



**SUMMARY OF THE
GUILLEMOT CORPORATION GROUP'S POSITION
DURING THE FISCAL YEAR ENDED DECEMBER 31, 2019**

1. POSITION OF THE COMPANY AND THE GROUP DURING FISCAL 2019

The Guillemot Corporation Group's turnover declined 25% to €60.9 million in 2019, translating into a net loss from ordinary activities of €2.6 million, compared with net income from ordinary activities of €6.9 million in 2018.

Thrustmaster's turnover declined 27%, mainly due to retailers reducing their inventory, particularly in the fourth quarter in the United States, where a major e-commerce operator was keen to prioritize direct supplies of the brand's products.

At the same time, full-year sales of Thrustmaster joysticks to consumers grew 19% by value in the United States (*source: NPD Group Inc. – extract at January 2020*) and 7.5% in the top five European countries (France, Germany, the United Kingdom, Italy and Spain) (*source: © GFK 2020 – extract at January 2020*). Meanwhile, sales of Thrustmaster racing wheels to consumers declined 4.4% by value in the United States (*source: NPD Group Inc. – extract at January 2020*) and 4% in Europe (*source: © GFK 2020 – extract at January 2020*).

Hercules posted growth of 7%, doubling its sales in the United States.

For 2020, the Group is focusing its policy on innovation in a number of areas such as DJing, music, mobility and eSports and preparing to launch new products in its various ranges to take full advantage of the arrival of next-generation consoles and the games that will go with them.

The Group attended the most recent CES show in the United States in mid-January 2020, where it met with key customers to prepare for the end-2020 arrival of the new Sony PlayStation®5 and Microsoft Xbox® Series X consoles.

1.1. Thrustmaster news

Developments in 2019 included Thrustmaster's return to the gamepad market with innovative new products, fresh momentum in joysticks thanks to the Ace Combat™ 7 partnership entered into at the beginning of the year, and lower deliveries of racing wheels.

In 2019, Thrustmaster:

- launched major new products: the official *eSwap Pro Controller* in the EMEA and Asia/China regions, and racing equipment consisting of the TH8A gearbox and the T3PA-PRO pedal set;
- entered into even more strong new partnerships in the eSports segment (with Jean Alesi eSports Academy, Blancpain GT Series, Le Mans Esports Series, etc.);
- strengthened its presence in eSports, becoming the official partner of the SATAL (Squadron Air-to-Air League) combat flight sim tournament;
- supported the launch of Ace Combat™ 7: Skies Unknown in February 2019, with new specially licensed joysticks for Xbox One®, PlayStation®4 and PC;
- delivered very strong growth in sales of Thrustmaster joysticks thanks to strong business momentum since the January 2019 launch of the officially licensed Ace Combat™ 7 range;
- took part in the largest international trade shows and eSports events.

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

The rapid growth of eSports presents a genuine opportunity in product segments in which the Group specializes; the Group is now well placed in this segment, with strong partnership agreements in place.

The Group aims to increase its market share in high-growth countries through a variety of initiatives:

- marketing campaigns to drive up perceived value
- sales campaigns to increase distribution
- promotional campaigns to ensure the Group's ranges remain competitive

1.1.1. Racing wheels and accessories

Considered a flagship brand in the racing wheel category and in high-end racing wheels more specifically, Thrustmaster stands head and shoulders above the pack in the core market of passionate gamers seeking unique thrills.

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Keen to address its community of F1 fans (from beginners through to advanced and expert gamers), Thrustmaster combined two of its flagship official Ferrari-licensed products to form the *Scuderia Ferrari Race Kit*. This kit consists of the *T.Racing Scuderia Ferrari Edition* headset, developed to provide audio fidelity and accurate sound reproduction in all racing games, as well as the detachable Ferrari F1 Wheel Add-on – a precision powerhouse delivering the ultimate single-seater racing experience (for F1 and other single-seater racing games).

