

2018 ANNUAL RESULTS: CURRENT OPERATING INCOME UP 77%

Guillemot Corporation's financial statements for fiscal 2018, ended December 31, 2018, are broken down as follows: (Audited financial statements, approved by the Board of Directors' meeting held March 27, 2019, and Independent Auditors' report regarding certification are pending)

(in € millions) January 1, 2018 – December 31, 2018	31/12/2018	31/12/2017	Change
Turnover	81.2	80.4	+1%
<i>Thrustmaster</i>	76.8	75.7	+1%
<i>Hercules</i>	4.4	4.7	-6%
Current operating income	6.9	3.9	+77%
Operating income	6.9	5.9	+17%
Financial income*	3.1	13.8	-78%
Income taxes	2.2	-2.2	-
Consolidated net income	12.2	17.5	-30%
Basic earnings per share	€0.80	€1.19	-39%

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

Activity, results and key balance sheet elements

Current operating income — up 77% — amounted to €6.9 million, compared with a gain of €3.9 million for the previous fiscal year, with a gross accounting margin rate increase of more than four points, combined with a controlled 3% increase with respect to all costs. The Group was able to create more value thanks to its gains in terms of market share — particularly in North America, where it is the leader in the racing wheels and joysticks market — as well as due to the beneficial evolution regarding its mix of products, with an expansion of its higher-margin add-on ecosystem.

Operating income also amounted to €6.9 million. Financial income of €3.1 million includes a revaluation gain of €2.8 million on current financial assets (MIS) composed of Ubisoft securities.

Following the capitalization of some of Guillemot Corporation S.A.'s losses carried forward, the Group's statement of income shows €2.2 million in income tax revenues for fiscal 2018.

Consolidated net income for the fiscal year amounted to €12.2 million, compared with €17.5 million in 2017.

At its meeting held March 27, 2019, Guillemot Corporation S.A.'s Board of Directors decided to suggest distribution of a dividend of €0.13 per share to the general meeting of shareholders that will be called to approve the financial statements for the fiscal year ended December 31, 2018.

In 2018, the Group invested €4.5 million in Research and Development, representing 5.5% of consolidated turnover.

Balance sheet elements

(in € millions)	31/12/2018	31/12/2017
Shareholders' equity	58.3	45.5
Inventories	24.9	8.4
Net indebtedness*	7.9	1.2
Current financial assets (MIS)	31.3	28.5

*Marketable Investment Securities (MIS) are not taken into account in calculating net indebtedness.

Shareholders' equity increased from €45.5 million to €58.3 million. The level of inventory held by the Group amounted to €24.9 million. Anticipation of higher sales levels during the fourth quarter led to this higher inventory level at December 31, 2018. Net indebtedness amounted to €7.9 million at December 31, 2018 (excluding the Group's portfolio of marketable investment securities).

Current financial assets composed of Ubisoft Entertainment securities amounted to €31.3 million at December 31, 2018.

Prospects for 2019

2019 is set to be a transitional year in the video gaming sector. Worldwide demand for accessories will remain dynamic — particularly in the e-commerce sales channel, where the Group is currently achieving solid growth, and strengthening its leadership position with regard to racing wheels and joysticks in North America.

However, the Group has noted a high inventory level among wholesalers dealing with traditional distribution. These significant inventory levels will impact sales over the first half of the fiscal year, leading the Group to now forecast turnover between €70 and €75 million, and positive operating income for fiscal 2019.

The Group is working on major innovations for 2020, to coincide with the arrival of the next generation of game consoles.

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 11 countries (France, Germany, Spain, the UK, the United States, Canada, Italy, Belgium, China, Hong Kong and Romania) and distributes its products in more than one hundred countries worldwide. The Group's mission is to offer high-performance, ergonomic products which maximize the enjoyment of digital interactive entertainment for end users.

