



SUMMARY OF THE GUILLEMOT CORPORATION GROUP'S POSITION DURING THE FISCAL YEAR ENDED DECEMBER 31, 2018

1. POSITION OF THE COMPANY AND THE GROUP DURING FISCAL 2018

The Group delivered 1% growth in 2018, generating full-year turnover of €81.2 million.

Thrustmaster had a mixed year in 2018, with growth in product categories like headsets, joysticks and gamepads but a slowdown in racing wheels.

Over the period, the Group:

- Stepped up its expansion in the Asia-Pacific region with buoyant growth of 29%, accounting for over 12% of Group sales
- Expanded its distribution to more than 100 countries worldwide for the Thrustmaster brand
- Strengthened distribution via retailer Walmart, the world's number one mass-market retailer, resulting in two of the Group's products being made available in over 3,000 more US stores, with shipments beginning in July 2018
- Adapted its sales strategy in response to new US import duties and measures
- Stepped up efforts to sign up retailers for its new Hercules DJing range in the computer electronics and music channels
- Expanded its distribution network by entering into a strategic partnership between Hercules and Jam Industries/American Music and Sound, the leading US distributor of music equipment
- Expanded Thrustmaster's distribution in China, Japan and Australia
- Broadened the marketing of Thrustmaster gaming headsets in Asia
- Officially launched its Ferrari-licensed Thrustmaster racing wheels in the Chinese market
- Launched a direct delivery strategy for Thrustmaster and Hercules with leading global e-tailers
- Finalized a major distribution agreement in Latin America
- Boosted sales in Russia
- Took part in the biggest international trade shows and launch events surrounding the Gran Turismo Sport game for the release of its T-GT racing wheel at the end of 2017
- Rolled out various new releases:
 - **Thrustmaster:**
 - Joysticks: launched the new T.Flight Hotas One joystick and the limited edition T.Flight Hotas 4 licensed for the flagship game Ace Combat™ 7: Skies Unknown, in partnership with Japanese software publisher BANDAI NAMCO®.
 - Gaming headsets: released the first gaming headset licensed by Ferrari®, the T.Racing Scuderia Ferrari Edition, enabling Thrustmaster to break significant new ground in this segment. At the same time, Thrustmaster strengthened its flight simulation ecosystem, launching its new high-end T.Flight US Air Force Edition headset, officially licensed by the US Army, with the Y-300CPX Six Collection Edition headset, officially licensed for Tom Clancy's Rainbow Six Siege, rounding out its US range.
 - Gamepads: with competitions and multi-platform games on the rise, this category is a priority for the Group.
 - Racing wheels: after strong growth in the early part of 2018 following the launch of Gran Turismo Sport in October 2017, sales of racing wheels did not benefit from so many new games and new releases for the Group. This resulted in a dip in restocking by retailers in the fourth quarter of 2018.
 - **Hercules**: the brand incorporated the latest design thinking and artificial intelligence techniques into its innovation plan. Its DJUCED™ software was recently updated.

Thanks to its expertise in research and development and the know-how and commitment of all its staff, the Group can confidently rise to the challenge of meeting consumers' expectations and simplifying their buying choices with its range of ever more innovative products. The Group continues to enter into new partnerships that drive genuine growth and innovation.

1.1. Continuing sustained business expansion and fast-accelerating growth in the Asia-Pacific region

Sales outside France totaled €74.6 million in 2018, accounting for 92% of total consolidated turnover.

▪ Asia-Pacific

The Group significantly stepped up its expansion in the Asia-Pacific region with buoyant growth of 29%, accounting for over 12% of Group sales. The region's increasing importance was one of the key developments of 2018.

South Korea is one of the Group's Asian development priorities: it has the highest buying power of any country in Asia and offers significant development opportunities. Asia is set to be the top contributor to the Group's growth over the next five years.

▪ North America

In North America, the Group strengthened its positioning in the racing wheels and joysticks market. In 2018, the Group grew its North American turnover by 12%, from €24.6 million to €27.5 million.

Thanks to the Group's partnership with US retailer Walmart, the world's number one mass-market retailer, Thrustmaster products have been available in over 3,000 more US stores since autumn 2018.

