overall ceiling for capital increases;
- Modification of Article 9 of company bylaws in order to allow for staggered renewal of Directors;
- Fulfillment of legal formalities relating to the extraordinary general meeting.

2 TEXT OF DRAFT RESOLUTIONS

- Within the remit of the ordinary general meeting

FIRST RESOLUTION

(Approval of December 31, 2016 year-end financial statements)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, having been made aware of the Board of Directors' management report and of the Independent Auditors' reports, approves the December 31, 2016 year-end financial statements, as presented, as well as the transactions figuring in these statements or summarized in these reports.

SECOND RESOLUTION

(December 31, 2016 year-end net income appropriation)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, decides to appropriate the December 31, 2016 year-end deficit amounting to €433,268.49 to the retained losses account.

The meeting takes note of the fact that no dividends have been distributed over the course of the past three fiscal years.

THIRD RESOLUTION

(Approval of December 31, 2016 year-end consolidated financial statements)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, having been made aware of the report on the Group's management included in the Board of Directors' management report and of the Independent Auditors' report on the December 31, 2016 year-end consolidated financial statements, approves the consolidated financial statements for said fiscal year, as presented, as well as the transactions figuring in these statements or summarized in these reports.

FOURTH RESOLUTION

(Approval of agreements stipulated in Article L.225-38 of the Commercial Code)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, having been made aware of the Independent Auditors' special report on the agreements stipulated in Article L.225-38 of the Commercial Code, approves the agreements referred to therein and the conclusions of said report.

FIFTH RESOLUTION

(Renewal of term of office of Ms. Marie-Hélène Lair as Director)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, having been made aware of the Board of Directors' report, decide to renew the term of office of Ms. Marie-Hélène Lair as Director for a new period of six years, which will expire at the end of the ordinary general meeting to be held in 2023 to approve the financial statements for the last fiscal year.

SIXTH RESOLUTION

(Appointment of Ms. Corinne Le Roy as Director)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, having been made aware of the Board of Directors' report, decides to appoint Ms. Corinne Le Roy as Director for a period of six years.

The term of office of Ms. Marie-Hélène Lair as Director will expire at the end of the ordinary general meeting to be held in 2023 to approve the financial statements for the last fiscal year.

SEVENTH RESOLUTION

(Approval of the principles and criteria for the determination, sharing out and allocation of remuneration elements for the Chief Executive Officer and Deputy CEOs)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, having been made aware of the report drawn up pursuant to Article L.225-37-2 of the Commercial Code, approves the principles and criteria for the determination, sharing out and allocation of fixed, variable and exceptional elements composing the total remuneration and the benefits in kind attributable, because of their terms of office, to the Chief Executive Officer and Deputy CEOs, as presented in this report.

EIGHTH RESOLUTION

(Authorization to be granted to Board of Directors to carry out transactions on company shares)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, having been made aware of the Board of Directors' report, authorizes the Board of Directors pursuant to the provisions of Articles L.225-209 and following of the Commercial Code, of the European Union regulations regarding market abuse, of the Autorité des Marchés Financiers' general regulations and of the market practices sanctioned by the Autorité des Marchés Financiers, to proceed with the purchase of its own shares, up to a maximum of 10% of the total number of shares of which the company's share capital is composed, this percentage applying to an adjusted capital according to transactions which may affect it subsequent to the date of this meeting, with a view to:

- stimulation of the market or the liquidity of the security, via the intermediary of an investment services provider acting with full independence, within the context of a liquidity contract pursuant to the ethics charter recognized by the Autorité des Marchés Financiers;
- the conservation and subsequent remittance of securities, in payment or in exchange, within the context of possible external growth operations; with the stipulation that the number of securities acquired to this effect may not exceed 5% of the securities of which the company's share capital is composed;
- the coverage of marketable securities granting the right to the allocation of company shares through conversion, exercise, reimbursement or exchange;
- the coverage of stock option plans and/or any other form of share allocation to employees and/or executive directors of the company and/or its group;
- the cancellation of shares acquired, subject to the adoption of a specific resolution by the extraordinary general meeting of shareholders.

When the shares are repurchased to favor the liquidity of the security, the number of shares taken into account for the calculation of the 10% limit stipulated above corresponds to the number of purchased shares, less the number of shares resold during the period of this authorization.

The number of shares which the company may hold, directly or indirectly, at whatever time, may not exceed 10% of the company's share capital, this percentage applying to an adjusted capital according to transactions which may affect it subsequent to the date of this meeting.

The maximum purchase price per share is set at five euros.

The maximum amount allocated to the share buyback program is set at five million euros.

The acquisition, disposal or transfer of shares may be carried out via all methods, one or more times, on the market or via a private treaty, including by acquisition or disposal of blocks of securities. These transactions shall be carried out for legitimate reasons and in compliance with the applicable regulations. These transactions may take place at any time, including during the period of a takeover bid for the company, subject to the abstention periods stipulated in legal and regulatory provisions.

The meeting grants all powers to the Board of Directors, with the right to sub-delegate according to the conditions prescribed by law, in order to carry out this share buyback program, conclude any agreements, submit any orders, carry out any appropriation or reappropriation of the shares acquired, pursuant to applicable legal and regulatory provisions, comply with all required formalities and declarations and, generally, to accomplish whatever may be required.

This authorization is granted for a period of eighteen months as of the date of this meeting. For the unused portion, it terminates the authorization granted by the general meeting held May 26, 2016.

NINTH RESOLUTION

(Fulfillment of legal formalities relating to the ordinary general meeting)

The general meeting, ruling in accordance with the conditions of quorum and majority required for ordinary general meetings, grants all powers to the bearer of an original, copy or extract of this meeting's minutes to fulfill all legal formalities.

- Within the remit of the extraordinary general meeting

TENTH RESOLUTION

(Authorization to be granted to Board of Directors to proceed with share capital reduction via cancellation of company shares)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report and the Independent Auditors' report, and ruling in accordance with Article L.225-209 of the Commercial Code, authorizes the Board of Directors to proceed, at its sole discretion, one or more times, at any time including during the period of a takeover bid for the company, with the cancellation of all or part of the treasury stock shares held by the company or which may be held following the buybacks carried out within the context of the share buyback programs authorized by the eighth resolution submitted to this meeting or authorized prior to the date of this meeting, within the limit of 10% of the number of shares of which the company's share

capital is composed, by periods of twenty-four months, this percentage applying to an adjusted capital according to transactions which may affect it subsequent to the date of this meeting.

The general meeting confers all powers upon the Board of Directors to proceed with a share capital reduction via the cancellation of shares, to set the terms, allocate the difference between the book value of canceled shares and their nominal value on all available reserve and/or premium accounts, certify the execution, proceed with corresponding modifications to bylaws and all required formalities.

This authorization is granted for a period of eighteen months as of the date of this meeting. It terminates the authorization granted by the general meeting held May 26, 2016.

ELEVENTH RESOLUTION

(Delegation of authority to be granted to Board of Directors to issue common shares, equity securities giving access to other equity securities or granting the right to the allocation of debt securities, marketable securities giving access to equity securities to be issued, with preservation of preferential subscription rights)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report and the Independent Auditors' special report, pursuant to the terms of Articles L.225-129 and following of the Commercial Code, Articles L.225-129-2 and L.225-132 in particular, as well as Articles L.228-91 and following of said Code:

1) Grants the Board of Directors its authority to decide upon, should it be deemed appropriate, the issue, one or more times, in the proportions and at the times of its choosing, with preservation of shareholders' preferential subscription rights, of:

- common company shares;

- equity securities giving access, immediately and/or in the future, to other company equity securities or granting the right to the allocation of debt securities;

- marketable securities giving access to company equity securities to be issued,

with the stipulation that these shares, equity securities and marketable securities may be issued free of charge or for a consideration, in France or abroad, in euros, in any foreign currency or in any monetary unit established with reference to more than one currency;

2) Decides to set at eight (8) million euros the overall ceiling for capital increases which may be carried out by virtue of this delegation; with the stipulation that this ceiling is common to all capital increases which may be carried out by virtue of the twelfth and thirteenth resolutions of this general meeting, and that this is set not taking into account the nominal value of common company shares to possibly be issued in order to protect the holders of rights attached to securities and marketable securities granting access to the company's capital;

3) Decides to set at fifteen (15) million euros the maximum total nominal amount of debt securities giving access to company equity securities which may be issued by virtue of this delegation, or at the equivalent value of this amount in the event of an issue in foreign currency or at a unit-linked rate established with reference to more than one currency; with the stipulation that this amount is common to the debt securities giving access to company equity securities which may be issued by virtue of the twelfth and thirteenth resolutions of this general meeting;

4) Decides that as shareholders have, in proportion to their amount of shares, an irreducible preferential subscription right to the securities and marketable securities which may be issued by virtue of this delegation, the Board of Directors shall also have the ability to apply a reducible subscription right in proportion to the subscription rights available to shareholders and according to their requests. In the event whereby irreducible subscriptions and any reducible subscriptions have not absorbed a capital increase in full, the Board of Directors may use one or more of the following authorizations, according to the conditions prescribed by law and in the order determined by the Board of Directors:

- limit the amount of the capital increase to the amount of subscriptions, so long as the latter reach at least three-quarters of the capital increase decided upon;

- freely allocate, totally or partially, the shares, equity securities and/or marketable securities not subscribed to;

- offer to the public, totally or partially, the shares, equity securities and/or marketable securities not subscribed to;

5) Notes that this delegation includes, to the benefit of holders of securities and marketable securities granting access to the company's capital which may be issued, the renunciation of shareholders of their preferential subscription right to the equity securities to which these securities and marketable securities give the right;

6) Decides that the Board of Directors shall have the right, should it be deemed appropriate, to make use of this delegation during the period of a takeover bid for the company;

7) Decides that the Board of Directors shall have all powers, with the right to sub-delegate according to the conditions prescribed by law, to implement this delegation, particularly with regard to: setting the conditions of each issue; determining the dates and terms of the issues, as well as the form and characteristics of the shares, equity securities and marketable securities to be issued; deciding upon, in the event of an issue of debt securities giving access to company equity securities, their subordinated or non-

subordinated nature, setting their interest rate, their duration, the redemption price and the other issue and redemption terms according to market conditions, as well as the conditions according to which these securities give the holder the right to company equity securities; deciding on the issue price of the shares, equity securities and marketable securities to be issued; setting the amounts to be issued, the subscription dates, the income accrual date (even if retroactive) of the securities to be issued, and determining their settlement method; setting the terms for the exercise of rights attached to the equity securities or marketable securities to be issued and, if need be, stipulating their market buyback conditions, as well as the ability to suspend the exercise of these rights; setting the terms according to which the preservation of the rights of holders of equity securities or marketable securities granting access to the company's capital will be preserved, pursuant to legal and regulatory provisions; allocating the capital increase costs on the amount of related premiums and deducting from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital following each capital increase; generally taking all useful measures and making all arrangements, making any agreement or pact required for the successful completion of the issues planned upon; certifying the completion of each capital increase and proceeding with corresponding modifications to the bylaws;

8) Sets at twenty-six months, as of the date of this meeting, the period during which this delegation may be used by the Board of Directors.