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APPENDICES
(All entries are in €K)

Consolidated statement of income at December 31, 2018 year end

(in €K)	31.12.18	31.12.17
Net turnover	81,222	80,448
Purchases	-57,132	-41,571
External expenses	-15,729	-14,899
Personnel expenses	-9,354	-8,254
Taxes and duties	-443	-358
Depreciation and amortization	-3,126	-3,155
Provisions allowance	-1,573	-2,870
Changes in inventories	18,713	-87
Other operating revenues	250	398
Other operating expenses	-5,937	-5,707
Current operating income	6,891	3,945
Other revenues from operations	0	3,000
Other expenses from operations	0	-1,000
Operating income	6,891	5,945
Cash and cash equivalents revenues	23	7
Cost of gross financial debt	157	170
Cost of net financial debt	-134	-163
Other financial revenues	3,199	13,992
Other financial expenses	-1	0
Income taxes	2,196	-2,232
Net income before minority interests	12,151	17,542
including net income from discontinued activities	0	0
Minority interest share	0	0
Group net income	12,151	17,542
Base earnings per share	0.80	1.19
Diluted earnings per share	0.80	1.15

Consolidated balance sheet at December 31, 2018 year end

ASSETS		
(in €K)	31.12.18	31.12.17
Goodwill	0	0
Intangible fixed assets	11,115	10,649
Tangible fixed assets	2,607	2,318
Financial assets	393	416
Tax assets	674	544
Deferred tax assets	873	0
Non-current assets	15,662	13,927
Inventories	24,925	8,367
Customers	23,779	23,913
Other receivables	1,442	1,348
Financial assets	31,284	28,470
Current tax assets	0	0
Cash and cash equivalents	4,010	10,294
Current assets	85,440	72,392
Total assets	101,102	86,319
LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.18	31.12.17
(in €K)		
Capital (1)	11,771	11,554
Premiums (1)	10,551	10,472
Reserves and consolidated income (2)	35,887	23,162
Forex adjustments	56	281
Group shareholders' equity	58,265	45,469
Minority interests	0	0
Shareholders' equity	58,265	45,469
Personnel commitments/benefits	998	904
Loans	2,532	5,703
Other liabilities	0	0
Deferred tax liabilities	0	2,588
Non-current liabilities	3,530	9,195
Suppliers	18,878	15,376
Short-term loans	9,337	4,861
Fiscal liabilities	1,135	960
Other liabilities	9,921	9,455
Provisions	36	1,003
Current liabilities	39,307	31,655
Total liabilities and shareholders' equity	101,102	86,319

(1) Of the consolidated parent company

(2) Net income for the fiscal year: €+12,151K

Consolidated cashflow table at December 31, 2018 year end

(in €K)	31.12.18	31.12.17
Cashflow linked to operating activities		
Net income of integrated companies	12,151	17,542
+ Depreciation, amortization and provisions allowance (apart from that linked to current assets)	3,394	5,552
- Depreciation, amortization and provisions recovery	-970	-3,460
-/+ Unrealized gains and losses linked to changes in fair value	-2,814	-13,467
+/- Expenses and revenues linked to stock options	0	0
-/+ Net gain/loss on disposals	0	-2
Deferred tax change	-3,461	1,570
Cashflow after cost of net financial debt	8,300	7,735
Cost of net financial debt	134	163
Cashflow before cost of net financial debt	8,434	7,898
Cashflow Forex adjustment	-19	-42
Inventories	-16,558	2,002
Customers	134	-2,210
Suppliers	3,502	1,981
Other	1,220	189
Working capital requirements change	-11,702	1,962
Net cashflow linked to operating activities	-3,421	9,655
Cashflow linked to investments		
Intangible fixed asset acquisitions	-2,191	-1,620
Tangible fixed asset acquisitions	-1,284	-667
Intangible and tangible fixed asset disposals	16	2
Financial fixed asset acquisitions	-60	-2
Financial fixed asset disposals	1	0
Net cashflow on subsidiary acquisitions/disposals	0	0
Net cashflow linked to investment activities	-3,518	-2,287
Cashflow linked to financing activities		
Capital increase or cash contribution	329	568
Dividends paid to minority shareholders	0	0
Debt issuance	133	9,500
Shareholders' current account reimbursement	-972	0
Debt repayments	-4,822	-3,157
Other cashflow linked to financing activities	0	0
Total cashflow linked to financing activities	-5,332	6,911
Forex adjustment impact	-13	-47
Cashflow change	-12,284	14,232
Net cashflow at fiscal year start	10,279	-3,953
Net cashflow at fiscal year end	-2,005	10,279