Furthermore, the strategic agreement entered into in 2018 by Hercules and Jam Industries/American Music and Sound, the leading US distributor of music equipment, provides a way for the Group to boost its visibility in the North American market.

▪ Europe

Group turnover declined 9% in 2018, down from €44.5 million to €40.4 million, following a far-reaching restructure of the Group's sales organization and distribution channels in three of its key markets – France, the United Kingdom and Italy.

▪ Other countries

Business momentum strengthened in the Middle East. The Group is also keen to strengthen its positioning in India and Taiwan.

1.2. Hercules: renewed momentum

In 2018, Hercules:

- Incorporated design thinking into its strategy, reflected in the successful launch of its brand new range of DJ controllers
- Implemented a recovery plan that included redefining the brand, reflected in a new logo, website and visual identity designed to respond to new trends popular with consumers and the need to modernize the brand and imbue it with new meaning
- Expanded its distribution network by entering into a strategic partnership with Jam Industries/American Music and Sound, the leading US distributor of music equipment
- Worked more closely with leading influencers to reach the community of DJs and young sportspeople, the most recent example being Simon Perdrix, a rising star in freeride and slopestyle mountain biking
- Won the CES Innovation Honoree Award 2019 (at the end of 2018) for its innovative approach to learning how to DJ with its Hercules DJControl Inpulse 300 controller
- Stepped up its attendance at international trade shows (CES Las Vegas, NAMM Show, Dancefair, BPM Birmingham show, etc.)

At the end of 2018, Hercules was proud to announce that its new Hercules DJControl Inpulse 300 controller had won the CES Innovation Honoree Award 2019 for its use of visual aids to help budding young DJs pick up the beat and learn the right moves. This controller is the ideal solution for learning to mix easily, with additional help from DJ Academy videos included in the DJUCED® software.

▪ The Hercules DJ range

Thanks to its extensive DJing expertise, Hercules serves as a focal point for communities of DJ from beginners right through to expert users.

The brand has chosen to offer thoughtfully designed products that integrate software with a range of DJ controllers, headphones and speakers.

Consumers and professionals alike demonstrated their interest in this new range at the latest NAMM Show, held in the United States at the end of January 2019.

To consolidate its revival, the brand significantly expanded its range in 2018, releasing new DJ controllers such as the Hercules DJControl Starlight, Hercules DJControl Inpulse 200, Hercules DJControl Inpulse 300 and DJ Starter Kit.

Hercules teamed up with Serato® to launch an unprecedented new compact DJ controller for learning how to DJ. This light, mobile, ultra-compact and fully functional DJ controller lets DJs mix anywhere while signaling the beat with bright and clear RGB backlighting. With its built-in audio interface, the DJControl Starlight controller offers in-ear pre-listening before a mix is played over speakers, making it ideal for learning and creating new mixes.

More passionate than ever about music and keen to open up DJing to as wide an audience as possible, in September 2018 Hercules announced a brand new range of DJControl Inpulse controllers and the new version of its DJUCED® DJ software. Specially designed for learning to DJ, this innovative solution helps beginners easily pick up and master mixing techniques.

The new range's flagship product, loaded with all its new features, is the Hercules DJControl Inpulse 300, the biggest controller ever designed by Hercules, which helps budding DJs quickly and easily learn the right moves so they can mix with confidence.

The DJControl Inpulse 200 is a more compact version of the DJControl Inpulse 300 that is even easier and more comfortable to use, making it the ideal controller for new DJs.

Translation for convenience only. The French version of this document prevails.

Products come with built-in help, such as the Intelligent Music Assistant (IMA), which suggests tracks for the DJ's playlist, light guides to help users learn to beatmatch, and DJ Academy videos included in the software, making it very easy for beginners to learn to DJ and quickly put on a show. The Intelligent Music Assistant also offers an ENERGY feature to manage the party mood and can propose trending tracks during playlist creation to make sure DJs never miss out on the latest new beats. The Intelligent Music Assistant makes it easy for any DJ to pick the best track to play, whether during practice sessions or while performing.

Fueled by creativity and a constant need to improve, the DJUCED software has been upgraded: with effect from August 2018, DJUCED 18° et DJUCED 40° merged to become DJUCED.