TWELFTH RESOLUTION

(Delegation of authority to be granted to Board of Directors to issue common shares, equity securities giving access to other equity securities or granting the right to the allocation of debt securities, marketable securities giving access to equity securities to be issued, with removal of preferential subscription rights, as part of a public offer or offers)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report and the Independent Auditors' special report, and pursuant to the terms of Articles L.225-129 and following of the Commercial Code, in particular Articles L.225-129-2, L.225-135, L.225-136, L.225-148, and of Articles L.228-91 and following of said Code:

1) Grants the Board of Directors its authority to decide, as part of a public offer or offers, should it be deemed appropriate, the issue, one or more times, in the proportions and at the times of its choosing, with removal of shareholders' preferential subscription rights, of:

- common company shares;

- equity securities giving access, immediately and/or in the future, to other company equity securities or granting the right to the allocation of debt securities;

- marketable securities giving access to company equity securities to be issued,

with the stipulation that these shares, equity securities and marketable securities may be issued in France or abroad, in euros, in any foreign currency or in any monetary unit established with reference to more than one currency;

2) Decides to set at eight (8) million euros the overall ceiling for capital increases which may be carried out by virtue of this delegation; with the stipulation that this ceiling is common to all capital increases which may be carried out by virtue of the eleventh and thirteenth resolutions of this general meeting, and that this is set not taking into account the nominal value of common company shares to possibly be issued in order to protect the holders of rights attached to securities and marketable securities granting access to the company's capital;

3) Decides to set at fifteen (15) million euros the maximum total nominal amount of debt securities giving access to company equity securities which may be issued by virtue of this delegation, or at the equivalent value of this amount in the event of an issue in foreign currency or at a unit-linked rate established with reference to more than one currency; with the stipulation that this amount is common to the debt securities giving access to company equity securities which may be issued by virtue of the eleventh and thirteenth resolutions of this general meeting;

4) Decides to remove the preferential subscription right of shareholders to the marketable securities to be issued, while allowing the Board of Directors the decision as to whether or not to stipulate, for all or a portion of each issue, a subscription priority period in favor of shareholders according to the terms it would set pursuant to applicable legal and regulatory provisions. This priority period would not result in the creation of negotiable rights but could, should the Board of Directors deem it appropriate, be exercised on an irreducible and/or reducible basis;

5) Decides that if subscriptions, including those by shareholders (if any), have not absorbed the capital increase in full, the Board of Directors may use one and/or the other of the following authorizations, according to the conditions prescribed by law and in the order determined by the Board of Directors:

- limit the amount of the capital increase to the amount of subscriptions, so long as the latter reach at least three-quarters of the capital increase decided upon;

- freely allocate, totally or partially, the shares, equity securities and marketable securities not subscribed to;

6) Notes that this delegation includes, to the benefit of holders of securities or marketable securities granting access to the capital which may be issued, the renunciation of shareholders of their preferred subscription right to the securities to which these securities and marketable securities give the right;

7) Decides that the issue price of the equity securities to be issued will be determined pursuant to Article L.225-136 of the Commercial Code;

8) Decides that the Board of Directors shall have the right, should it be deemed appropriate, to make use of this delegation during the period of a takeover bid for the company;

9) Decides that the Board of Directors may use this delegation to remunerate securities submitted to the company as part of a public exchange offer initiated by the company on the securities of a company whose shares are traded in a regulated market as stipulated by Article L.225-148 of the Commercial Code and decide to remove, to the benefit of the holders of these securities, the preferential subscription right of shareholders to the securities or marketable securities to be issued by the company. The Board of Directors shall have all powers, with the right to sub-delegate according to the conditions prescribed by law, to determine the exchange parity as well as the amount of the balancing cash adjustment to be paid, where applicable; certify the number of securities submitted in the exchange; determine the dates and issue conditions, particularly with respect to the price and income accrual date of the securities or marketable securities to be issued; set the amounts to be issued; post to a contribution premium account under balance sheet liabilities, to which the rights of all shareholders would apply, the difference between the issue price of shares and their nominal value; and proceed, where applicable, with allocation of said contribution premium on all costs and rights resulting from the authorized transaction;

10) Decides that the Board of Directors shall have all powers, with the right to sub-delegate according to the conditions prescribed by law, to implement this delegation, particularly with regard to: setting the terms of each issue; determining the dates and terms of the issues, as well as the form and characteristics of the shares, equity securities and marketable securities to be issued; deciding upon, in the event of an issue of debt securities giving access to company equity securities, their subordinated or non-subordinated nature, setting their interest rate, their duration, the redemption price and the other issue and redemption terms according to market conditions, as well as the conditions according to which these securities give the holder the right to company equity securities; deciding on the issue price of the shares, equity securities and marketable securities to be issued; setting the amounts to be issued, the subscription dates, the income accrual date (even if retroactive) of the securities to be issued, and determining their settlement method; setting the terms for the exercise of rights attached to the equity securities or marketable securities to be issued and, where applicable, stipulating their market buyback conditions, as well as the ability to suspend the exercise of these rights; setting the terms according to which the preservation of the rights of holders of equity securities or marketable securities granting access to the company's capital will be preserved, pursuant to legal and regulatory provisions; allocating the capital increase costs on the amount of related premiums and deducting from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital following each capital increase; generally taking all useful measures and making all arrangements, making any agreement or pact required for the successful completion of the issues planned upon; certifying the completion of each capital increase and proceeding with corresponding modifications to the bylaws;

11) Sets at twenty-six months, as of the date of this meeting, the period during which this delegation may be used by the Board of Directors.

THIRTEENTH RESOLUTION

(Delegation of authority to be granted to Board of Directors to issue common shares, equity securities giving access to other equity securities or granting the right to the allocation of debt securities, marketable securities giving access to equity securities to be issued, with removal of preferential subscription rights, as part of an offer or offers stipulated in part II of Article L.411-2 of the Monetary and Financial Code)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report and the Independent Auditors' special report, and pursuant to the terms of Articles L.225-129 and following of the Commercial Code, in particular Articles L.225-129-2, L.225-135, L.225-136, and of Articles L.228-91 and following of said Code, as well as of the terms set out in part II of Article L.411-2 of the Monetary and Financial Code:

1) Grants the Board of Directors its authority to decide, up to a maximum of 20% of the company's share capital per year, as part of one or more of the offers stipulated in part II of Article L.411-2 of the Monetary and Financial Code (namely, an offer intended exclusively for (a) individuals providing the investment service of portfolio management on behalf of third parties; or (b) qualified investors or a limited group of investors, provided that such investors are acting on their own account), should it be deemed appropriate, the issue, one or more times, in the proportions and at the times of its choosing, with removal of shareholders' preferential subscription rights, of:

- common company shares;
- equity securities giving access, immediately and/or in the future, to other company equity securities or granting the right to the allocation of debt securities;

- marketable securities giving access to company equity securities to be issued, with the stipulation that these shares, equity securities and marketable securities may be issued in France or abroad, in euros, in any foreign currency or in any monetary unit established with reference to more than one currency;

2) Decides to set at eight (8) million euros the overall ceiling for capital increases which may be carried out by virtue of this delegation; with the stipulation that this ceiling is common to all capital increases which may be carried out by virtue of the eleventh and twelfth resolutions of this general meeting, and that this is set not taking into account the nominal value of common company shares to possibly be issued in order to protect the holders of rights attached to marketable securities granting access to the company's capital;

3) Decides to set at fifteen (15) million euros the maximum total nominal amount of debt securities giving access to company equity securities which may be issued by virtue of this delegation, or at the equivalent value of this amount in the event of an issue in foreign currency or at a unit-linked rate established with reference to more than one currency; with the stipulation that this amount is common to the debt securities giving access to company equity securities which may be issued by virtue of the eleventh and twelfth resolutions of this general meeting;

4) Decides to remove the preferential subscription right of shareholders to the shares, equity securities and marketable securities to be issued;

5) Decides that if subscriptions, including those by shareholders (if any), have not absorbed the capital increase in full, the Board of Directors may use one and/or the other of the following authorizations, according to the conditions prescribed by law and in the order determined by the Board of Directors:

- limit the amount of the capital increase to the amount of subscriptions, so long as the latter reach at least three-quarters of the capital increase decided upon;

- freely allocate, totally or partially, the shares, equity securities and marketable securities not subscribed to.

6) Notes that this delegation includes, to the benefit of holders of securities and marketable securities granting access to capital which may be issued, the renunciation of shareholders of their preferential subscription right to the equity securities to which these securities and marketable securities give the right;

7) Decides that the issue price of the equity securities to be issued will be determined pursuant to Article L.225-136 of the Commercial Code;

8) Decides that the Board of Directors shall have the right, should it be deemed appropriate, to make use of this delegation during the period of a takeover bid for the company;

9) Decides that the Board of Directors may use this delegation to remunerate securities submitted to the company as part of a public exchange offer initiated by the company on the securities of a company whose shares are traded in a regulated market as stipulated by Article L.225-148 of the Commercial Code and decide to remove, to the benefit of the holders of these securities, the preferential subscription right of shareholders to the securities or marketable securities to be issued by the company. The Board of Directors shall have all powers, with the right to sub-delegate according to the conditions prescribed by law, to determine the exchange parity as well as the amount of the balancing cash adjustment to be paid, where applicable; certify the number of securities submitted in the exchange; determine the dates and issue conditions, particularly with respect to the price and income accrual date of the securities or marketable securities to be issued; set the amounts to be issued; post to a contribution premium account under balance sheet liabilities, to which the rights of all shareholders would apply, the difference between the issue price of shares and their nominal value; and proceed, where applicable, with allocation of said contribution premium on all costs and rights resulting from the authorized transaction;

10) Decides that the Board of Directors shall have all powers, with the right to sub-delegate according to the conditions prescribed by law, to implement this delegation, particularly with regard to: setting the terms of each issue; determining the dates and terms of the issues, as well as the form and characteristics of the shares, equity securities and marketable securities to be issued; deciding upon, in the event of an issue of debt securities giving access to company equity securities, their subordinated or non-subordinated nature, setting their interest rate, their duration, the redemption price and the other issue and redemption terms according to market conditions, as well as the conditions according to which these securities give the holder the right to company equity securities; deciding on the issue price of the shares, equity securities and marketable securities to be issued; setting the amounts to be issued, the subscription dates, the income accrual date (even if retroactive) of the securities to be issued, and determining their settlement method; setting the terms for the exercise of rights attached to the equity securities or marketable securities to be issued and, where applicable, stipulating their market buyback conditions, as well as the ability to suspend the exercise of these rights; setting the terms according to which the preservation of the rights of holders of equity securities or marketable securities granting access to the company's capital will be preserved, pursuant to legal and regulatory provisions; allocating the capital increase costs on the amount of related premiums and deducting from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital following each capital increase; generally taking all useful measures and making all arrangements, making any agreement or pact required for the successful completion of the issues planned

upon; certifying the completion of each capital increase and proceeding with corresponding modifications to the bylaws;

11) Sets at twenty-six months, as of the date of this meeting, the period during which this delegation may be used by the Board of Directors.

FOURTEENTH RESOLUTION

(Authorization to be granted to Board of Directors to set, within the limit of 10% of the company's share capital per year, the issue price of equity securities to be issued by way of a public offer or offers or by way of an offer or offers stipulated in part II of Article L.411-2 of the Monetary and Financial Code)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report and the Independent Auditors' special report, and pursuant to the terms of Article L.225-136 of the Commercial Code:

1) Authorizes the Board of Directors, if using the delegations of authority set out in the twelfth and thirteenth resolutions, to derogate from the price setting conditions stipulated in Article R.225-119 of the Commercial Code, up to a limit of 10% of the company's share capital per year, this percentage applying to an adjusted capital according to transactions which may affect it subsequent to the date of this meeting, and to set the issue price of equity securities to be issued at a price at least equal to the weighted average of the trading prices on the last three trading days preceding the date on which the issue price is set, possibly less a maximum reduction of 10%;

2) Decides that the nominal amount of capital increases decided upon by virtue of this resolution shall be calculated as part of the overall ceiling set in the eighteenth resolution of this meeting;

3) Sets at twenty-six months, as of the date of this meeting, the period during which this authorization may be used by the Board of Directors;

4) Decides that the Board of Directors shall have all powers, with the right to sub-delegate according to the conditions prescribed by law, to implement this authorization;

5) Decides that the Board of Directors may, should it be deemed appropriate, make use of this authorization during the period of a takeover bid for the company.

FIFTEENTH RESOLUTION

(Authorization to be granted to Board of Directors to increase the amount of the issues which may be decided upon pursuant to the eleventh, twelfth and/or thirteenth resolutions, in the event of excess demand)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report and the Independent Auditors' special report, and pursuant to the terms of Article L.225-135-1 of the Commercial Code:

1) Authorizes the Board of Directors, if using the delegations of authority set out in the eleventh, twelfth and thirteenth resolutions and if it has noted an excess subscription demand, to increase the number of securities to be issued, pursuant to the terms of Article R.225-118 of the Commercial Code;

2) Decides that the nominal amount of capital increases decided upon by virtue of this resolution shall be calculated as part of the overall ceiling set in the eighteenth resolution of this meeting;

3) Sets at twenty-six months, as of the date of this meeting, the period during which this authorization may be used by the Board of Directors;

4) Decides that the Board of Directors shall have all powers, with the right to sub-delegate according to the conditions prescribed by law, to implement this authorization;

5) Decides that the Board of Directors shall have the right, should it be deemed appropriate, to make use of this delegation during the period of a takeover bid for the company.