In March 2019, Thrustmaster announced the launch of two new racing wheels joining the Thrustmaster racing ecosystem to meet demand from the racing community:

- The *TM Competition Wheel Add-on Sparco® P310 Mod*, designed as the official replica of the famous Sparco® P310 Competition wheel, offers unparalleled immersion and realism thanks to its unique ergonomic shape, suede grip and range of materials used. This high-performance wheel is ideal for gamers looking to experience the closest thing to real racing conditions.
- The *TM Open Wheel* was inspired by real GT, LMP and LMS racing wheels found at modern day racing circuits. With a diameter of 28 cm, its compact size is perfectly suited to a wide range of racing styles and helps users improve their performance. The lightest ever wheel in the Thrustmaster racing ecosystem, the TM Open Wheel provides enhanced force feedback, offering gamers the ultimate real racing experience.

This ecosystem is regularly expanded to meet the needs of Thrustmaster's racing community and fans all over the world.

To satisfy its most advanced users, Thrustmaster released a set consisting of the high-end TH8A manual sequential gearbox and the T3PA-PRO multi-platform all-metal three-pedal set. With its patent-pending HEART technology (Hall Effect AccuRate Technology), the TH8A gearbox offers an unlimited lifespan thanks to its contactless magnetic sensors.

In 2019, Thrustmaster prepared to launch a multi-platform magnetic pedal set with a Load Cell brake for ultra-precise in-race braking. Launched in February 2020, this new pedal set, long awaited by the community, offers racers the thrill of unparalleled realism and the opportunity to improve their race performance, with a level of precision unrivaled by any other Thrustmaster product. This new robust and versatile add-on is a worthy addition to an already highly-thought-of racing ecosystem.

1.1.2. Audio headsets

Thrustmaster continues to expand its presence in the gaming headset market. Its twin expertise in the audio and gaming worlds is a major asset, enabling it to develop headsets that offer high audio quality while also meeting gamers' demands in other areas. In this key segment, Thrustmaster has opted to focus primarily on meeting the needs of its racing and flying communities. Thrustmaster headsets offer precision-calibrated audio performance combined with high levels of realism.

The strength of the Group's partnerships with the US Air Force™ and Ferrari and the rise of flying and racing competitions have significantly strengthened Thrustmaster's flight sim ecosystem, with its high-end T.Flight US Air Force Edition, officially licensed by the US Army.

No new Thrustmaster gaming headsets were launched in 2019. The most recently launched gaming headsets date from 2018: the T.Flight US Air Force Edition (October 2018), the T.Racing Scuderia Ferrari Edition (November 2018), the Six Collection Edition range (December 2018), the T.Assault Six Collection Edition and the Y-300CPX Six Collection Edition.

1.1.3. Gamepads

In 2019, Thrustmaster worked towards the launch of its brand new range of professional gamepads for eSports players, successfully launching its new *ESWAP PRO CONTROLLER* in Europe and Asia (excluding Japan) in November 2019.

With the rise of eSports competitions and the trend towards players keen to secure a ranking and multi-platform games, Thrustmaster wanted to respond to the needs of gamers demanding increasingly high-performing gamepads and eager to compete. To achieve this goal, Thrustmaster worked closely with gamers to optimize its professional gamepad and ensure full compatibility as well as high levels of performance. The gamepad's innovative design incorporates feedback from gamers who have mastered the techniques of gamepad gaming. The eSwap Pro Controller offers optimum precision and very fast response times.

The gamepad, officially licensed by Sony PlayStation®4 as well as being PC-compatible, uses unique modular technology to offer unlimited combinations of modules, enabling users to pursue an ever more intense gaming experience. This product ushers in a new era, which Thrustmaster intends to leverage to offer gamers the solutions of the future. Thrustmaster offers modules compatible with the *ESWAP PRO CONTROLLER*, with ultra-responsive contact switches offering high levels of precision and near-instant response times as well as an improved sense of control both during long gaming sessions and over the long term. This new range is the fruit of a "design thinking" process initiated in 2018. New modules will be added to the eSwap ecosystem in the first half of 2020.

This first professional gamepad incorporates unique innovations for players and aims to secure the Group's position in the increasingly strategic and high-potential eSports market, now the largest segment in the entire gaming accessories market. It offers increased performance levels for all competitions requiring uncompromising precision. This positioning in the gamepad market demonstrates Thrustmaster's desire to become a leading player in this premier class of videogame equipment. Thrustmaster continues to roll out this controller in Asia, with a Japanese launch scheduled for March.