This major upgrade introduced many new features, such as:

- An interface that adapts to every user, from beginners through to experts, and is even simpler, more user-friendly and more intuitive
- A new file browser
- Quick and easy access to integrated DJ Academy content
- IMA: an intelligent assistant to help improve track selection
- New sampling modes

The upgraded DJUCED software was on show at the latest BPM Show in Birmingham, UK. At the same time, Hercules teamed up with Epic Proportions Tour to help American middle school children learn about DJing through workshops and other activities.

▪ WAE wireless speaker range

Since 2015, Hercules has been offering WAE wireless speakers equipped with the latest technology, designed to meet the demands of modern life. Thanks to the technology packed into its WAE speakers, Hercules has been able to break into the digital world while maintaining the high standards associated with analog sound.

To boost its WAE brand, Hercules relies on the support of WAE brand ambassadors.

Names like Fabio Wibmer (mountain bike trials) and Nicolas Vuillermot (mountain bike trials), not forgetting new arrivals Corey Martinez and Simon Perdrix, are helping Hercules strengthen its positioning in extreme sports.

At the end of 2017, Hercules entered into a partnership with American Corey Martinez, one of the best-known personalities in the world of freestyle BMX, who has won numerous prizes, including Street Rider of the year. The Hercules WAE speaker fits perfectly with his lifestyle: its shock-resistant, dust-resistant and fully waterproof design means it can be taken anywhere.

1.3. Thrustmaster: a major player in video games thanks to key partnerships

In 2018, Thrustmaster:

- Strengthened US distribution via Walmart, the world's number one mass-market retailer, resulting in two of the Group's products being sold in over 3,000 more US stores, with shipments beginning in July 2018
- Posted strong growth in the joystick, gaming headsets and gamepads segment
- Officially launched its Ferrari-licensed racing wheels in the Chinese market
- Adopted a direct delivery strategy with leading global e-tailers
- Continued to attend the biggest international trade shows

At the end of November, Thrustmaster participated in the global final of the FIA Gran Turismo Championship 2018, where finalists used the Thrustmaster T-GT racing wheel. The world's best drivers were able to showcase their skills in two championships: the Nations Cup and the Manufacturer Series.

In 2018, the Group's range of console and PC racing wheels generated 10% more US sales by value and 6% more by volume than in 2017 (source: The NPD Group Inc, 2018 – extract at March 2019).

With the emergence of eSports and ever more immersive gaming, particularly thanks to virtual reality systems, video gaming accessories are becoming increasingly important.

▪ Headsets for online gamers:

Thrustmaster continues to expand its presence in the gaming headset market, regularly refreshing its audio and gaming expertise to develop headsets that offer high audio quality while also meeting gamers' demands in other areas.

With the explosive rise of networked gaming leading players to increasingly opt for long gaming sessions, Thrustmaster's highly successful CPX range is regularly upgraded. By focusing on specific communities, Thrustmaster continues to break new ground in this still growing segment.

The Group's longstanding partnerships with the US Air Force™ and Ferrari and the advent of flying and racing competitions meant the need for dedicated headsets was obvious. To meet the emerging needs of racers, Ferrari therefore extend its license to cover gaming headsets.

In 2018, Thrustmaster introduced its first T-Racing Scuderia Ferrari Edition headset officially licensed by Ferrari, unveiling a preview at the Ferrari Store City Race 2018 event in Milan. This fully compatible universal headset is optimized for use with PlayStation® 4, Xbox One®, Nintendo Switch™, PC and Mac®. Its high-performance microphone provides for ultra-efficient communication between online gamers. Its "Officially Licensed Product" logo means customers can rest assured they are buying a product that is true to Ferrari's values.

Thrustmaster strengthened its flight simulation ecosystem over the period, launching its new high-end T.Flight US Air Force Edition headset officially licensed by the US Army.

The design of this new headset, intended to pay tribute to US Air Force pilots, is the fruit of long years of experience. The T.Flight U.S. Air Force Edition is different from any other gaming headset currently on the market, drawing inspiration from the

Translation for convenience only. The French version of this document prevails.

actual headsets used by pilots. The headset meets the specifications of real and virtual pilots from the worlds of military and civil aviation, offering crystal-clear sound, minimal distortion and unparalleled comfort during long gaming sessions. Its unique features were warmly welcomed by virtual pilots at the Royal International Air Show, a major international aviation event in the United Kingdom, as well as being presented at the biggest meeting of US pilots, EAA AirVenture Oshkosh.