SIXTEENTH RESOLUTION

(Delegation of powers to be granted to Board of Directors to proceed with capital increases, in order to remunerate contributions in kind granted to the company and composed of equity securities or marketable securities granting access to capital)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report and the Independent Auditors' special report, and pursuant to the terms of Article L.225-147 of the Commercial Code:

1) Grants to the Board of Directors all powers so that it may proceed, on the report of the Independent Auditor or Auditors stipulated in Article L.225-147 of the Commercial Code, with one or more increases of the company's capital, via the issue of common shares and/or of other securities granting access, immediately and/or in the future, to the company's capital, in order to remunerate contributions in kind granted to the company and composed of equity securities or marketable securities granting access to capital, whereby the terms of Article L.225-148 are not applicable;

2) Decides to remove, to the benefit of holders of securities or marketable securities subject to contributions in kind, the preferential subscription right of shareholders to the securities or marketable securities issued by the company in remuneration for these contributions in kind;

3) Decides to set the maximum nominal amount of the capital increases which may be carried out immediately and/or in the future, by virtue of this delegation, at 10% of the company's capital, at whatever time, this percentage applying to an adjusted capital according to transactions affecting it subsequent to the date of this meeting;

4) Notes that this delegation entails the renunciation of shareholders of their preferential subscription right to the equity securities to which the securities or marketable securities that will be issued by virtue of this delegation give them the right;

5) Decides that the Board of Directors may, should it be deemed appropriate, make use of this delegation during the period of a takeover bid for the company;

6) Decides that the Board of Directors shall have all powers, with the right to sub-delegate according to the conditions prescribed by law, to implement this delegation, particularly with regard to setting the issue conditions; drawing up the list of equity securities or marketable securities submitted; setting the type and number of the shares or other securities to be issued, as well as their features and issue terms; setting the terms according to which the preservation of the rights of holders of securities or marketable securities granting access to the company's capital will be ensured; ruling upon the valuation of the contributions and the granting of specific benefits, on the report of the Independent Auditor or Auditors stipulated in Article L.225-147 of the Commercial Code; allocating the capital increase costs on the amount of related contribution premiums and deducting from this amount the sums necessary to bring the legal reserve to one-tenth of the new capital following each capital increase; certifying the execution of the capital increase and proceeding with corresponding modifications to the bylaws and, generally, to proceed with all formalities and declarations and request any authorizations required for the accomplishment of these contributions;

7) Sets at twenty-six months, as of the date of this meeting, the duration of validity of the delegation that is the subject of this resolution.

SEVENTEENTH RESOLUTION

(Delegation of authority to be granted to Board of Directors to proceed with capital increases reserved for members of a corporate or group savings plan)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report and the Independent Auditors' special report, and pursuant to the terms of Articles L.225-129 and following of the Commercial Code, in particular Articles L.225-129-2 and L.225-129-6, of Articles L.225-138 and L.225-138-1 of said Code, as well as of Articles L.3332-1 and following of the Labor Code:

1) Grants to the Board of Directors its authority to proceed, should it be deemed appropriate, with one or more increases of the company's capital, in the proportions and at the times of its choosing, by way of the issue of equity securities or marketable securities granting access to the company's capital, reserved for salaried employees of the company and/or of the companies stipulated in Article L.225-180 of the Commercial Code, within the context of a corporate or group savings plan;

2) Decides to remove, in favor of the members of a savings plan, the preferential subscription right of shareholders to the equity securities or marketable securities granting access to the company's capital to be issued;

3) Sets at twenty-six months, as of the date of this meeting, the duration of validity of the delegation that is the subject of this resolution;

4) Decides that the overall nominal amount of capital increases carried out by virtue of this delegation may not exceed 2% of the amount of the company's share capital on the date of the Board of Directors' decision;

5) Decides that the subscription price of equity securities or marketable securities granting access to the company's capital issued by virtue of this delegation shall be determined by the Board of Directors pursuant to the terms of Articles L.3332-18 through L.3332-24 of the Labor Code;

6) Grants all powers to the Board of Directors to implement this delegation and, in particular: set the terms of each issue; determine the allocation conditions, according to legal conditions, including conditions of seniority; draw up the list of beneficiaries as well as the number of equity securities or marketable securities granting access to the company's capital which may be subscribed to per beneficiary; set, within the legal limits, the issue price of equity securities or marketable securities granting access to the company's capital, as well as the time periods granted to beneficiaries for the exercise of their rights; set the number of equity securities or marketable securities granting access to the company's capital to be issued, the duration of the subscription period and the accrual date of the equity securities or marketable securities granting access to capital; set the settlement timeframes and terms for the equity securities or marketable securities granting access to capital; certify the execution of the capital increase or increases and proceed with corresponding modifications to the bylaws; allocate capital increase costs on the amount of related premiums and deduct from this amount the sums necessary to bring the legal reserve to one-tenth of the

new capital following each capital increase; and generally to carry out all formalities and take all measures required for the execution of the capital increase or increases.

EIGHTEENTH RESOLUTION

(Setting the overall ceiling for capital increases)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report, pursuant to the terms of Article L.225-129-2 of the Commercial Code, decides to set at eight (8) million euros the overall maximum nominal amount of capital increases which may be carried out immediately or in the future by virtue of the delegations of authority, powers and/or authorizations granted according to terms of the eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventeenth resolutions of this meeting, and of valid delegations or authorizations (where applicable); with the stipulation that this overall ceiling does not take into account the nominal amount of equity securities to possibly be issued in order to protect the holders of rights attached to the securities and marketable securities granting access to the company's capital.

NINETEENTH RESOLUTION

(Modification of Article 9 of company bylaws in order to allow for staggered renewal of Directors)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, having been made aware of the Board of Directors' report, decides to modify the third paragraph of Article 9 of the bylaws as follows, the rest of said Article remaining unchanged:

Former wording:

"The term of office of Directors is six years."

New wording:

"The term of office of Directors is six years. However, in order to allow for staggered renewal of Directors' mandates, the ordinary general meeting of shareholders may, on the proposal of the Board of Directors, appoint or renew one or more Directors for a period of four or five years."

TWENTIETH RESOLUTION

(Fulfillment of legal formalities relating to the extraordinary general meeting)

The general meeting, ruling in accordance with the conditions of quorum and majority required for extraordinary general meetings, grants all powers to the bearer of an original, copy or extract of this meeting's minutes to fulfill all legal formalities.

3 BOARD OF DIRECTORS' REPORT

Ladies and gentlemen,

We have summoned you to a combined general meeting in order to submit for your approval the December 31, 2016 year-end financial statements, to propose the renewal of a Director and the appointment of a new Director, and to ask you to rule on resolutions which involve the granting of authorizations or delegations of authority or powers to your Board of Directors.

The first four resolutions submitted to you involve the December 31, 2016 year-end financial statements, and in particular:

- approval of the financial and consolidated financial statements drafted at this date;
- appropriation of the fiscal year's net result showing a loss of €433,268.49, which we propose assigning to the retained losses account;
- approval of the regulated agreements entered into during the fiscal year ended December 31, 2016, which were subject to prior authorization by your Board of Directors.

By the fifth resolution, we propose to renew the term of office of Ms. Marie-Hélène Lair as Director, which expires during the present general meeting. Ms. Marie-Hélène Lair's Director duties would be renewed for a new period of six years, which will expire at the end of the ordinary general meeting to be held in 2023 to approve the financial statements for the last fiscal year.

By the sixth resolution, we propose the appointment of Ms. Corinne Le Roy as a Director of your company.

Mrs. Corinne Le Roy would be appointed for a duration of six years and her term of office would expire at the end of the ordinary general meeting to be held in 2023 to approve the financial statements for the last fiscal year.

We would like to point out that the proposed appointment of Ms. Corinne Le Roy would allow your Board of Directors to admit a third female member into its ranks, thereby complying with the applicable legal requirements regarding balanced representation of women and men within the Board of Directors.

By the seventh resolution, we submit for your approval the principles and criteria for the determination, sharing out and allocation of fixed, variable and exceptional elements composing the total remuneration and the benefits in kind attributable, because of their terms of office, to the Chief Executive Officer and Deputy CEOs, as presented in the report attached to the Board of Directors' management report.

The eighth resolution submitted for your consideration would allow your Board of Directors to carry out transactions on the stock market on company shares with a view to stimulation of the market or liquidity of the security via an investment services provider, working independently, as part of a liquidity contract in accordance with the professional ethics charter recognized by the Autorité des Marchés Financiers.

Moreover, your Board would also like the ability to carry out transactions on the stock market on company shares with a view to:

- the conservation and subsequent remittance of securities, in payment or by exchange, as part of possible external growth operations; with the stipulation that the number of securities acquired to this effect may not exceed 5% of the securities composing the company's capital;
- coverage for marketable securities granting the holder the right to the allocation of company shares, through conversion, exercise, reimbursement or exchange;
- coverage of stock option plans and/or of any other form of share allocation for personnel and/or executive directors of the company and/or its group;
- the cancellation of shares acquired, subject to the adoption of a specific resolution by attendees of an extraordinary general meeting of shareholders.

Your Board would be able to proceed with the purchase of company shares up to a limit of 10% of the number of shares of which the company's share capital is composed at any given time.

The maximum purchase price per share would be set at five euros and the maximum amount allocated to the share buyback program is set at five million euros.

The acquisition, disposal or transfer of shares may be carried out at any time, one or more times, via all methods, on the market or over-the-counter, including by way of acquisition or disposal of blocks of securities. These transactions shall be carried out for legitimate reasons and in compliance with applicable regulations.

This authorization would be granted to your Board of Directors for a period of eighteen (18) months as of the date of this meeting; with the stipulation that your Board would have all powers to decide upon its implementation.

By the ninth resolution, we ask that you grant powers to any person bearing an original, copy or extract of this meeting's minutes with a view to fulfilling all formalities relating to the adoption or non-adoption of the resolutions within the ordinary general meeting's remit.

The tenth resolution proposed for your consideration would allow your Board, should it be deemed necessary, to reduce the company's share capital via the cancellation of shares which the company holds or may hold following buybacks carried out within the context of a share buyback program submitted to you in resolution eight, and/or as part of previously authorized programs; with the stipulation that your Board of Directors could not cancel more than 10% of the number of shares composing the company's share capital, by periods of twenty-four (24) months.

This authorization would allow your Board to set the terms of the capital reduction via cancellation of shares, certify its completion, allocate the difference between the book value of the canceled shares and their nominal value on all available reserve and premium accounts and proceed with corresponding modifications to the bylaws.

The authorization would be granted to your Board of Directors for a period of eighteen (18) months as of the date of this meeting.

By the eleventh, twelfth and thirteenth resolutions, we ask you to grant delegations of authority to your Board of Directors to decide upon, should it be deemed appropriate, the issues of:

- common company shares;
- equity securities giving the holder access, whether immediately or in the future, to other of the company's equity securities or giving the holder the right to the allocation of debt securities;
- marketable securities giving the holder access to equity securities of the company to be issued.

Your Board of Directors does not have any immediate plans in this regard, but wishes to be able to avail itself of these delegations of authority so as to be able to, for example, increase the company's share capital should this prove necessary, to accompany the development of the Guillemot Corporation Group's activities or in order to improve its financial standing. These types of delegations of authority would allow your Board to proceed with these issues, with increased flexibility, and would give the company better control over the timeframe for carrying out these possible issues.