Since it was announced on October 7, 2019, the new *ESWAP PRO CONTROLLER*, based on an unrivaled new concept, has received a particularly enthusiastic welcome from consumers, the trade press and social media, achieving record levels of popularity.

A series of marketing events were arranged to support the launch of this gamepad. At the last G-Star show, which was held in South Korea in November 2019 and attracted over 700,000 visitors, influencers and gamers flocked to the Thrustmaster stand

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to get a look at the new ecosystem. A dedicated website specially created for the product recorded the largest audience and most extensive media coverage ever recorded across the Thrustmaster platform.

A number of dedicated ambassadors are helping boost the visibility of the *eSwap Pro Controller* and develop events in stores and at trade shows.

A new version is currently being prepared to tie in with the launch of Microsoft's new console.

1.1.4. Flight simulation accessories

The Group remains very active in the flight sim accessories market.

On March 26, 2019, Thrustmaster announced its partnership with Squadron Air-to-Air League (SATAL), the world's leading combat flight sim tournament. SATAL is a PvP (player versus player) competition in which the top squadrons compete six against six in the Diamond League or four against four in the Gold League. The tournament, which runs for six months, culminated in a final clash to gain supremacy in the virtual skies in October.

On April 9, 2019, Thrustmaster partners and the Virtual Red Arrows met the famed official Red Arrows squadron at the Royal Air Force base in Scampton, United Kingdom.

At the US flight sim show in Orlando, Florida in June 2019, visitors had the opportunity to try out the new *F/A-18C Hornet HOTAS Add-On Grip*, inspired by the aircraft's real control stick and developed under a brand licensing agreement with the Boeing Intellectual Property Licensing Company, which owns the rights to McDonnell Douglas aircraft. This brand new joystick, released in July, offers a realistic flight experience from aircraft carrier to aerial dogfights, not forgetting air-to-ground combat. Several years after demonstrating the performance of its HOTAS Warthog (A-10C) replica joystick, Thrustmaster now offers a versatile alternative for seasoned gamers keen to push the boundaries of their flying experience with this new replica flight stick. Like the original on which it is based, the *F/A-18C Hornet™ HOTAS Add-On Grip* multi-task stick is perfect whether you need to shoot down MiGs or fly off to attack a platoon of enemy tanks.

The T.Flight HOTAS Ace Combat™ 7: Skies Unknown joystick, released in the first half of 2019, was a huge hit in Japan, with a potential media audience of over 200 million views (fueled by a wide range of online and offline appearances), combined with a successful international media marketing launch. This joystick is part of the Thrustmaster flight sim ecosystem. A complete, must-have accessory for PS4 and PC gamers, this high-performance flight stick offers a number of attractive benefits.

At the end of December 2019, Thrustmaster unveiled its *TM HOTAS Magnetic Base* and *F-16C Viper™ HOTAS Add-On Grip*, both offshoots of the celebrated HOTAS Warthog flight stick, to complement the *F/A-18C Hornet™ HOTAS Add-On Grip* released last July. Buying the base on its own gives users total flexibility: it accepts any Thrustmaster flight stick (sold separately), offering an optimized and personalized flight experience tailored to the game being played.

The Group is keen to maximize the exposure of its ranges for the eagerly awaited release of Microsoft Flight Simulator 2020, set to be a key event in 2020.

1.1.5. eSports

In 2019, Thrustmaster strengthened its positioning in the eSports segment, mainly in racing and flying.

Thrustmaster entered into a number of significant partnerships over the period:

- On March 28, 2019, the brand announced a partnership with Jean Alesi eSports Academy to deliver an ambitious and exciting program, setting up a dedicated structure to help already high-performing sim racers climb to new heights. Sim racers selected for this program benefit from a comprehensive package of training. The training covers everything the drivers need: race strategy, fine-tuning car settings, mental preparation, physical training, diet, communication, etc. The partnership with Jean Alesi Academy is a new approach to training e-racing drivers, giving Thrustmaster an opportunity to keep in step with upcoming young drivers and continue to innovate.
- In mid-June 2019, Thrustmaster confirmed its partnership with the Le Mans Esports Series (LMES), the official eSports series of the 24 Hours of Le Mans, the World Endurance Championship (WEC) and Motorsport Network, and provided its expertise to help make the LMES competition even more immersive and realistic, culminating in the Super Final at the famous 24 Hours of Le Mans. Thrustmaster was selected as equipment supplier for the final of the Le Mans eSports Series, run by the organizers of the 24 Hours of Le Mans.