In March, Thrustmaster brought its expertise in gaming headsets to Ubisoft's Far Cry® universe with the release of Far Cry® 5. Its two new multi-platform headsets, the Y-350CPX and the Y-300CPX, allow gamers to immerse themselves into the fictional world of Hope County, Montana in co-op mode. The Y-350CPX 7.1 Powered Far Cry 5 Edition is a high-end Thrustmaster headset delivering standout performance for Far Cry 5 players. It delivers high-definition sound with perfect bass reproduction for the best in-game explosions, balanced mid-range frequencies providing for stable reproduction of other players' voices, and unsaturated trebles giving crystal-clear approaching fire sounds.

In the United States, Thrustmaster began to address the buoyant first person shooter segment in 2018, bringing out a new range of Rainbow Six Siege licensed headsets, consisting of the Y-300CPX Six Collection Edition and the T.Assault Six Collection Edition with a brand new design featuring customizable decorative plates.

- Racing wheels:

For passionate gamers seeking unique thrills, Thrustmaster's products are among the must-haves in the racing wheel category, and high-end racing wheels more specifically.

With a 67% share of the US market by volume, Thrustmaster continues to increase its US leadership in the console and PC racing wheel market (source: copyright 2018 The NPD Group, Inc, all rights reserved; proprietary and confidential, property of NPD and its affiliates; licensed for Use by NPD clients only; extract at March 2019 excluding wheel shells compatible with Nintendo Switch).

In 2018, the Gran Turismo-licensed T-GT racing wheel was the official racing wheel for the global competition season, making it the must-have wheel for GT Sport competitions around the world, culminating in the final, which brought the world's best virtual racing drivers together in Monaco in November 2018.

This competition season highlighted the T-GT racing wheel's impressive performance in recreating authentic sensations and demonstrated its endurance during high-intensity gaming sessions.

The accelerating rise of annual racing competitions, including Forza Championship, GT Sport and eWRC (for which Thrustmaster was official equipment supplier for the final in Germany), bolstered Thrustmaster's positioning in 2018.

At the last E3 video games exhibition in Los Angeles in June 2018, Thrustmaster unveiled an exclusive preview of an online competition using the eagerly awaited Assetto Corsa game to showcase the brand's involvement in eSports with some of the most competitive racing wheels in the market.

Thrustmaster strengthened its entire range of racing wheels in 2018 to appeal both to beginners with accessible but precise wheels and to professionals via eSports racing competitions.

In March 2018, Thrustmaster expanded its PlayStation® 4 racing ecosystem by launching its BT LED Display, a Bluetooth LED display that can be placed anywhere to give an at-a-glance view of all required information.

The product is the first officially licensed PlayStation® 4 display featuring wireless Bluetooth technology.

The first game PS4™ game publishers to adopt the BT LED Display and promote the concept have confirmed the product's appeal.

- Gamepads:

Thrustmaster makes a wide variety of gamepads offering cutting-edge playability, extreme precision and a sophisticated design. With competitions and multi-platform online games on the rise, this key category is a priority for Thrustmaster. With gamers becoming increasingly demanding and specialized, in 2018 the Group introduced a "design thinking" process to help it come up with a new range of innovative gamepads.

- Flight simulation accessories:

The Group is strengthening its positioning in the flight simulation segment.

In 2018, the Group's range of console and PC racing wheels generated 37% more US sales by value and 29% more by volume than in 2017 (source: The NPD Group Inc, 2018 – extract at March 2019).

Thrustmaster's global flagship product, the Hotas Warthog, is available in a range of versions, ensuring compatibility with the entire community of PC and console flying games. Thrustmaster's first ever flight sim accessory was the T.Flight Hotas joystick.

Thrustmaster has since expanded its range and now offers a wide variety of flight sim accessories designed to meet consumers' every need and expectation. In 2018, Thrustmaster refreshed its flight sim ecosystem, launching an innovative new rudder bar and a perfectly calibrated gaming headset.