We therefore propose granting your Board delegations of authority with regard to deciding upon, should it be deemed appropriate, one or more issues:

- with conservation of preferential subscription rights, either free of charge or for a fee, and in the latter case, within the limit of a maximum nominal capital increase amount of eight (8) million euros (eleventh resolution);
- with removal of preferential subscription rights, by way of public offer, within the limit of a maximum nominal capital increase amount of eight (8) million euros, with the stipulation that your Board would have the ability to determine whether or not to stipulate a subscription priority period in favor of shareholders (twelfth resolution); and/or
- with removal of preferential subscription rights, in particular by way of private investment benefiting qualified investors or a restricted group of investors, within the limit of 20% of the company's share capital per year, and within the limit of a maximum nominal capital increase amount of eight (8) million euros (thirteenth resolution).

The overall ceiling of capital increases which may be carried out by virtue of the eleventh, twelfth and thirteenth resolutions, whether immediately and/or in the future, could not exceed a nominal amount of eight (8) million euros; an amount to which shall be added, if need be, the nominal amount of additional shares to be issued in order to preserve the holders of rights attached to the securities and marketable securities granting access to the company's capital.

The total nominal amount of debt securities granting access to equity securities which may be issued by virtue of the eleventh, twelfth and thirteenth resolutions may not exceed fifteen (15) million euros.

With regard to the issues with preservation of preferential subscription rights which may be decided upon within the context of the delegation which is the subject of the eleventh resolution, we ask you to grant your Board the ability to confer a reducible preferential subscription right to the benefit of shareholders subscribing to a number of shares greater than that which they may subscribe to in a preferred manner, in proportion to the subscription rights to which they are entitled, and in any event, within the limit of their requests. In the event whereby irreducible-right subscriptions and, if need be, reducible-right subscriptions have not absorbed the capital increase in full, the Board of Directors could have recourse to the following options, or some of these options, in the order that it shall determine:

- limiting the amount of the capital increase to the amount of subscriptions, so long as the latter attains at least three-quarters of the capital increase decided upon;
- freely distributing all or a portion of the shares, equity securities and marketable securities not subscribed to;
- offering to the public all or a portion of the shares, equity securities and marketable securities not subscribed to.

With regard to the capital increases with removal of preferential subscription rights which are the subject of the twelfth and thirteenth resolutions, in the event whereby subscriptions have not absorbed the capital increase in full, the Board of Directors would have recourse to the following options, or one of these options, in the order that it shall determine:

- limiting the amount of the capital increase to the amount of subscriptions, so long as the latter attains at least three-quarters of the capital increase decided upon;
- freely distributing all or a portion of the shares, equity securities and marketable securities not subscribed to.

In the event of issues without preferential subscription rights, the issue price shall be set and determined pursuant to the terms of Article L.225-136 of the Commercial Code, which is to say that it shall be at least equal to the weighted average of the trading prices on the last three (3) trading days preceding the issue price being set, possibly reduced by a maximum reduction of 5%.

These eleventh, twelfth and thirteenth resolutions involve granting to your Board the greatest flexibility of action in acting in the company's interest. Your Board would have the ability to opt for the most favorable issue types and terms, given the wide variety of marketable securities and constantly evolving stock markets.

Within the limits of the delegations which are the subject of the eleventh, twelfth and thirteenth resolutions which would be granted by your meeting for a period of twenty-six (26) months, the Board would have recourse to the powers required to set the issue terms, certify the completion of the resulting capital increases and proceed with corresponding modifications to the bylaws.

The fourteenth resolution submitted for your consideration consists of authorizing your Board of Directors to set, up to a limit of 10% of the company's share capital per year, the issue price of the equity securities which may be issued by virtue of the delegations of authority which would be granted to your Board as per the twelfth and thirteenth resolutions.

The issue price would be at least equal to the weighted average of the trading prices on the last three (3) trading days preceding the issue price being set, possibly reduced by a maximum reduction of 10%.

This authorization would be granted to your Board for a period of twenty-six (26) months from the date of this meeting.

By the fifteenth resolution, we propose granting to your Board of Directors an authorization to increase the amount of the issues which may be decided upon by virtue of the eleventh, twelfth and thirteenth resolutions, in the event of excess demand.

The number of securities could thereby be increased within thirty (30) days of the subscription ending, up to a limit of 15% of the initial issue and at the same price as that used for the initial issue.

This authorization would be granted to your Board for a period of twenty-six (26) months from the date of this meeting.

The sixteenth resolution submitted for your consideration consists of granting your Board of Directors all powers in order to proceed with capital increases, up to a limit of 10% of share capital, with a view to remunerating contributions in kind which could be granted to the company and composed of equity securities or marketable securities granting access to capital.

Your Board of Directors does not have any immediate plans in this regard, but this resolution would give the Board all powers to set the terms of issue; certify the list of equity securities or marketable securities submitted; set the type and number of shares or other securities to be issued in remuneration for contributions, as well as their characteristics and terms of issue; deliberate upon the valuation of contributions; certify the completion of the capital increase and proceed with corresponding modifications to the bylaws; and, more generally, proceed with all formalities and declarations and request all authorizations required for the successful completion of these contributions.

This authorization would entail the renunciation of shareholders, to the benefit of holders of the securities subject to contributions in kind, of their preferential subscription right to the equity securities issued by the company in remuneration for these contributions in kind, and would be granted for a period of twenty-six (26) months as of the date of this meeting.

The seventeenth resolution submitted for your consideration would allow your Board, should it be deemed appropriate, to decide upon capital increases, reserved for salaried employees of the company and of associated companies, within the context of a corporate or group savings plan.

This delegation would entail, to the benefit of members of a savings plan, the express renunciation of shareholders of their preferential subscription right to equity securities or marketable securities granting access to the company's capital which may be issued, and would be granted to your Board of Directors for a period of twenty-six (26) months from the date of this meeting.

The total nominal amount of capital increases which may be carried out by virtue of this delegation may not exceed 2% of the amount of the company's share capital on the date of the Board of Directors' decision.

The subscription price would be determined by your Board pursuant to the terms of Articles L.3332-18 through L.3332-24 of the Labor Code. It may neither be more than the average of the trading prices on the twenty (20) trading days preceding the date of the decision by your Board setting the subscription's opening date, nor more than 20% less than this average, or 30% whereby the duration of unavailability stipulated by the plan pursuant to Articles L. 3332-25 and L.3332-26 is greater than or equal to ten (10) years.

This resolution would grant all powers to your Board in order to proceed, one or more times, with capital increases reserved for members of a corporate or group savings plan, set the conditions and terms, determine the allotment conditions, certify the capital increases and proceed with corresponding modifications to the bylaws.

By the eighteenth resolution, we propose that you set at eight (8) million euros the maximum nominal amount of capital increases which may be carried out immediately or in the future by virtue of the delegations of authority or of powers or the authorizations which would be granted to your Board of Directors under the eleventh, twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventeenth resolutions submitted to you, and if any, under valid delegations or authorizations; with the stipulation that this ceiling does not take into account the nominal amount of equity securities to possibly be issued in order to protect the holders of rights attached to the securities and marketable securities granting access to the company's capital.

By the nineteenth resolution, we ask that you modify Article 9 of the bylaws in order to allow for staggered renewal of company Directors, as recommended by the Middlednext corporate governance code.

By the twentieth resolution, we ask that you grant powers to any person bearing an original, copy or extract of this meeting's minutes with a view to fulfilling all formalities relating to the adoption or non-adoption of the resolutions within the extraordinary general meeting's remit.

We hope that the proposals outlined above will meet with your agreement.

Rennes, March 22, 2017

The Board of Directors

4 INFORMATION REGARDING DIRECTORS WHOSE TERM OF OFFICE RENEWAL OR APPOINTMENT IS PROPOSED TO THE GENERAL MEETING

Surname	Lair
Forename	Marie-Hélène
Age	70 years old
Position or functions within the company	Director
Positions or functions carried out in other companies over the past five years	None
Number of GUILLEMOT CORPORATION shares held	1,000
Professional references and professional activities	<p>Following her advanced accounting studies, Ms. Lair practiced at an accounting firm until 1986, with responsibility for overseeing a portfolio of clients.</p> <p>From 1986 to 1999, Ms. Lair served as Manager of a production center at BIS France. She headed up management of the center, overseeing production, customer credit, accounting and financial control. During this period (1992 to 1993), Ms. Lair also served as Accounting Director at the head office of the BIS Group.</p> <p>From 2000 to 2004, Ms. Lair was Production Manager at the Vedior France Group (Temporary employment), where she was responsible for pay, accounting and management control. Ms. Lair was also a member of the Finance Executive Committee at Vedior France.</p>

Surname	Le Roy
Forename	Corinne
Age	54 years old
Position or functions within the company	None
Positions or functions carried out in other companies over the past five years	<p><u>Current:</u></p> <ul style="list-style-type: none"> - Managing Director of Shanghai Ubi Computer Software Co., Ltd (China) - Director of Shanghai Uno Network Technology Co., Ltd (China) <p><u>Expired:</u></p> <p>None</p>
Number of GUILLEMOT CORPORATION shares held	None
Professional references and professional activities	<p>Mrs. Le Roy set up the Ubisoft Entertainment group in China in 1996, and has been Managing Director of its subsidiary in Shanghai since that time. She first managed video game publishing activities, and then took charge of video game production in 2000. Since 2000, she has focused on developing the Ubisoft studio in Shanghai, the first and only world-class video game studio with complete creation and production capabilities in China. Ubisoft Shanghai was ranked among the world's top 100 studios in 2009 (Develop 100), when Tom Clancy's EndWar won the E3 Game Critics Award for best strategy game.</p> <p>In 2009, Corinne Le Roy was awarded The White Magnolia by the Shanghai municipal government for her outstanding contributions to Shanghai.</p> <p>Before joining the Ubisoft Entertainment group, Ms. Le Roy obtained degrees in nursing and medical care, working in hospitals and public health fields on project development and management in Africa, the former USSR and the Middle East.</p>

5 INDEPENDENT AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS – GENERAL MEETING APPROVING THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

To shareholders of

Guillemot Corporation
Place du Granier
BP 97143
35571 Chantepie Cedex

In our capacity as Independent Auditors of your company, we hereby present to you our report on regulated agreements and commitments.

On the basis of the information provided to us, it is our duty to inform you of the essential features and details of those agreements and commitments of which we have been made aware or which we have discovered in the application of our mandate, without being obliged to pass judgment on their usefulness and validity, nor to look for the existence of other agreements and commitments. According to the provisions of Article R225-31 of the Commercial Code, it is your duty to assess whether it is in your interests to enter into these agreements and commitments before approving them.

Moreover, it is our duty to inform you regarding the information stipulated in Article R225-31 of the Commercial Code, as applicable, relating to the execution during this past fiscal year of the agreements and commitments already approved by the general meeting.

We have applied the due diligence procedures we have deemed necessary with respect to the professional doctrine of the Compagnie nationale des commissaires aux comptes (National Society of Statutory Auditors) relating to this task. These due diligence procedures consisted of verifying the concordance of the information provided to us with the original documents upon which this information is based.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING

Agreements and commitments approved during the past fiscal year.

Pursuant to Article 225-40 of the Commercial Code, we have been advised of agreements and commitments which have been subject to prior authorization by your Board of Directors.

1- Accessions to the mandatory group health insurance contract

Directors involved: Messrs. Claude, Yves and Christian Guillemot.

Type and subject: Messrs. Claude, Yves and Christian Guillemot have each acceded to the complementary and mandatory group health insurance contract taken out by your company with the company PREDICA.

Reasons for being in the company's interests: to help maintain the quality-price ratio of the coverages purchased from the company PREDICA as a result of a larger number of members.

Terms: the total contributions accounted for as expenses during the fiscal year amounted to €765.00.

This agreement was approved by your Board of Directors on April 27, 2016 with retroactive effect from January 1, 2016 for Messrs. Claude and Christian Guillemot, and from March 1, 2016 for Mr. Yves Guillemot.

2- Shareholders' current account advances waived with return to profits clause

Directors involved: Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot.

Type and subject: On August 26, 2002, Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot each granted your company a non-interest-bearing shareholder's current account advance in the amount of €999,999.42 (for a total of €4,999,997.10).

Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot waived the full amount of their claim on August 30, 2002, subject to a return to profits. Your company accepted this debt waiver, acknowledging that when it returned to profits, it would reimburse Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot for the principal amount of the waived debt, with the understanding that the amount which could be reimbursed to each of them annually could not exceed 4% of your company's annual net profit.