Thrustmaster was heavily involved in the SRO E-Sport GT Series, the new PC eSports competition using the Assetto Corsa Competizione game: the brand was the official racing wheel supplier for two of the competition's four rounds, at the Monza circuit in Italy (April 13-14, 2019) and the Paul Ricard circuit in France (May 31 to June 1, 2019).

At the beginning of September 2019, Thrustmaster announced a new eSports partnership with Gold Team Racing. Now the team's sponsor and equipment supplier, Thrustmaster is proud to be involved with this great family of virtual drivers for whom the values of work, expertise and fair play are essential. Since starting out in 2016, the team has steadily and consistently improved its performance.

As in 2018, the Thrustmaster brand was once again the official supplier of the T-GT racing wheel for GT Sport competitions worldwide, and attended the most recent FIA Certified GT Sport World Tour Tokyo, the FIA Certified GT Sport Finals in Monaco and the National Athletics competition in Japan. The T-GT racing wheel is recognized as one of the best wheels for sim racers seeking unparalleled performance.

At the 2019 eSports WRC World Final held at the end of September in Barcelona, Thrustmaster saw three champions reach the podium. Thrustmaster-sponsored driver Kamil Franczak also won the final of the SRO E-Sport GT Series, a new PC eSports competition, in Barcelona.

The Thrustmaster brand was also the official equipment supplier for the Ferrari team taking part in the F1 eSports Series 2019.

Thrustmaster was official partner and racing wheel supplier at the first eSports rally competition of 2020: the DiRT 2.0 Rally World Series, held in Birmingham (UK) on January 12, 2020.

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Thrustmaster became the official partner of the SATAL (Squadron Air-to-Air League) combat flight sim tournament. Thrustmaster considers SATAL a major player for the future of eSports in the flight sim category. The fan-founded event has rapidly become the world's largest combat flight sim tournament.

1.2. Hercules news

In 2019, Hercules:

- successfully launched its new *DJControl Inpulse* range of DJ controllers;
- expanded its controller, DJ headphones and DJ speaker ranges;
- took part in a number of international trade shows (NAMM Show, China Music Expo, CES Las Vegas, The DJ Show, etc.);
- constantly updated its DJUCED software, a full version of which is supplied with Hercules controllers, to improve the user experience;
- established and expanded its commercial presence, notably in China and South Korea, including entering into new partnerships.

US sales of Hercules controllers more than doubled over the period thanks to the new range of *DJStarLight* and *DJInpulse 200 and 300* controllers.

At the end of December 2019, DJUCED announced an update to its DJ software supplied with Hercules controllers, releasing two new main versions. DJUCED version 4.0.7 offered a more dynamic scratching sound, while version 4.1.0 introduced considerable improvements to the user experience, notably by incorporating online music streaming and sharing service Mixcloud. The Intelligent Music Assistant was also given a boost with an improved *Hercules DJ Academy* interface. With the streaming era in full swing, DJUCED is now a major league player both by number of licenses issued (over 600,000) and by the multitude of functions and possibilities it offers. Future partnerships with streaming music operators will open up new areas of interest for DJs.

Hercules DJ Academy, integrated into DJUCED, also offers video tutorials and tips and tricks from Hercules ambassadors to help new users find their feet.

1.2.1. DJ controllers

After launching its new *DJControl Inpulse* range of controllers (the *Hercules DJControl Inpulse 300* turntable went on to win the prestigious Innovation Award at CES Las Vegas 2019), at the beginning of 2019 Hercules announced the launch of two packs for beginner DJs looking for an all-in-one solution to learning and mastering the art of DJing:

- *Hercules DJParty Set* offers the ideal DJ set for holding an impromptu party at any time with Serato DJ Lite. It consists of the ultra-compact *DJControl Starlight* controller, the HDP DJ45 headphones and five bracelets that light up in time with the beat. DJ Party Set is easy to move and set up, making it an ideal gift for anyone wanting to easily move around and take the party with them.
- The all-in-one *Hercules DJLearning Kit*, available since October 16, 2019, is the ideal gift for anyone wanting to begin mixing, improve their skills and become a DJ. This easy-to-install kit consists of the *Hercules DJControl Starlight* controller, the Hercules DJMonitor 32 speakers, the HDP DJ M40.2 headphones and Serato DJ Lite.