Thrustmaster unveiled the TPR Pendular Rudder, its high-end rudder bar dedicated to flight simulation games, at the Air Tattoo and EAA AirVenture air shows. Developed in close cooperation with various aviation professionals and incorporating constant feedback from the user community, the product has once again propelled Thrustmaster to a new level. The pedal set, suited to both close combat and space simulators, is powered by the T.A.R.G.E.T software, offering an improved gaming experience. The possibility of combining multiple accessories means Thrustmaster's game controls offers both modularity and customizability. This next-generation rudder bar is a worthy companion to the Hotas Warthog joystick, boosting the power of Thrustmaster's ecosystem in this segment. With its precision mechanism, this finely crafted steel and aluminum rudder bar is one of the most advanced products ever offered to fans of flight sims and other air combat games.

Thrustmaster's PC joysticks, including the T.16000M series, are recognized as accurate, fully-featured and serious products for a highly competitive mid-market segment.

Console joysticks found an audience in 2018 with new virtual reality and other games including War Thunder, Star Citizen, Elite Dangerous, DCS World 2.5 and X-Plane 11. Thrustmaster expanded its console range, launching the first PlayStation 4 joystick, the T.Flight Hotas 4, and the first Xbox One joystick, the T.Flight Hotas One. The T.Flight Hotas 4 brings enhanced comfort, more instinctive combat and responsive control to the gaming experience while offering unrivaled authenticity and precision.

Thrustmaster works with major game publishers. In 2018, the brand entered into a new partnership with Japanese published BANDAI NAMCO®.

This new partnership was a highlight of 2018 with the release of the legendary Ace Combat™ 7: Skies Unknown. As one of the game's two joystick partners, Thrustmaster was able to ensure that its products are fully integrated into the gameplay, providing gamers on all console and PC platforms with an enhanced gaming experience. The virtual reality version proved a particular hit when the game was launched at the Gamescom and Paris Games Week exhibitions.

Thanks to this partnership with BANDAI NAMCO®, Thrustmaster was able to unveil a limited edition Ace Combat 7 version of its new T.Flight Hotas joysticks.

Thrustmaster was on site at the publisher's stand to highlight the full compatibility between Ace Combat™ 7 and the limited edition T.Flight Hotas 4.

These new Thrustmaster products, first unveiled at the E3 exhibition in Los Angeles last June, are the fruit of a long research and development process and close cooperation with global partners, including renowned game developers and the flight sim community.

▪ eSports:

Thrustmaster continues to expand its presence in the eSports world, primarily in racing and flying, where its accessories are recognized as essential. This was confirmed during the GT Sport® competition season, the final of which brought together the world's top 32 virtual racing drivers from two categories in Monaco.

Thanks to its ecosystem, Thrustmaster has become the preferred partner for all gamers in search of a more realistic and performance-focused gaming experience.

Thrustmaster was official equipment supplier for all regional and global finals.

Similarly, Thrustmaster was equipment supplier for the eWRC 2018 final and unveiled a global preview of the Assetto Corsa Competizione game, with its products showcased on the game's stand at the E3 2018 exhibition in the United States.

Thrustmaster has thus stepped up its activities in the racing world, supplemented by its policy on sponsoring racing drivers.

So far, Thrustmaster has detected, supported and sponsored 16 racing drivers or teams around the world, including two world champions. This commitment to support the driver community has opened up new possibilities for Thrustmaster on social media and in this space that is closer to gamers.

The emergence of streaming also allows for innovative and differentiated visibility within the community, supported by key players like drivers.

Thrustmaster also demonstrated its desire to support flight sim competitions in 2018, hosting a live global final of partner game War Thunder on its stand at the Paris Games Week, a first for this game.

Thrustmaster further cemented its presence in the world of video game competitions, with notable achievements including the following:

- On 18 August 2018, Thrustmaster-sponsored driver Jon Armstrong won the eWRC world championship.
- The continental and global finals of GT Sport, by nation and manufacturer, exclusively used the T-GT racing wheel from Thrustmaster, Gran Turismo® Sport's PlayStation® 4 official equipment supplier worldwide.
- The global final of the Phoenix Tournament air competition in Gaijin's War Thunder game took place on the Thrustmaster stand at the Paris Games Week in October 2018, with the winning teams from each continent battling for the title.