Reasons for being in the company's interests: to respect the commitments made to Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot.

Terms: As the fiscal year ended December 31, 2015 showed a profit, your company paid Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot each the sum of €84,768.72 on June 10, 2016. The amount of shareholders' current account advances waived with a return to profits clause remaining to be reimbursed at December 31, 2016 stood at €971,791.75.

This agreement was approved by your Board of Directors on May 26, 2016.

3- Guarantee granted to the company Guillemot Limited

Directors involved: Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot.

Type and subject: On May 26, 2016, your company granted a guarantee to its English subsidiary Guillemot Limited in order that the latter might be exempt from the obligation to have its accounts for the fiscal year ended December 31, 2015 audited by an independent auditor.

Reasons for being in the company's interests: to allow your subsidiary Guillemot Limited to achieve substantial savings by reducing its closing-related costs.

Terms: Guarantee of the liabilities of the company Guillemot Limited at December 31, 2015 (amounting to £37,239), until such time as said liabilities are paid in full.

This agreement was approved by your Board of Directors on May 26, 2016.

4- Letter of support issued to the company Guillemot Limited

Directors involved: Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot.

Type and subject: On May 26, 2016, your company issued a letter of support to its English subsidiary Guillemot Limited in order that the latter might continue its activities in the United Kingdom.

Reasons for being in the company's interests: your Board of Directors' intention was to allow your English subsidiary Guillemot Limited to continue its activities in the United Kingdom. This subsidiary is responsible for sales, promotion and marketing functions in the United Kingdom, the top market in Europe for video game accessories.

Terms: Confirmation of intent granted to continue to provide financial support to the company Guillemot Limited for a period of twelve (12) months as of the approval date of the accounts of the latter for the fiscal year ended December 31, 2015.

This agreement was approved by your Board of Directors on May 26, 2016.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved during previous fiscal years.

Pursuant to Article 225-30 of the Commercial Code, we have been informed that the execution of the following agreements and commitments, already approved by the general meeting during previous fiscal years, continued during the past fiscal year.

1- Amendment to lease signed with the company Guillemot Administration et Logistique Sarl

Director involved: Mr. Christian Guillemot.

Type and subject: On December 1, 2002, your company established a lease with the company Guillemot Administration et Logistique Sarl. This agreement was approved by your Board of Directors on November 29, 2002. An initial amendment to said lease was signed on February 14, 2006, taking effect on March 1, 2006, modifying the area to 3,636 m², as well as the monthly rent to €6,561.40 Net of Tax.

This agreement was approved by your Board of Directors on February 7, 2006.

A second amendment to said lease was signed on September 14, 2007, taking effect on September 17, 2007, modifying the area to 5,466 m², as well as the monthly rent to €9,343.00 Net of Tax.

This agreement was approved by your Board of Directors on August 20, 2007.

Terms: Rent received over the fiscal year amounted to €112,116.00 Net of Tax.

2- Amendment to lease signed with the company Guillemot Administration et Logistique Sarl

Director involved: Mr. Christian Guillemot.

Type and subject: On July 1, 2010, your company established a commercial lease with the company Guillemot Administration et Logistique Sarl, for an area of 667 m² to be used as office space. The annual rent is set at €55,361 Net of Tax. This agreement was approved by your Board of Directors on July 1, 2010.

An amendment to said lease was signed on October 30, 2012, which took effect on November 1, 2012, modifying the area to 640 m², as well as the annual rent to €53,120 Net of Tax.

This agreement was approved by your Board of Directors on October 24, 2012.

Terms: Rent received over the fiscal year amounted to €53,120 Net of Tax.

3- Lease established with the company Hercules Thrustmaster SAS

Director involved: Mr. Claude Guillemot.

Type and subject: On July 1, 2010, your company established a commercial lease with the company Hercules Thrustmaster SAS, for an area of 570 m² to be used as office space. This agreement was approved by your Board of Directors on July 1, 2010. The annual rent is set at €47,310 Net of Tax.

Terms: Rent received over the fiscal year amounted to €47,310 Net of Tax.

4- Lease signed with the company Ubisoft International SAS

Director involved: Mr. Yves Guillemot.

Type and subject: On July 1, 2010, your company established a commercial lease with the company Ubisoft Books and Records SASU, for an area of 111 m² to be used as office space. This agreement was approved by your Board of Directors on July 1, 2010.

An amendment to said lease was signed on March 28, 2012, noting that the company Ubisoft International SAS had subrogated the company Ubisoft Books and Records SASU with respect to all of its assets, rights and obligations, the latter having been dissolved without liquidation, pursuant to the terms of Article 1844-5 of the Civil Code, effective November 30, 2011. This agreement was approved by your Board of Directors on March 28, 2012. The annual rent is set at €9,213 Net of Tax.

Terms: Rent received over the fiscal year amounted to €9,213 Net of Tax.

5- Lease signed with the company Guillemot Innovation Labs SAS

Director involved: Mr. Claude Guillemot.

Type and subject: On October 30, 2012, your company established a commercial lease with the company Guillemot Innovation Labs SAS, for an area of 27 m² to be used as office space, which took effect on November 1, 2012. The annual rent is set at €2,241 Net of Tax.

This agreement was approved by your Board of Directors on October 24, 2012.

Terms: Rent received over the fiscal year amounted to €2,241 Net of Tax.

6- Comfort letter issued to the company Guillemot GmbH

Director involved: Mr. Claude Guillemot.

Type and subject: On April 28, 2014, your company issued a comfort letter to its German subsidiary Guillemot GmbH (a commitment made with a view to ensuring that the company Guillemot GmbH would have the financial means with which to be able to meet all of its obligations with respect both to third parties, and to employees of Guillemot GmbH).

This agreement was approved by your Board of Directors on April 28, 2014.

7- Guarantee granted to the company Guillemot Limited

Directors involved: Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot.

Type and subject: On June 9, 2015, your company granted a guarantee to its English subsidiary Guillemot Limited in order that the latter might be exempt from the obligation to have its accounts for the fiscal year ended December 31, 2014 audited by an independent auditor.

Terms: Guarantee of the liabilities of the company Guillemot Limited at December 31, 2014 (amounting to £46,294), until such time as said liabilities are paid in full.

This agreement was approved by your Board of Directors on May 21, 2015.

8- Letter of support issued to the company Guillemot Limited

Directors involved: Messrs. Claude, Michel, Yves, Gérard and Christian Guillemot.

Type and subject: On June 9, 2015, your company issued a letter of support to its English subsidiary Guillemot Limited in order that the latter might continue its activities in the United Kingdom.

Terms: Confirmation of intent granted to continue to provide financial support to the company Guillemot Limited for a period of twelve (12) months as of the approval date of the accounts of the latter for the fiscal year ended December 31, 2014.

This agreement was approved by your Board of Directors on May 21, 2015.

Rennes, April 25, 2017

Independent Auditors

PricewaterhouseCoopers Audit

Jérôme Mouazan

MB Audit

Khadija Roullé

6 REPORT OF ONE OF THE INDEPENDENT AUDITORS, DESIGNATED AN INDEPENDENT THIRD-PARTY BODY, REGARDING THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT – FISCAL YEAR ENDED DECEMBER 31, 2016

To shareholders of the company:

In our role as Independent Auditor of the company Guillemot Corporation S.A., designated as an independent third-party body and accredited by COFRAC (French Accreditation Committee) under number 3-1060¹, we present to you herewith our report on the consolidated social, environmental and societal information with regard to the fiscal year ended December 31, 2016, set out in the Management report (hereinafter the “CSR Information” – Corporate Social Responsibility), pursuant to the terms of Article L.225-102-1 of the Commercial Code.

Responsibility of the company

It is the Board of Directors’ responsibility to draft a Management report including the CSR Information stipulated in Article R.225-105-1 of the Commercial Code, prepared pursuant to the standards employed by the company (hereinafter the “Standards”) and available upon request from the company’s registered office.

Independence and quality control

Our independence is defined by the regulatory texts, the professional code of ethics and the provisions set out in Article L.822-11-3 of the Commercial Code. Moreover, we have put in place a quality control system which includes documented policies and procedures whose aim is to ensure compliance with rules of conduct and applicable legal and regulatory texts.

Responsibility of the Independent Auditor

It is our responsibility, based on our work:

- to certify that the required CSR Information is set out in the Management report or that it is subject to, in the event of an omission, an explanation pursuant to the third paragraph of Article R.225-105 of the Commercial Code (Certification of presence of CSR Information);
- to express a conclusion of moderate assurance regarding the fact that the CSR Information, taken in its entirety, is presented, in all of its significant aspects, in a fair manner pursuant to the Standards (Reasoned opinion regarding the fairness of CSR Information).

Our work was carried out by a team of 5 individuals between October 2016 and March 2017, over a period of approximately three (3) weeks in total. To aid us in carrying out our work, we employed the services of our CSR experts.

We have carried out the work described hereinafter pursuant to the Order of May 13, 2013 determining the terms according to which the independent third-party body carries out its functions, as well as to the professional standards of the Compagnie nationale des commissaires aux comptes (National Society of Statutory Auditors) relating to this task and, regarding the fairness opinion, to the international ISAE 3000² standard.

1- Certification of presence of CSR Information

Nature and scope of work

We have been informed, based on interviews with the divisional managers involved, of the report regarding the guidelines with respect to sustainable development, according to the social and environmental consequences linked to the company’s activities and of its corporate citizenship commitments and, where applicable, of the resulting actions or programs.

We have compared the CSR Information set out in the Management report with the list stipulated in Article R.225-105-1 of the Commercial Code.

In the absence of certain elements of consolidated information, we have verified that the explanations were provided pursuant to the terms of Article R.225-105 paragraph 3 of the Commercial Code.

We have verified that the CSR Information covers the scope of consolidation, namely the company as well as its subsidiaries in the sense of Article L.233-1, and the companies that it controls in the sense of Article L.233-3 of the Commercial Code, with the limits stipulated in the methodology note set out in paragraphs 11.1, 11.2.1.1 and 11.3 of the Management report.

Conclusion

Based on this work and taking into account the limits mentioned above, we certify the presence of the required CSR Information in the Management report.

2- Reasoned opinion regarding the fairness of CSR Information

Nature and scope of work

We have conducted 2 to 3 interviews with the individuals responsible for preparing the CSR Information in the divisions in charge of the processes for collecting the information and, where applicable, with the individuals responsible for the internal control and risk management procedures, in order to:

- determine the appropriateness of the Standards with regard to their pertinence, their completeness, their reliability, their neutrality and their comprehensibility, taking into consideration best practice in the sector, where applicable;
- verify the implementation of a process of collection, compilation, processing and control with regard to the completeness and the coherence of the CSR Information and to inform ourselves of the internal control and risk management procedures with respect to the drafting of the CSR Information.

We have determined the nature and the extent of our tests and controls according to the type and the importance of the CSR Information with respect to the company's characteristics, the social and environmental issues pertaining to its activities, its guidelines for sustainable development and best practice in the sector.

For the CSR Information we have considered to be the most important (broken down in the appendix):

- with regard to the consolidating entity, we have consulted the documentary sources and conducted interviews in order to corroborate qualitative information (organization, policies, actions), we have put in place analytical procedures with respect to quantitative information and verified, on a test basis, the calculations as well as the consolidation of data elements, and we have verified their coherence and correspondence with the other information included in the Management report;
- with regard to a representative sample of the sites³ that we have selected according to their activities, their contribution to the consolidated indicators, their installation and a risk analysis, we have conducted interviews in order to verify the proper application of the procedures and put in place tests of details based on sampling, consisting of verifying the calculations carried out and reconciliation of the data with supporting documents. The sample thereby selected represents 70% of the workforce, and 100% of the quantitative environmental information set out.

For the other consolidated CSR Information, we have evaluated its coherence in relation to our knowledge of the company.

Finally, we have evaluated the pertinence of the explanations provided, where applicable, regarding the total or partial absence of certain items of information.

