

2019 CONSOLIDATED HALF-YEAR RESULTS

The Guillemot Corporation Group's financial statements at June 30, 2019 are broken down as follows:

Q1 + Q2 (in € millions) January 1, 2019 – June 30, 2019	30/06/2019	30/06/2018	Change
Thrustmaster gaming accessories ranges	23.6	30.9	-23%
Thrustmaster total	23.6	30.9	-23%
Hercules digital devices	1.6	1.1	+45%
OEM*	0.3	0.2	+50%
Hercules total	1.9	1.3	+46%
Total turnover	25.5	32.2	-21%
Current operating income	-1.5	2.7	
Operating income	-1.5	2.7	
Financial income**	-1.1	13.3	
Income taxes	+0.1	-1.9	
Consolidated net income	-2.5	14.2	
Earnings per share	€-0.17	€0.93	

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

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

Activity

Over the first half of fiscal 2019, the Group's invoiced sales were down by 21%, mainly due to high inventory levels among certain distributor partners.

At the same time, sales to final consumers of Hercules and Thrustmaster products achieved growth, with very good momentum in terms of flight simulation accessories and DJ controllers.

According to the GfK market research firm, within five European countries — including France, the UK, Germany, Spain and Italy — sales of the Group's main product ranges (i.e. joysticks and racing wheels) to consumers grew by 8% in value and 9% in volume over the first seven months of the year (Source: © 2019 GfK. All rights reserved. Property of GfK and its affiliates).

Over the first half of the year in the United States, sales of the same product ranges achieved growth of 24% in value and 37% in volume (Source: © 2019 The NPD Group, Inc. All rights reserved. Property of The NPD Group, Inc. and its affiliates).

Results

The decrease in turnover over the year's first half resulted in a weaker gross margin, which went from €18.3 million to €13.0 million.

Costs were down by 6%, with their variable components following the decrease in turnover, while other costs remained stable over the period.

Operating income amounted to €-1.5 million, compared with €+2.7 million at June 30, 2018.

Financial income stood at €-1.1 million and includes an unrealized loss of €0.7 million linked to a decrease in the valuation of the Group's portfolio of Ubisoft Entertainment S.A. securities. Consolidated net income amounted to €-2.5 million.

Main balance sheet elements:

(in € millions)	30/06/2019	31/12/2018
Shareholders' equity	54.2	58.3
Inventories	23.8	24.9
Net indebtedness (excluding MIS)*	8.9	7.9
Current financial assets (MIS share)	30.6	31.3

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

The Group's shareholders' equity amounted to €54.2 million at June 30, 2019.

Net indebtedness for the Group, excluding Marketable Investment Securities (MIS), stood at €8.9 million. The Group's portfolio of marketable investment securities amounted to €30.6 million.

Application of the IFRS 16 standard on leases had an impact of €2.2 million on the amount of net indebtedness excluding Marketable Investment Securities (MIS) at June 30, 2019. Working capital requirements were down by €3 million over the period. Research and Development costs capitalized on the balance sheet were up by €0.6 million at June 30, 2019 as a result of increased investments, particularly in the gamepads segment.

End-of-year activity

❖ Thrustmaster

- **Launch of the first pro gamepads:** On October 7, Thrustmaster will announce its first professional gamepad, the *Thrustmaster eSwap Pro Controller*. This new gamepad will provide major innovations for gamers, and is part of the Group's plan to position itself in this high-potential market. This is the largest segment among gaming accessories.
- **Racing range:** The games already launched this summer (*F1® 2019*, *FLA European Truck Racing Championship*, *Truck Driver*) and those to be released by the end of the year (*Wreckfest* and *GRID*) will boost the interest in racing wheels throughout the brand's entire range, as a result of their diversity and the different groups of gamers targeted.
- **e-Sports:** The Thrustmaster brand is the official provider of the T-GT racing wheel at GT Sport competitions worldwide, and will be on hand at the upcoming competitions in Tokyo (*FLA Certified GT Sport World Tour Tokyo*), the finals (*FLA Certified GT Sport Finals*) in Monaco, and the *National Athletics* events in Japan. Thrustmaster was also selected to provide the equipment for the finals of the *Le Mans Esports Series*, organized by the prestigious *24 Hours of Le Mans*. Thrustmaster's partnership with the Jean Alesi eSports Academy represents a new approach in training e-drivers, allowing Thrustmaster to stay close to talented young racing prospects and keep on innovating.

❖ Hercules is adding to its lines of controllers, DJ headphones and DJ speakers.

Thanks to the momentum of its flagship products including the *DJControl Starlight* and *DJControl Inpulse 200*, specific Hercules bundles for Christmas are in the works in order to boost sales.

Hercules' presence at one of the largest music trade shows in Shanghai in November is set to coincide with the launch of a website completely dedicated to the Chinese market, where the Group's controllers are now making inroads.

Customs duties in the United States

The U.S. government has implemented new customs duties. Approximately one quarter of the Group's sales in the United States are currently taxed at a rate of 25%. As of December 15 of this year, the vast majority of gaming accessories are set to be subject to a rate that will depend on negotiations now underway. The Group passes along most of these tariffs in its sales prices.

Prospects

Since the start of the fiscal year, the Group has achieved growth in terms of sales to final consumers, and will launch a new range of innovative gamepads in order to expand its sphere of operation.

The Group operates in two lead markets, namely gaming headsets and third-party gamepads (excluding those produced by game console manufacturers), the market for which accounted for more than €50 million in five European countries over the past seven months (Source: GfK 2019), and more than USD 95 million in the United States over the first half of fiscal 2019 (Source: NPD 2019).