Thrustmaster has also made it a priority to increase its presence in buoyant regions such as Asia-Pacific, which is home to eSports events involving thousands of people, with a special mention for China in population terms, South Korea for its cafés dedicated to eSports competitions and Japan for its large number of expert gamers. The brand is also keen to expand among eSports gamers in the US.

2. GROUP RESULTS

Key figures from Guillemot Corporation's consolidated financial statements for the fiscal year ended December 31, 2018 are as follows:

(€m)	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Turnover	81.2	80.4	64.2
Net income from ordinary activities	6.9	3.9	0.6
Net operating income	6.9	5.9	0.7
Net financial income*	3.1	13.8	2.7
Consolidated net income	12.2	17.5	3.1
Basic earnings per share	€0.80	€1.19	€0.21
Shareholders' equity	58.3	45.5	28.4
Net debt (excl. AFS securities)**	7.9	1.2	9.1
Inventories	24.9	8.4	10.4
Intangible assets	11.1	10.6	7.8
Current financial assets (AFS securities portion)	31.3	28.5	15.0

* Net financial income includes the cost of net financial debt as well as other financial expenses and income.

** Available-for-sale (AFS) securities are not taken into account when calculating net debt (cf. Section 5.7.13 of the consolidated financial statements).

Consolidated annual turnover in fiscal year 2018 totaled €81.2 million, up 1% year on year. Net income from ordinary activities came in at €6.9 million, compared with €3.9 million in the year ended December 31, 2017.

Net operating income also came in at €6.9 million, compared with €5.9 million in the year ended December 31, 2017. Net financial income of €3.1 million included a €2.8 million revaluation gain on current financial assets (available-for-sale securities) consisting of Ubisoft Entertainment shares.

Net income for the year totaled €12.2 million, compared with €17.5 million in 2017, after taking into account €2.2 million of tax income in the year after some of Guillemot Corporation SA's tax loss carryforwards were recognized.

Current financial assets totaled €31.3 million at December 31, 2018, consisting of 443,874 Ubisoft Entertainment shares.

Net debt excluding available-for-sale (AFS) securities stood at €7.9 million.

Shareholders' equity increased from €45.5 million to €58.3 million.

▪ Turnover by business segment

(€m)	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Hercules	4.4	4.7	11.0
Standard product lines	3.7	4.3	9.5
OEM*	0.7	0.4	1.5
Thrustmaster	76.8	75.7	53.2
Standard product lines	76.8	75.7	53.2
OEM	0.0	0.0	0.0
TOTAL	81.2	80.4	64.2

* Accessories developed for third party companies (Original Equipment Manufacturers).

▪ Turnover by geographical region

(€m)	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
European Union	40.4	44.5	36.7
North America	27.5	24.6	20.1
Other	13.3	11.3	7.4
TOTAL	81.2	80.4	64.2

Translation for convenience only. The French version of this document prevails.

▪ Net operating income by business area

(€m)	Dec 31, 2018	Dec 31, 2017	Dec 31, 2016
Hercules	-2.6	-3.9	-3.6
Thrustmaster	9.5	9.8	4.3
TOTAL	6.9	5.9	0.7

3. INFORMATION ABOUT THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

IFRS 15, "Revenue from contracts with customers", entered into force on January 1, 2018. Its implementation had no impact on the rate at which Group revenue is recognized.

3.1. Income statement

During the fiscal year, the Group generated consolidated turnover of €81,222k excluding taxes.

The main operating expenses were purchases totaling €57,132k.

External expenses of €15,729k mainly consisted of transportation, advertising and marketing costs.

Employee expenses totaled €9,354k, while additions to amortization, depreciation and provisions totaled €4,699k.

Taxes and duties totaled €443k and other income and expenses came to -€5,687k.

Net income from ordinary activities totaled €6,891k.

Net operating income came in at €6,891k.

The cost of net financial debt was €134k and other financial income and expenses netted out at a €3,199k gain, including a €2,814k revaluation gain on the Group's holding of Ubisoft Entertainment shares.

Given profitability over the last two fiscal years and its positive outlook, at December 31, 2018 the Group recognized tax loss carryforwards at its French subsidiaries (over €58 million) resulting in the recognition of tax income of €10.2 million in the year.

After taking into account these items and tax income of €2,196k, the Group posted net income of €12,151k.