We judge that the sampling methods and sample sizes that we have employed in exercising our professional judgment allow us to formulate a conclusion with moderate assurance; a higher level of assurance would have required more extensive verification procedures. As a result of the use of sampling techniques as well as of the other limits inherent to the functioning of any information and internal control system, the risk of failing to detect a significant anomaly in the CSR Information cannot be completely excluded.

Conclusion

Based on our work, we have uncovered no significant anomalies which would lead us to call into question the fact that the CSR Information, taken in its totality, is presented in a fair manner, pursuant to the Standards.

Rennes and Neuilly-sur-Seine, March 21, 2017

One of the Group's Independent Auditors
PricewaterhouseCoopers Audit

Jérôme Mouazan
Partner

Sylvain Lambert
Partner, Sustainable Development Department

¹ The scope of which is available for consultation on the www.cofrac.fr website

² ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

³ France: Rennes and Carentoir / Romania: Bucharest

Appendix: List of the information that we have considered to be the most important

Social information:

- Workforce and male/female breakdown, breakdown by age, breakdown by geographic zone,
- Number of hires and dismissals,
- Remuneration,
- % of part-time workers and number of extra hours worked,
- Number of leave days,
- Health and safety conditions in the workplace (qualitative),
- Number of work-related accidents,
- Policies implemented with regard to training (qualitative),
- Number of training hours,
- Male/female breakdown, male/female wage index.

Environmental information:

- Measures taken to prevent, recycle and eliminate waste (qualitative),
- Water consumption in m³,
- Electricity consumption in kWh and fuel consumption.

Societal information:

- With respect to employment and regional development (qualitative),
- Taking into account of social and environmental issues in purchasing policies (qualitative),
- The importance of subcontracting and taking into account in relationships with suppliers and subcontractors of their social and environmental responsibility (qualitative),
- Measures taken to promote the health and safety of consumers (qualitative).

1 HISTORY OF THE GUILLEMOT CORPORATION GROUP

1984-1985

- ◆ The Guillemot firm organizes its activities around the distribution of computer-related and video game products.

1994-1996

- ◆ The five Guillemot brothers create a network of sales and marketing companies in a number of countries (Belgium, Germany, the UK, Switzerland, the United States, Canada, Hong Kong).

1997

- ◆ Creation of Guillemot Corporation to become a specialist in the design and distribution of interactive entertainment hardware and accessories, and software distribution.

1998-1999

- ◆ **Late November 1998:** Guillemot Corporation is successfully introduced into the New Market sector of the Paris Stock Exchange.
- ◆ In the field of gaming accessories, Guillemot Corporation becomes one of the worldwide leaders in racing wheels for PC with the acquisition of the Hardware and Accessories activities of the American Thrustmaster® Group.
- ◆ The Group signs an exclusive worldwide licensing agreement with Ferrari® for its PC and console racing accessories.
- ◆ The Group purchases the American company Hercules Computer Technology Inc., inventor of the PC graphics board, thereby completing the Group's manufacturing activities for sound cards and multimedia kits.

2000-2002

- ◆ The Group focuses its activities on the design of interactive entertainment hardware and accessories and the related software.

2005

- ◆ **September:** The Group launches a new line of Thrustmaster wheels under license from Ferrari, as well as a new range of accessories dedicated to the new PSP® console from Sony®.

2007

- ◆ **August 31:** Reimbursement of debenture for an amount of €6.9 million, corresponding to the convertible bonds issued in July 1999 remaining in circulation on the market.

- ◆ **November:** Thrustmaster launches a new line of joysticks designed for flight simulation games.

2008

- ◆ **January:** Hercules unveils the new DJ Console RMX for professional DJs at the NAMM Show in California.
- ◆ **September:** Launch of the first product in the new Hercules eCAFÉ™ netbook range, responding to new lifestyle trends among consumers, with an emphasis on entertainment and fun and the ability to share in the wealth of materials available on the Internet – from anywhere.

2009

- ◆ **September:** Signature of a licensing agreement with The Walt Disney Company Ltd for Western Europe, providing Thrustmaster with access to all of Disney's films and video games, and allowing Thrustmaster to manufacturer accessories dedicated to these games.

2010

- ◆ **October:** Release of the new Thrustmaster flagship joystick, the HOTAS Warthog, licensed by the U.S. Air Force: the result of an intensive collaboration between Thrustmaster's development teams and members of the Simmer community.
- ◆ **December:** Announcement of the T500RS wheel and pedal set for PlayStation®3: an official product licensed by Sony Computer Entertainment, allowing users to live out a driving experience that is realistic, powerful and without compromises.

2011

January: Launch of the T500RS, official wheel of the game Gran Turismo® 5.

Thrustmaster receives the innovation prize in the category of gaming accessories for the HOTAS Warthog, at the CES trade show in Las Vegas.

Significant expansion of the Group's geographic coverage, from thirty-five to more than sixty countries worldwide.

- ◆ **September:** Hercules launches its first set of active DJ monitoring speakers, with the Hercules XPS 2.0 80 DJ Monitor model.

2012

- ◆ **August:** New official Xbox 360 gamepads are launched, featuring highly innovative functionalities and ultimate precision, in order to respond to the needs of the most demanding gamers.
- ◆ **December:** Launch of the WAE range of wireless speakers for smartphones and tablets.

2013

- ◆ **January:** Thrustmaster enters the gaming headsets market.
- ◆ **March:** The Group opens its logistics warehouse in Hong Kong.
Hercules refocuses its activities on audio products. The Group steps up its R&D efforts and partnerships to create unique accessories for the launches of the next-generation Xbox One® and PlayStation®4 consoles toward the end of the year.
- ◆ **November:** Launch of Thrustmaster's first officially-licensed Sony Computer Entertainment Europe (SCEE) racing wheel compatible with both PlayStation®3 and PlayStation®4.
- ◆ **December:** Thrustmaster launches the first racing wheel for Microsoft's new Xbox One® console: the TX Racing Wheel Ferrari 458 Italia Edition, a Force Feedback model.

2014

- ◆ **January:** Hercules unveils the WAE NEO wireless speaker and the DJControlWave controller, each of which is honored with a 2014 CES Innovations Design and Engineering Award at the American CES trade show in Las Vegas.
- ◆ **May:** Launch of the T300 racing wheel, the first Force Feedback wheel licensed for PlayStation®4.

2015

- ◆ **January:** The new DJ controllers for "connected" DJs – Hercules Universal DJ and DJControl Jogvision (the first Hercules DJ controller to feature displays built into its jog wheels) – both receive the highly-coveted 2015 CES Innovation Awards Honoree distinction for their unique ecosystem at the Las Vegas trade show.
- ◆ **September:** Opening of a subsidiary in China.
- ◆ **October:** Launch of the officially-licensed Xbox One® gaming headset, the Y-300X.
- ◆ **November:** Launch of a new wireless speaker and accessories, the Hercules WAE Outdoor 04Plus Pack.

2016

- ◆ **January:** The Group publishes its 2015 annual sales figure of €65.8 million, up sharply by 63%, with Thrustmaster showing growth of 98% and Hercules down by 15%.
Hercules receives the 2016 CES Innovation Awards Honoree distinction for its Hercules WAE Outdoor Rush wireless speaker at the American trade show in Las Vegas.
- ◆ **February:** Worldwide exclusive launch of Thrustmaster's first official joystick for PlayStation®4, launched with the game War Thunder for the console.
- ◆ **March:** The Group publishes its 2015 annual results with current operating income of €2.4 million.
- ◆ **April:** Signature of the partnership between Thrustmaster and Bethesda for the high-end, DOOM®-licensed Thrustmaster Y-350X 7.1 Powered DOOM Edition gaming headset.
- ◆ **May:** Thrustmaster teams up with the biggest developers of virtual reality games, to ensure the integration of its racing wheels and joysticks.
The brand releases a new range of flight simulation accessories to celebrate Thrustmaster's twenty-five years in the industry.
- ◆ **November:** Launch of Thrustmaster's TS-PC Racer racing simulator, the ultimate wheel for PC from the Thrustmaster brand.
Release of Hercules' Outdoor speaker featuring *Bluetooth*® wireless technology, the WAE Outdoor 04Plus FM.
- ◆ **December:** Thrustmaster receives the 2017 CES Innovation Awards Honoree distinction for its T.16000M FCS Flight Pack, which includes the T.16000M FCS joystick, the TWCS throttle and the TFRP rudder pedals system.

2017

- ◆ **January:** The Group posts annual turnover for 2016 of €64.2 million.
- ◆ **March:** Creation and launch of the officially-licensed Thrustmaster Y-350X 7.1 Powered Ghost Recon Wildlands Edition gaming headset, to coincide with the release of the latest installment in Ubisoft's popular franchise on March 7.

2 GENERAL INFORMATION REGARDING THE COMPANY GUILLEMOT CORPORATION S.A.

2.1 General information

Corporate name	GUILLEMOT CORPORATION
Commercial name	GUILLEMOT
Legal form	Joint stock company with a Board of Directors, governed by the Commercial Code.
Registered office	Address: Place du Granier, BP 97143, 35571 Chantepie Cedex Telephone: +33 (0) 2 99 08 08 80
Nationality	French
Trade and companies register	414 196 758 R.C.S Rennes
APE code	4651Z
Creation date and duration	Formed on September 1, 1997 for a period of 99 years. Expires on November 11, 2096, unless otherwise extended or earlier dissolved.
Fiscal year	The company's fiscal year begins on January 1 and ends on December 31 of each year (Article 16 of the bylaws).

2.2 Incorporating document and bylaws

2.2.1 Company purpose (Article 3 of bylaws)

The company Guillemot Corporation's mandate in France and abroad, directly and indirectly, is as follows:

- The design, creation, production, publishing and distribution of multimedia, audiovisual and computer products, particularly multimedia hardware, accessories and software,
- The purchase, sale and, in general, trading in all forms including import and export, by lease or otherwise, of multimedia, audiovisual and computer products, including those intended for image and sound reproduction,
- The distribution and marketing of multimedia, audiovisual and computer products via all methods, including by way of new communication technologies such as computer networks and online services,
- Consulting, assistance and training relating to any of the areas mentioned above,
- The involvement of the company in all operations relating to its mandate, whether in the form of the creation of new companies, the subscription or purchase of securities or rights, mergers or otherwise.

In general, all operations relating either directly or indirectly to the aforementioned mandate or to related or similar objectives facilitating the company's development.

2.2.2 General meetings

Article 14 of the bylaws specifies that "General meetings include all shareholders of Guillemot Corporation other than the company itself.

Meetings are convened and held in accordance with the conditions stipulated in applicable legal and regulatory provisions.

General meetings are held at the company's registered office or at any other location indicated in the meeting notification.

General meetings are presided over by the Chairman of the Board of Directors or, when unavailable, by a Director designated by the meeting.

All shareholders have the right, upon proof of identity, to participate in general meetings, whether by way of personal attendance, submission of a completed ballot form by post or by proxy designation.

Justification for the right to participate in general meetings is obtained by book entry of the securities held in the name of the shareholder or of the intermediary registered for his or her account pursuant to Article L.228-1 of the Commercial Code, by the second working day preceding the meeting date at zero hour, Paris time, either in the nominative securities registry held by the company, or in the bearer securities registry held by an authorized intermediary. For bearer securities, book entry of the securities in the bearer securities registry held by an authorized intermediary is certified by way of a certificate of participation delivered by said intermediary."

Only general meetings are authorized to make changes to the rights of shareholders and the company's share capital; however, it should be noted that in certain cases, the general meeting may decide to delegate its authorization or powers to the Board of Directors in accordance with legal and regulatory provisions.

2.2.3 Voting rights

Article 8 of the bylaws stipulates that “A double voting right is conferred, pro rata to their percentage of capital, upon all fully paid shares which have been held in nominative form for a period of two years or more by the same shareholder, as recorded in the company’s register. This right is also conferred, from the moment of issue in the event of a capital increase via capitalization of reserves, earnings or share premiums, to registered shares freely allocated to a shareholder for old shares for which he/she benefits from this right.”

These terms were established at the time of the company’s creation and may not be removed apart from by way of a decision by the extraordinary general meeting, which alone is authorized to make changes to the company bylaws.