Over the second half of the year, the Group is putting in place a solid promotional program with all of its customers in order to maximize their sales in the lead-up to the end of the year. These initiatives will come into effect to coincide with major events for consumers in November, centered around Black Friday in Europe and North America, and Singles' Day in China.

However, wholesalers' inventories — which had been beefed up in autumn 2018 in anticipation of higher sales levels — have not yet been fully absorbed, resulting in lags and reduced restocking at the end of the year. With respect to the United States, the anticipation of increased customs duties last year also resulted in higher inventory levels, which will continue to impact the Group's invoicing over the second half of the year.

In this context, the Group now forecasts turnover in the order of €65 million for the fiscal year, and cannot guarantee positive operating income.

Following this transitional year, the Group anticipates a rebound in 2020 with the launch of the next generation of game consoles and their accompanying games.

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 net statement of income at June 30, 2019

(All entries are in €K)	30.06.19	30.06.18
Net turnover	25,485	32,200
Purchases	-11,546	-20,823
External expenses	-5,840	-6,107
Personnel expenses	-4,986	-4,628
Taxes and duties	-216	-242
Depreciation and amortization	-1,574	-1,526
Provisions allowance	-677	-661
Changes in inventories	-905	6,903
Other operating revenues	316	150
Other operating expenses	-1,563	-2,516
Current operating income	-1,506	2,750
Other operations-related revenues	0	0
Other operations-related expenses	0	0
Operating income	-1,506	2,750
Cash and cash equivalents revenues	8	16
Cost of gross financial debt	211	44
Cost of net financial debt	-203	-28
Other financial revenues	0	13,373
Other financial expenses	-939	0
Income taxes	102	-1,910
Net income before minority interests	-2,546	14,185
including net income from terminated activities	0	0
Minority interest share	0	0
Group net income	-2,546	14,185
Base earnings per share	€-0.17	€0.93
Diluted earnings per share	€-0.17	€0.93

Consolidated balance sheet at June 30, 2019

ASSETS	Net 30.06.19	Net 31.12.18
<i>(All entries are in €K)</i>		
Excess fair market values	0	0
Intangible fixed assets	11,456	11,115
Tangible fixed assets	4,700	2,607
Financial assets	379	393
Income tax assets	648	674
Deferred tax assets	1,007	873
Non-current assets	18,190	15,662
Inventories	23,842	24,925
Customers	12,671	23,779
Other receivables	1,762	1,442
Financial assets	30,556	31,284
Income tax assets receivables	0	0
Cash and cash equivalents	3,716	4,010
Current assets	72,547	85,440
Total assets	90,737	101,102
 LIABILITIES AND SHAREHOLDERS' EQUITY		
	30.06.19	31.12.18
<i>(All entries are in €K)</i>		
Capital (1)	11,771	11,771
Premiums (1)	10,551	10,551
Reserves and consolidated income (2)	31,435	35,887
Forex adjustments	415	56
Group shareholders' equity	54,172	58,265
Minority interests	0	0
Shareholders' equity	54,172	58,265
Personnel commitments	1,157	998
Loans	2,742	2,532
Other liabilities	0	0
Deferred tax liabilities	0	0
Non-current liabilities	3,899	3,530
Suppliers	13,819	18,878
Short-term loans	9,847	9,337
Fiscal liabilities	340	1,135
Other liabilities	8,621	9,921
Provisions	39	36
Current liabilities	32,666	39,307
Total liabilities and shareholders' equity	90,737	101,102

(1) Of the consolidated parent company

(2) Net income for the fiscal year: €-2,546K

Consolidated cashflow table at June 30, 2019

(All entries are in €K)	30.06.19	30.06.18
Cashflow linked to operating activities		
Net income of integrated companies	-2,546	14,185
+ Depreciation, amortization and provisions allowance (excluding that linked to current assets)	1,880	1,667
- Depreciation, amortization and provisions recovery	0	-930
-/+ Unrealized gains and losses linked to changes in fair value	728	-13,245
+/- Expenses and revenues linked to stock options	0	0
-/+ Net gain/loss on disposals	-5	0
Deferred tax change	-133	1,656
Cashflow after cost of net financial debt	-76	3,333
Cost of net financial debt	203	28
Cashflow before cost of net financial debt	127	3,361
Cashflow Forex adjustment	-7	1
Inventories	1,083	-5,412
Customers	11,108	6,195
Suppliers	-5,059	-336
Other	-4,077	-2,378
Working capital requirements change	3,055	-1,931
Net cashflow linked to operating activities	2,972	1,403
Cashflow linked to investments		
Intangible fixed asset acquisitions	-1,318	-1,305
Tangible fixed asset acquisitions	-337	-715
Intangible and tangible fixed asset disposals	5	0
Financial fixed asset acquisitions	0	-43
Financial fixed asset disposals	0	1
Net cashflow on subsidiary acquisitions/disposals	0	0
Net cashflow linked to investment activities	-1,650	-2,062
Cashflow linked to financing activities		
Capital increase or cash contribution	0	329
Dividends paid	0	0
Debt issuance	0	0
Shareholders' current account reimbursement	0	-972
Debt repayments	-1,585	-2,661
IFRS 16 debt and interest reimbursement	-162	0
Other cashflow linked to financing activities	0	0
Total cashflow linked to financing activities	-1,747	-3,304
Forex adjustment impact	61	-5
Cashflow change	-364	-3,968
Net cashflow at fiscal year start	-2,005	10,279
Net cashflow at fiscal year end	-2,369	6,311