At the most recent NAMM show in Anaheim in January 2020, the *Hercules DJStarter Kit* controller won the "NAMM U Best In Show" award in the "Gotta Stock It" (i.e. bestseller) category. Out of 27 winners, this controller was the first product in the DJ category for two years (the last DJ product to win the award was in 2017).

The Hercules stand was also a big hit at the China Music Expo held in Shanghai from October 10 to 13, 2019, generating significant press coverage and attracting large numbers of followers for Hercules' Chinese social media feeds.

The *DJControl Inpulse* range of controllers has got off to a promising start in the Chinese market.

1.2.2. DJ speakers and headphones

Hercules expanded its range of speakers in 2019.

In March, the brand released its new *DJSpeaker 32 Party* speakers, providing a two-in-one solution for party nights.

The *DJSpeaker 32 Smart* Bluetooth monitoring speakers followed in September. These compact, high-quality speakers are ideal for wirelessly mixing, producing and listening to music. Offering a total power of 30 watts RMS, they come with a three-inch bass speaker and an optimized acoustic waveguide. The speakers, which can be connected either via Bluetooth or using the supplied cable, are perfect for sharing playlists and experiencing the mix at parties.

The *Hercules Monitor 5* speakers, available since November 2019, are ideal for practicing mixing, producing your first tracks and creating multimedia content. Optimized for production, this pair of active monitoring speakers, rated 2 x 80 W, offers powerful audio rendition for home studio use. The speakers, which connect via Bluetooth, are ideal for beginner DJs. As well as being small and portable, they also stand out for their audio quality and power.

Hercules engineers used cutting-edge facilities (an anechoic chamber, test benches, etc.) to give this new generation of monitoring speakers an even more advanced design. Versatile and powerful, they lend themselves to both music creation projects and day-to-day multimedia use.

The *Hercules HDP DJ45* headphones, launched in 2019, is perfect for beginner DJs: by plugging it into the headphones output of their DJ equipment, users can preview the next track, tilt one earpiece to hear what's going on in the room and move around freely thanks to the long coiled cable.

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1.3. US/China trade deal

Under the Phase 1 trade deal between the United States and China, planned import tariffs on gaming console accessories – which account for the bulk of the Group's sales in North America – were scrapped and tariffs on DJ speakers halved. Import tariffs continue to apply to the Group's PC accessories and DJ turntables.

1.4. Sustained international expansion and quickening growth in the Asia-Pacific region

In 2019, the Group expanded its international presence further than ever before, with sales outside France totaling €57 million in the year, accounting for 94% of total consolidated turnover.

In an increasingly international market, the Group enjoys a strong presence in the Europe, North America and Asia-Pacific regions.

In 2019, the Group opted to pursue a policy of business expansion to:

- reduce wholesalers' inventories in the first half of 2019 thanks to strong sales to consumers in the United States and Europe;
- streamline wholesalers' inventories;
- continue with its innovation drive;
- speed up expansion in the Asia-Pacific region, which now accounts for over 16% of the Group's sales;
- expand distribution of the Thrustmaster brand to more than 120 countries worldwide;
- consolidated its worldwide business development.

Asia-Pacific is at the heart of the Group's strategy, and business accelerated significantly in the region, with buoyant sales in China and strong momentum in Thrustmaster sales in Asia. The Group also entered into new partnerships in South Korea, one of its development priorities in Asia. Over the period, Hercules expanded distribution in China and South Korea, where it added new local distribution agreements.

In North America, the Group's sales fell 49% from €27.5 million to €14.1 million, with deliveries to wholesalers sharply down as they destocked throughout the year.

Since autumn 2018, 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 US stores.

In Europe, the Group's turnover declined 20% in 2019, down from €40.4 million to €32.4 million.

Business momentum was strong in the Middle East region as well as in Russia, Australia and Japan.