The double voting right ceases for any shares having been subject to a bearer conversion or property transfer. Nevertheless, the transfer by way of succession, liquidation of joint goods between spouses, or donation between parties of a successive nature for the benefit of a spouse or relative, does not result in the loss of the rights acquired and does not interrupt the two-year period mentioned above. This is also the case in the event of a transfer following a merger or demerger of a corporate shareholder. The merger or demerger of the company has no effect on the double voting right which may be exercised by the beneficiary company or companies (Article L.225-124 of the Commercial Code).

The company’s bylaws do not stipulate any limitations on voting rights.

2.2.4 Allocation of net income (Article 17 of bylaws)

Net income is composed of the fiscal year’s revenues less operating expenses, depreciation and amortization, and provisions.

The following are withdrawn from the fiscal year’s earnings, reduced by the net losses of prior years, if applicable:

- Amounts to be allocated to reserves in accordance with applicable laws and bylaws and, in particular, at least 5% to constitute the legal reserve fund; this withdrawal ceases to be mandatory when the fund reaches an amount equal to one-tenth of capital and again becomes mandatory when the legal reserve, for whatever reason, drops below this percentage.
- Amounts which the general meeting, upon recommendation of the Board of Directors, deems useful to allocate to extraordinary or special reserves or to defer.

The balance shall be distributed to shareholders. However, apart from in the event of a capital reduction, no distribution can be made to shareholders whereby shareholders’ equity is, or would subsequently become, less than the capital amount increased by reserves which the applicable laws and bylaws deem non-distributable.

The meeting may, in accordance with the stipulations set out in Article L.232-18 of the Commercial Code, recommend payment of dividends and interim dividends in full or in part through the issue of new shares.

2.2.5 Exceeding statutory threshold levels (Article 6 of bylaws)

All shareholders acting singularly or collectively, without prejudice to the threshold levels stipulated in Article L.233-7, paragraph 1 of the Commercial Code, whose direct capital holdings or voting rights increase to at least 1%, or a multiple of this percentage not greater than 4% of the company’s capital, must notify the company via registered letter with confirmation of receipt within the time limit stipulated in Article L.233-7 of the Commercial Code.

The information stipulated in the preceding paragraph where threshold levels are surpassed by a multiple of 1% of capital or voting rights is equally applicable when the holding of capital or voting rights becomes less than the threshold level previously mentioned.

Failure to comply with the legal and bylaw declaration requirements regarding threshold levels shall result in the forfeiture of voting rights in accordance with the conditions set out in Article L.233-14 of the Commercial Code, following a request registered by one or more shareholders collectively holding at least 5% of share capital or of the company’s voting rights.

2.2.6 Powers of the Chief Executive Officer (extract from Article 13 of bylaws)

Article 13 of the bylaws stipulates that the Chief Executive Officer is granted the most extensive powers to act on behalf of the company under any circumstances. The Chief Executive Officer exercises these powers within the scope of the company’s purpose and subject to the powers expressly granted by law to general meetings and the Board of Directors.

2.2.7 Members of administrative and management bodies (extracts from Articles 9, 10 and 13 of bylaws)

The company is governed by a Board of Directors composed of a minimum of three members and a maximum of eighteen members.

During the existence of the company, Directors are appointed or reappointed by the regular general meeting of shareholders; however, in the event of merger or demerger, nomination may be carried out by the extraordinary general meeting deliberating upon the proposal.

The duration of Directors' term of office is six years.

In the event whereby, pursuant to applicable laws and regulations, a Director is appointed to replace another Director, the new Director shall only perform his or her duties for the remainder of the term of the person that he or she replaces.

A Director's term of office expires at the end of the regular general meeting deliberating upon the financial statements for the past fiscal year, held in the year during which his or her term of office expires.

Directors are always eligible for reelection.

Directors must not be more than 80 years of age.

Each Director must own at least one company share.

From among its members who are natural persons, the Board of Directors elects a Chairman and sets the Chairman's term of office, which may not exceed the duration of his or her term of office as a Director, nor the statutory age limit.

The general management of the company is the responsibility of the Chairman of the Board of Directors, or another natural person named by the Board of Directors and holding the title of Chief Executive Officer.

Whereby the Board of Directors chooses to separate the functions of Chairman and Chief Executive Officer, it appoints the Chief Executive Officer, sets his or her term of office and, where applicable, the limits of his or her powers.

The Chief Executive Officer, whether this function is carried out by the Chairman of the Board of Directors or by another natural person, is responsible for the general management of the company and represents the company with respect to third parties.

Only one Chief Executive Officer may be appointed within the company, and may be dismissed at any time by the Board of Directors. In the event whereby the Chief Executive Officer is a Director, his or her term of office may not exceed that of his or her term of office as Director.

Based on a proposal by the Chief Executive Officer, whether this function is carried out by the Chairman of the Board of Directors or by another natural person, the Board of Directors may appoint one or more natural persons to assist the Chief Executive Officer, bearing the title Deputy CEO.

With respect to third parties, the Deputy CEO(s) hold(s) the same powers as the Chief Executive Officer.

There may be a maximum of five Deputy CEOs. In the event whereby the Deputy CEO is a Director, his or her term of office may not exceed that of his or her term of office as Director.

2.3 Liquidating dividends

Liquidating dividends are divided between associates in the same proportions as their investment in the company's share capital (Article L.237-29 of the Commercial Code).

2.4 Change in control

No provisions which could have the effect of delaying, deferring or preventing a change in control are included in the company's incorporating document, bylaws, charter or regulations.

2.5 Identifiable bearer securities

The company may at any time, in accordance with legal and regulatory provisions, have recourse to Euroclear France with regard to the procedure for Identifiable Bearer Securities, in order to receive detailed information on the identities of its shareholders.

2.6 Consultation of documents and information regarding the company

Company bylaws, accounts and reports, as well as general meeting minutes, are made available for consultation by the company.

2.7 Dividend distribution policy

Guillemot Corporation S.A. plans to distribute dividends to its shareholders so long as the economic conditions for distribution are met. No dividends have been distributed since the creation of the company.

3 RESPONSIBILITY FOR REFERENCE DOCUMENT AND DECLARATION

3.1 Responsibility for reference document

Mr. Claude Guillemot, Chief Executive Officer

3.1.1 Declaration of responsibility for reference document

I declare, having taken all reasonable measures to this effect, that to the best of my knowledge the information contained in this reference document is accurate and that nothing has been omitted which might affect the document's scope.

I declare that, to the best of my knowledge, the financial statements have been drafted pursuant to applicable accounting standards and that they provide an accurate overview of the assets, financial standing and income of the company and of the companies included within the scope of consolidation, and that the management report set out in pages 5 to 73 provides an accurate depiction of the evolution of the business activities, results and financial standing of the company and of the companies included within the scope of consolidation, as well as an overview of the main risks and uncertainties confronting the same.

I have obtained a letter of completion of work from the company's Independent Auditors, in which they indicate that they have proceeded with verification of the information relating to the company's financial standing and statements, presented in this reference document, as well as reading through the reference document in its entirety.

Carentoir, April 27, 2017

Mr. Claude Guillemot
Chief Executive Officer

4 RESPONSIBILITY FOR INDEPENDENT AUDITORS' REPORTS

Primary Independent Auditors	Appointment date	Expiration date of current term
PRICEWATERHOUSECOOPERS AUDIT SAS (Member of the Compagnie régionale des commissaires aux comptes de Versailles) 63, rue de Villiers 92200 Neuilly sur Seine	General meeting held 20/05/2010. Term of office renewed on 26/05/2016.	General meeting approving the accounts for the fiscal year ended 31/12/2021.
MB AUDIT Sarl (Member of the Compagnie régionale de Rennes) 23, rue Bernard Palissy 35000 Rennes	General meeting held 23/05/2007. Term of office renewed on 05/07/2010 and on 26/05/2016.	General meeting approving the accounts for the fiscal year ended 31/12/2021.
Deputy Independent Auditors	Appointment date	Expiration date of current term
Mr. Jean-Christophe Georghiou 63, rue de Villiers 92200 Neuilly sur Seine	General meeting held 26/05/2016.	General meeting approving the accounts for the fiscal year ended 31/12/2021.
Mr. Jacques Le Dorze 2 Place du Martray 22650 Ploubalay	General meeting held 23/05/2007. Term of office renewed on 05/07/2010 and on 26/05/2016.	General meeting approving the accounts for the fiscal year ended 31/12/2021.

The fees paid to Independent Auditors and members of their networks are set out in section 8 of the consolidated financial statements.

5 RESPONSIBILITY FOR INFORMATION – INFORMATION POLICY

5.1 Responsibility for information

Mr. Claude Guillemot, Chief Executive Officer
Place du Granier, BP 97143, 35571 Chantepie Cedex
Telephone: +33 (0) 2 99 08 08 80

5.2 Information policy – Documents accessible by the public

The Guillemot Corporation Group commits to always making clear and transparent financial information available to all of its shareholders, both institutional and individual, and to members of the financial community (analysts...), in a regular and consistent manner, along with information regarding its activities, strategic orientations and prospects, in accordance with stock market regulations.

The Group's information policy with respect to the financial community, investors and shareholders is defined by General Management.

Since January 1, 2013, the company has been transmitting its regulated information to the professional distributor Les Echos, which also meets the criteria established by the Autorité des Marchés Financiers General Regulations and complies with the European directive known as the "Transparency Directive."

Moreover, all of the Group's financial press releases are subject to wide-scale, immediate, effective and comprehensive distribution, pursuant to regulatory obligations and within the required legal timeframes.

Financial press releases are also available on various financial websites (www.boursorama.fr; www.prline.fr...).

All publications relating to the Group's activities and financial standing are available, in both French and English versions, on the Guillemot Corporation S.A. website (www.guillemot.com). This website also presents the Group's activities and products.

Shareholders can contact the company at the following email address: financial@guillemot.fr.

The Group also organizes two SFAF (*Société Française des Analystes Financiers – French Society of Financial Analysts*) meetings per year, upon publication of its results.

All of the Group's publications (press releases, reference documents, annual financial reports...) are available upon request made out to the Group's Communications service, which makes these elements available to any person wishing to inform themselves as to the state of the Group's affairs and which, in particular, regularly sends out documentation following a request for the same.

The following documents are also available for consultation during the full period of validity of this reference document:

- The issuer's bylaws (available for consultation at the following address: 2 rue du Chêne Héleuc, 56910 Carentoir),
- All reports, as well as historical financial information included or referred to in this reference document (available for consultation on the www.guillemot.com website),
- Historical financial information for the two fiscal years preceding the publishing of this reference document (available for consultation on the www.guillemot.com website).

6 CONCORDANCE TABLE – REFERENCE DOCUMENT

The concordance table below refers to the main headings of appendix 1 of Regulation (EC) 809/2004 of April 29, 2004, taken pursuant to the “Prospectus” directive 2003/71/EC of the European Parliament and to the Council of November 4, 2003, effective July 1, 2005.