Basic earnings per share came out at €0.80.

3.2. Balance sheet

Non-current assets consisted of €11,115k in net intangible assets, €2,607k in net property, plant and equipment, €393k in financial assets, €674k in tax assets and €873k in deferred tax assets.

Current assets included the following:

- Inventories with a net value of €24,925k taking into account €1,973k in impairment charges
- Trade receivables with a net value of €23,779k taking into account €253k in provisions for doubtful accounts
- Other receivables with a net value of €1,441k, mainly consisting of receivables in relation to value added tax and advances and progress payments made.
- Financial assets totaling €31,284k and cash and cash equivalents of €4,010k

Shareholders' equity stood at €58,265k.

Non-current liabilities totaled €6,470k, including borrowings of €2,532k.

Current liabilities totaled €39,306k, including foreign currency borrowings and advances of €9,337k.

4. INFORMATION ABOUT GUILLEMOT CORPORATION SA'S FINANCIAL STATEMENTS

4.1. Income statement

Guillemot Corporation SA generated turnover of €77,071k in the fiscal year.

Operating income totaled €95,737k.

The main operating expenses were purchases consumed totaling €54,676k and external expenses of €23,103k. External expenses mainly consisted of subcontracting, development costs and transportation, advertising and marketing costs.

Taxes and duties and employee expenses totaled €592k and other expenses came to €7,963k.

Additions to amortization and depreciation totaled €2,241k.

Additions to provisions on current assets totaled €1,251k.

The company recognized a €242k provision relating to product returns.

Total operating income less total operating expenses resulted in net operating income of €5,648k.

Taking into account net financial income of €1,096k, a net non-recurring expense of €-247k and a corporate income tax expense of €-655k, net income totaled €5,842k.

Net financial income may be broken down as follows:

Foreign currency translation adjustments:	€149k
Interest income and expenses:	-€125k
Net income from sales of AFS securities:	-€38k
Additions to and reversals from provisions:	€1,110k

Translation for convenience only. The French version of this document prevails.

Interest income mainly consisted of €22k in bank credit interest, €9k in current account interest and €17k in respect of a current account advance to subsidiary Guillemot GmbH (Germany) with a clawback provision, which was reinstated in the balance sheet after being waived by the parent company in 2004.

Financial expenses mainly consisted of €152k in interest charges on borrowings and bank balances and €16k in current account interest charges.

Net income from the disposal of treasury shares under the liquidity agreement in force totaled -€38k.

Write-backs of impairment on shares of subsidiaries totaled €1,298k, while reversals of provisions on current account advances totaled €27k.

Additions to provisions on shares of subsidiaries totaled €203k.

A breakdown of net non-recurring income (expense) is as follows:

Income and expenses on management activities:	-€1k
Income and expenses on capital transactions:	-€13k
Additions to and reversals from provisions:	-€233k

The company recognized exceptional amortization of €233k on development costs and equipment no longer meeting the criteria for capitalization.

Key interim management figures are as follows:

Production in the year:	€92,348k
Value added:	€14,569k
Earnings before interest, tax, depreciation and amortization:	€13,977k

4.2. Balance sheet

Net fixed assets totaled €19,402k, consisting of €9,741k in intangible assets, €1,531k in property, plant and equipment and €8,130k in non-current financial assets.

Intangible assets included development costs with a net value of €3,997k. Development costs of €1,445k no longer meeting the criteria for capitalization were removed from assets.

The company scrapped equipment with a gross value of €447k.

The net value of inventory stood at €21,504k.

Trade receivables totaled €19,816k, taking into account €254k in provisions for doubtful accounts.

Other receivables with a net value of €1,122k mainly consisted of current account advances to subsidiaries with a net value of €289k, VAT receivables totaling €571k and credit notes receivable totaling €135k (including €85k of intra-group credit notes).

The net value of available-for-sale securities totaled €6,954k, including 57,127 treasury shares with a net value of €187k.

Shareholders' equity totaled €31,138k.

5. FORESEEABLE CHANGES IN THE POSITION OF THE COMPANY AND THE GROUP

The Group mainly operates in the interactive entertainment, video games and gaming accessories market.