2. GROUP RESULTS

Key figures from Guillemot Corporation's consolidated financial statements for the fiscal year ended December 31, 2019 are as follows:

(€m)	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Turnover	60.9	81.2	80.4
Net income from ordinary activities	-2.6	6.9	3.9
Net operating income	-2.6	6.9	5.9
Net financial income*	-4.6	3.1	13.8
Consolidated net income	-6.4	12.2	17.5
Basic earnings per share	-€0.42	€0.80	€1.19
Shareholders' equity	50.3	58.3	45.5
Net debt (excl. AFS securities)**	10.2	7.9	1.2
Inventories	21.4	24.9	8.4
Intangible assets	11.4	11.1	10.6
Current financial assets (AFS securities portion)	27.3	31.3	28.5

* 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 for fiscal year 2019 totaled €60.9 million, down 25% year on year. Net income from ordinary activities came in at -€2.6 million, compared with +€6.9 million in the year to December 31, 2018.

Net operating income also came in at -€2.6 million, compared with +€6.9 million in the year to December 31, 2018.

Net financial income of -€4.6 million included a €3.9 million revaluation loss on current financial assets (available-for-sale securities) consisting of Ubisoft Entertainment shares.

The Group posted a consolidated net loss of €6.4 million for the year, compared with consolidated net income of €12.2 million in 2018, after taking into account €0.8 million of tax income in the year. This includes a net financial expense of €3.9 million arising from a revaluation loss on the Group's portfolio of Ubisoft Entertainment shares.

Current financial assets totaled €27.3 million at December 31, 2019, consisting of 443,874 Ubisoft Entertainment shares.

Net debt excluding available-for-sale (AFS) securities stood at €10.2 million.

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Shareholders' equity decreased from €58.3 million to €50.3 million.

The Group's financial structure is robust, with net debt standing at €10.2 million at December 31, 2019 (excluding the portfolio of available-for-sale securities: €27.3 million), compared with €7.9 million at December 31, 2018.

▪ Turnover by business segment

(€m)	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Hercules	4.7	4.4	4.7
Standard product lines	4.1	3.7	4.3
OEM*	0.6	0.7	0.4
Thrustmaster	56.2	76.8	75.7
Standard product lines	56.2	76.8	75.7
OEM	0.0	0.0	0.0
TOTAL	60.9	81.2	80.4

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

▪ Turnover by geographical region

(€m)	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
European Union	32.4	40.4	44.5
North America	14.1	27.5	24.6
Other	14.4	13.3	11.3
TOTAL	60.9	81.2	80.4

▪ Net operating income by business area

(€m)	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Hercules	-1.7	-2.6	-3.9
Thrustmaster	-0.9	9.5	9.8
TOTAL	-2.6	6.9	5.9

3. INFORMATION ABOUT THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS

3.1. Income statement

During the fiscal year, the Group generated consolidated turnover of €60,875k excluding taxes.

The main operating expenses were purchases totaling €28,782k.

External expenses of €13,150k mainly consisted of transportation, advertising and marketing costs.

Employee expenses totaled €9,777k, while additions to amortization, depreciation and provisions totaled €4,564k.

Taxes and duties totaled €346k and other income and expenses netted out at a €3,648k expense.

Net income from ordinary activities totaled -€2,590k.

Net operating income came in at -€2,590k.

The cost of net financial debt was €375k and other financial income and expenses netted out at a €4,262k expense, including a €3,950k revaluation loss on the Group's holding of Ubisoft Entertainment shares.

After taking into account these items and tax income of €813k, the Group posted a net loss of €6,414k.

Basic earnings per share came out at -€0.42.

3.2. Balance sheet

Non-current assets consisted of €11,401k in net intangible assets, €4,598k in net property, plant and equipment, €268k in financial assets, €880k in tax assets and €1,149k in deferred tax assets.

Current assets included the following items:

- inventories with a net value of €21,390k taking into account €1,604k in impairment charges
- trade receivables with a net value of €19,579k taking into account €195k in provisions for doubtful accounts
- other receivables with a net value of €1,644k, mainly consisting of receivables in relation to value added tax and advances and progress payments made
- financial assets totaling €27,334k and cash and cash equivalents of €5,851k

Shareholders' equity stood at €50,342k.

Non-current liabilities totaled €9,215k, including borrowings of €8,007k.

Current liabilities totaled €35,492k, including foreign currency borrowings and advances of €8,027k.