HEADINGS	Pages
1. PERSONS RESPONSIBLE	
1.1 Responsibility for reference document information	p. 158
1.2 Declaration of responsibility for reference document	p. 158
2. INDEPENDENT AUDITORS	p. 98 and 159
3. SELECTED FINANCIAL INFORMATION	p. 19 and 20
4. RISK FACTORS	
4.1 Risks linked to issuer’s sector of activity	p. 27 and 28
4.2 Risks linked to company	p. 28 to 31, 95 to 96
5. INFORMATION REGARDING THE ISSUER	
5.1 History and evolution of the issuer	p. 153 to 155
5.2 Investments	p. 11, 22, 77, 87 to 89
6. OVERVIEW OF ACTIVITIES	
6.1 Main activities	p. 5 to 11
6.2 Main markets	p. 126 to 132
6.3 Exceptional events	Nil
6.4 Potential dependence	p. 27
6.5 Supporting elements of any declarations regarding the competitive position of the issuer	p. 13 and 14
7. ORGANIZATIONAL CHART	
7.1 Overview description of the Group	p. 21 and 22
7.2 Listing of significant subsidiaries	p. 109
8. REAL ESTATE, MANUFACTURING AND EQUIPMENT HOLDINGS	
8.1 Significant existing or planned tangible fixed assets	p. 88 and 89
8.2 Environmental concerns subject to impact on the use of tangible fixed assets	p. 52 to 55
9. ANALYSIS OF FINANCIAL STANDING AND INCOME	
9.1 Financial standing	p. 19, 20 and 92 to 93
9.2 Operating income	p. 19 and 20
10. CASHFLOW AND CAPITAL	
10.1 Information regarding the issuer’s capital	p. 74, 76 and 91
10.2 Source, amount and description of the issuer’s cashflow	p. 77 and 91
10.3 Information regarding the issuer’s loan conditions and financing structure	p. 92 to 93 and 94 to 96
10.4 Information regarding any restrictions on use of capital having appreciably influenced or potentially influencing the issuer’s operations	p. 28 and 29
10.5 Information regarding expected financing sources required to honor commitments (future investments – tangible fixed assets)	p. 29 and 92 to 93
11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES	p. 11, 80, 87 and 93
12. INFORMATION ON TRENDS	
12.1 Main trends having impacted on production, sales, inventories, costs and sale prices since closing of last fiscal year	p. 22 and 132
12.2 Known trend, uncertainty or demand or any reasonable commitment or event able to appreciably impact upon the issuer’s prospects, at least for the current fiscal year	p. 22 to 23 and 132

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13. EARNINGS FORECASTS OR ESTIMATES	Nil
14. ADMINISTRATIVE, MANAGEMENT AND MONITORING AND EXECUTIVE MANAGEMENT BODIES	
14.1 Administrative and management bodies	p. 39 to 44 and 47
14.2 Potential conflicts of interest regarding administrative bodies and management	p. 47
15. REMUNERATION AND BENEFITS OF MEMBERS OF ADMINISTRATIVE, MANAGEMENT AND MONITORING AND EXECUTIVE MANAGEMENT BODIES	
15.1 Remuneration paid and benefits in kind allocated	p. 44 to 46
15.2 Amounts provisioned or earmarked for pension or retirement payments or other benefits	p. 44 to 46
16. WORKINGS OF ADMINISTRATIVE AND MANAGEMENT BODIES	
16.1 Expiration dates of current mandates and mandate durations	p. 39
16.2 Information regarding service contracts linking members of administrative and management bodies to the issuer or one of its subsidiaries and anticipating the allocation of benefits over the contract term	p. 47
16.3 Information regarding the issuer's auditing committee and remuneration committee	p. 67
16.4 Company directorship in place in the issuer's country of origin	p. 64
17. EMPLOYEES	
17.1 Number of employees	p. 48 and 97
17.2 Investments and stock options	p. 32 and 61
17.3 Agreement anticipating employee investment in the issuer's capital	Nil
18. MAIN SHAREHOLDERS	
18.1 Shareholders holding more than 5% of capital and voting rights	p. 31 to 33
18.2 Existence of different voting rights	p. 31 to 33
18.3 Issuer controls	p. 31 to 33
18.4 Agreement, known to the issuer, the implementation of which may lead to a change in control at a later date	Nil
19. TRANSACTIONS WITH RELATED COMPANIES	p. 97, 98, 147 to 149
20. FINANCIAL INFORMATION REGARDING THE ISSUER'S ASSETS, FINANCIAL STANDING AND RESULTS	
20.1 Historical financial information	p. 2 and 74 to 98
20.2 Pro forma financial information	Nil
20.3 Financial statements	p. 74 to 98 and 101 to 121
20.4 Verification of historical financial information	p. 99 to 100 and 122 to 123
20.5 Date of latest financial information	31/12/2016
20.6 Intermediary and other financial information	Nil
20.7 Dividend distribution policy	p. 157
20.8 Legal and arbitration proceedings	p. 30
20.9 Significant changes to financial or commercial standing	p. 22
21. ADDITIONAL INFORMATION	
21.1 Share capital	p. 31 to 37 and 59 to 60
21.2 Charter and bylaws	p. 64 to 66, 155 to 157
22. IMPORTANT CONTRACTS	p. 31
23. INFORMATION FROM THIRD PARTIES, EXPERT DECLARATIONS AND INTEREST DECLARATIONS	Nil
24. DOCUMENTS ACCESSIBLE BY THE PUBLIC	p. 160
25. INFORMATION REGARDING HOLDINGS	p. 84 and 108 to 109

7 TABLE – ANNUAL FINANCIAL REPORT

This reference document includes the annual financial report mentioned in Article L.451-1-2 of the Monetary and Financial Code, as well as in Article 222-3 of the Autorité des Marchés Financier General Regulations.

The table below refers to the sections of the reference document corresponding to the different headings of the annual financial report.

HEADINGS	Pages
1. Financial statements for the fiscal year ended December 31, 2016	p. 101 to 121
2. Independent Auditors' general report on the financial statements	p. 122 to 123
3. Consolidated financial statements for the fiscal year ended December 31, 2016	p. 74 to 98
4. Independent Auditors' report on the consolidated financial statements	p. 99 to 100
5. Management report	p. 5 to 73
6. Declaration of responsibility for the annual financial report	p. 158
7. Report from the Chairman of the Board of Directors stipulated in Article L.225-37 of the Commercial Code	p. 64 to 73
8. Independent Auditors' report on the report from the Chairman of the Board of Directors	p. 124 to 125

8 CONCORDANCE TABLE – SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

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	Hiring and dismissals	p. 48
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	Absenteeism	p. 49
Social relations	Organization of social dialogue, particularly with regard to information and consultation procedures for personnel, as well as worker negotiations	p. 49
	Overview of collective agreements	p. 49
Health and safety	Health and safety conditions in the workplace	p. 50
	Overview of agreements signed with trade unions or employee representatives regarding health and safety in the workplace	p. 50
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	Measures taken to promote employment and integration of disabled workers	p. 51
	Policies to combat discrimination	p. 51
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ENVIRONMENTAL INFORMATION		
General policy regarding environmental matters	Organization of the company to take into account environmental matters and, where appropriate, evaluation or certification initiatives with respect to the environment	p. 52
	Training and information initiatives for employees regarding environmental protection	p. 52
	Steps taken toward prevention of environmental risks and pollution	p. 52
	Amount of provisions and guarantees for risks with regard to the environment, unless this information is likely to cause serious prejudice to the company in an existing dispute	p. 52
Pollution	Measures for preventing, reducing or remedying air, water and soil emissions which may severely affect the environment	p. 53
	Taking into account of noise pollution and of any other form of pollution specific to an activity	p. 53
Circular economy	Waste prevention and management: - Measures taken with regard to waste prevention, recycling, reuse, other forms of recovery and disposal - Actions to combat food waste	p. 53 p. 53
	Sustainable use of resources: - Water consumption and water supply in accordance with local constraints	p. 54
	- Consumption of raw materials and measures taken to improve efficiency with respect to their use	p. 54
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Climate change	Significant sources of greenhouse gas emissions generated as a result of the company's activity, particularly via the use of goods and services that it produces	p. 55
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Protection of biodiversity	Measures taken to preserve or improve biodiversity	p. 55

INFORMATION REGARDING SOCIETAL COMMITMENTS PROMOTING SUSTAINABLE DEVELOPMENT		
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	The importance of subcontracting and taking into account in relationships with suppliers and subcontractors of their social and environmental responsibility	p. 57
Fairness of practices	Actions undertaken to prevent corruption	p. 57
	Measures taken to promote the health and safety of consumers	p. 57
Other	Actions taken to support human rights	p. 57

9 CALENDAR OF EVENTS FOR THE CURRENT FISCAL YEAR

This calendar is provided by way of information purposes only and is subject to change. As a rule, press releases are issued following the closing of the financial market.

2016 FINANCIAL COMMUNICATIONS CALENDAR		
January 26, 2017	After stock market closing	Publication of 2016 annual turnover
March 23, 2017	After stock market closing	Publication of annual results at 31/12/2016
April 27, 2017	After stock market closing	Publication of Q1 2017 turnover and quarterly information
May 24, 2017	-	Annual general meeting of Guillemot Corporation S.A. shareholders
July 27, 2017	After stock market closing	Publication of 2017 half-year turnover
September 28, 2017	After stock market closing	Publication of 2017 half-year results
October 26, 2017	After stock market closing	Publication of Q3 2017 turnover and quarterly information

10 GLOSSARY

2.1

Sound playback system with three channels: two channels reproducing stereo sound, and one channel for the subwoofer.

Bluetooth® wireless technology

Technology which employs a short-distance radio technique with the aim of simplifying connections between electronic devices. The first devices featuring version 3.0 of this technology went on sale in early 2010. This technology now allows for streaming of audio to wireless speakers.

DJ

Abbreviation of Disc Jockey: a person who selects and plays music at a party, whether at home or at a nightclub, and can link up pieces of music with one another, mix them together and add effects, to create his or her own mixes. Many DJs are now highly creative artists in their own right, with worldwide acclaim.

DJing

Activity consisting of hosting parties by programming, mixing, adapting or revisiting music for an audience by way of private performances (for friends, family members, or in an association or work-related environment...), public performances (shows at bars, restaurants, pubs, for concerts or parties...) or remote performances (broadcasting via the Internet, radio, television...). The DJ's job is generally to get audience members dancing.

DJing range

Range of products which includes controllers allowing for digital music mixing.

EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization.

eSports (Electronic sports)

All competitive practices revolving around confrontation, performance and improving one's level of achievement, via a digital platform – namely through video games. eSports involve a multiplayer game played over the Internet or on a network as part of a competition (whether friendly or not) during which professional or amateur gamers face off against one another, whether alone or in teams.

Game console

Electronic system dedicated to video games. There are two types of console: home consoles which connect to a television set and portable, small-format consoles, which have their own screen and can be taken anywhere. Home consoles have progressively evolved from the status of machines designed exclusively for gaming fans to that of family multimedia centers.

Gaming headset

Headset featuring a built-in microphone, allowing for communication between teams in online and network gaming.

Merchandizing

Term encompassing the entire range of optimization techniques with respect to the allocation of exhibition areas for products at points of sale, as well as product presentation. Merchandizing generally focuses on optimizing the selection of products available, the allocation of space per product and brand, the layout and organization of the point of sale and communication at the point of sale.

OEM (Original Equipment Manufacturer)

Company whose role is to design and manufacture a product, taking into account its technical specifications, and then sell the product to another company who will be responsible for distributing it under its own brand name.

Pad

In electronic instruments: a type of button, generally large and rubber-clad, which triggers events (playback of a sound, application of an effect, launching of a command...). As opposed to standard push-buttons, a pad does not move when activated; rather, it deforms slightly and then returns to its original shape when released. Some pads are activated by a user's fingers, while others are used with implements such as musical hammers, sticks or via other means of mechanical contact.

Scratching

Process consisting of using one's hand to move a record on a vinyl turntable, back and forth in alternation, producing a special effect by quickly and intermittently modifying the record's playback speed.

Smart object

Device which must be connected to another device in order to function.

Smartphone

Smart mobile phone combining advanced features with a large number of available applications and a touchscreen interface.

Smart speaker

Speaker connected to the Internet and featuring a virtual assistant.

Streaming

The act of listening to music via the Internet, without the need to download the file beforehand.

Virtual Reality (VR)

Technology allowing for a person to be immersed in a digitally-created artificial world: this can be a reproduction of the real world, or a completely imaginary world. The experience is visual, auditory and – in some cases – optical, with production of effects feedback. This immersion takes place by way of a virtual reality headset in which a stereoscopic 3D display system is positioned above the wearer's nose, in front of his or her eyes.

Webcam

Small digital camera, connected to a computer, allowing users to carry out videoconferencing via the Internet, or broadcast video images on the Web in real time.

Wi-Fi® (Wireless Fidelity)

Radio frequency-based technology allowing for the creation of wireless computer networks and the sharing of Internet access via a router, modem router or "hotspot" (public connection point).

Wii U™

The successor to the Nintendo Wii console, the Wii U™ was unveiled by Nintendo at E3 2011 and was launched in late 2012. This console's main innovation is a new type of controller, resembling a tablet, featuring a 6.2-inch touchscreen.

This document is available on the issuer's website (www.guillemot.com). It will be sent free of charge to anyone submitting a written request to the address listed below.

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