This market is growing fast:

- Online sales of both games and gaming accessories are growing strongly, forcing distribution networks to adapt.
- Next-generation gaming consoles announced in the trade press will trigger a new cycle of hardware purchases and video game production starting next year.
- Streaming music services are growing rapidly, with streaming revenue now exceeding revenue from other music distribution channels.

The Group is stepping up its research and development efforts to ensure that it remains at the forefront of innovation in terms of both new hardware and new uses. It is also strengthening its partnerships with video game publishers to ensure that gamers using its accessories with new games have an optimized and even more stimulating user experience. The Group intends to build on the initial success of its gaming, racing and aviation headsets and plans to launch a new range of high-end gamepads. The new ranges of Hercules DJ controllers and speakers got off to a good start in 2018, and the Group intends to strengthen its line-up in 2019.

At the same time, the Group continues to develop internationally: it now ships to over 100 countries and is expanding its sales force, primarily in the very buoyant Asian market. The Group is also rolling out its after-sales service to drive up service quality across all continents.

2019 is set to be a year of transition for the video games sector. Global demand for accessories is set to remain buoyant, notably via the e-commerce channel, where the Group is currently experiencing strong growth and consolidating its leading position in the North American racing wheels and joysticks market. However, the Group notes high levels of inventory at wholesalers shipping to traditional retailers. These high inventory levels will impact sales in the first half of the year, with the result that the Group is now forecasting turnover of €70-75 million and positive net operating income for fiscal year 2019.

Translation for convenience only. The French version of this document prevails.

6. WORKFORCE

A breakdown of the current workforce is as follows:

	At December 31, 2018						At December 31, 2017				
	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Guillemot Innovation Labs	Foreign subsidiaries	Total	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Foreign subsidiaries	Total
Total	5	41	51	2	84	183	5	39	47	87	178
Permanent	5	39	49	2	76	171	5	37	46	78	166
Fixed-term contract	0	2	2	0	8	12	0	2	1	9	12
Female	0	24	24	0	24	72	0	22	19	23	64
Male	5	17	27	2	60	111	5	17	28	64	114
Aged under 30		5	14		16	35		3	7	17	27
Aged 30-39		6	9		29	44		8	17	35	60
Aged 40-49		16	18		30	64		17	14	28	59
Aged 50 and over	5	14	10	2	9	40	5	11	9	7	32

The Group's total workforce in 2018 averaged 173 people, compared with 162 in 2017.

7. INFORMATION ABOUT GUILLEMOT CORPORATION SA'S SHARE CAPITAL

At the latest balance sheet date of December 31, 2018, the share capital totaled €11,771,359.60, made up of 15,287,480 ordinary shares with a par value of €0.77 each.

At December 31, 2018, the Guillemot family group directly and indirectly held 72.72% of the share capital and 84.27% of voting rights exercisable at shareholders' general meetings.

Shareholder	At December 31, 2018					
	Number of shares	% of capital	Number of theoretical voting rights	% of theoretical voting rights	Number of voting rights exercisable at shareholders' general meetings	% of voting rights exercisable at shareholders' general meetings (1)
GUILLEMOT BROTHERS S.E. (2)	3 000 497	19,627%	6 000 994	22,835%	6 000 994	22,884%
Michel Guillemot	1 870 411	12,235%	3 725 822	14,177%	3 725 822	14,208%
Claude Guillemot	1 836 074	12,010%	3 657 148	13,916%	3 657 148	13,946%
Christian Guillemot	1 529 016	10,002%	2 995 995	11,400%	2 995 995	11,425%
G�rard Guillemot	1 442 361	9,435%	2 869 722	10,920%	2 869 722	10,944%
Yves Guillemot	1 426 073	9,328%	2 837 146	10,796%	2 837 146	10,819%
Other member of the Guillemot family	12 553	0,082%	13 355	0,051%	13 355	0,051%
Together	11 116 985	72,719%	22 100 182	84,095%	22 100 182	84,278%
Treasury shares (3)	57 127	0,374%	57 127	0,217%	0	0,000%
Public	4 113 368	26,907%	4 122 821	15,688%	4 122 821	15,722%
TOTAL	15 287 480	100,000%	26 280 130	100,000%	26 223 003	100,000%

(1) Some of the shares held by members of the Guillemot family carry double voting rights.

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

(3) Treasury shares with no voting rights.