The Group's operating cash flow after cost of financial debt totaled €1,226k in the year.

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The Group's working capital requirement fell by €3,942k in fiscal year 2019, mainly due to lower inventory levels.

Cash flows from investing activities consisted of capitalized research and development costs and equipment used in the production of new products.

Cash flows linked to financing activities included €11,000k in new borrowings in the year to finance new research and development projects and changes in working capital.

4. INFORMATION ABOUT GUILLEMOT CORPORATION SA'S FINANCIAL STATEMENTS

4.1. Income statement

Guillemot Corporation SA generated turnover of €60,315k in the fiscal year.

Operating income totaled €60,086k.

The main operating expenses were purchases consumed totaling €26,979k and external expenses totaling €23,931k.

External expenses mainly consisted of subcontracting, development costs, and transportation, advertising and marketing costs.

Taxes and duties and employee expenses totaled €394k and other expenses came to €5,189k.

Additions to amortization and depreciation totaled €1,990k.

Additions to provisions on current assets totaled €1,610k.

The company recognized a €350k provision relating to product returns.

Total operating income less total operating expenses resulted in a net operating loss of €1,111k.

Taking into account net financial income of -€867k, a net non-recurring expense of €292k and a corporate income tax expense of €336k, the company posted a net loss of €1,934k.

Net financial income may be broken down as follows:

Foreign currency translation adjustments:	-€33k
Interest income and expenses:	-€336k
Net income from sales of AFS securities:	-€49k
Additions to and reversals from provisions:	-€449k

Interest income mainly consisted of €11k in interest on bank deposits, €8k in current account interest and €16k in respect of a current account advance to subsidiary Guillemot GmbH (Germany) with a clawback provision, which was reinstated in the balance sheet after having been waived by the parent company in 2004.

Financial expenses mainly consisted of €352k in interest charges on borrowings and bank balances and €21k in current account interest charges.

The net expense from the disposal of treasury shares under the liquidity agreement in force totaled €49k.

Write-backs of impairment on shares of subsidiaries totaled €21k, while reversals of provisions on current account advances totaled €22k.

Additions to provisions on shares of subsidiaries totaled €497k.

The company recognized exceptional amortization of €292k on development costs and equipment no longer meeting the criteria for capitalization.

The main interim management figures are as follows:

Production in the year:	€57,551k
Value added:	€5,537k
Earnings before interest, tax, depreciation and amortization:	€5,143k

4.2. Balance sheet

Net fixed assets totaled €19,554k, consisting of €10,504k in intangible assets, €1,499k in property, plant and equipment and €7,551k in non-current financial assets.

Intangible assets included development costs with a net value of €4,677k. Development costs of €292k no longer meeting the criteria for capitalization were retired from the balance sheet.

The net value of inventory stood at €16,125k.

Trade receivables totaled €18,530k, taking into account €594k in provisions for doubtful accounts, including intragroup impairment charges of €399k.

Other receivables with a net value of €1,769k mainly consisted of current account advances to subsidiaries with a net value of €190k, VAT receivables totaling €547k, tax receivables due from Group companies totaling €809k and credit notes receivable totaling €52k (including €50k of intragroup credit notes).

The net value of available-for-sale securities totaled €7,011k, including 100,781 treasury shares with a net value of €244k.

Shareholders' equity totaled €27,224k.

5. STRATEGY AND OBJECTIVES OF THE COMPANY AND THE GROUP

The Group's strategy is mainly focused on a policy of innovating with the aim of offering ever more effective and unique solutions. The Group is constantly monitoring emerging technologies with a view to developing its products as well as thinking about the user experience in an effort to meet expectations. Its strategy is also based on developing partnerships to anticipate new trends and develop innovations offering real benefits for the Group.

The Group's inherent strengths, combined with lasting and stable strategic partnerships, should enable it to grow its market share.

The Group continues to evolve to keep in step with growth in online sales and to cater for its expanded geographical footprint, which now covers more than 120 countries.

The Group will be stepping up its strategy in 2020, with the following key challenges:

- improving competitiveness and product profitability by optimizing sales and marketing spend
- adapting its distribution model as online sales continue to grow
- revitalizing its entire product portfolio, taking care to ensure that all ranges are optimally positioned
- growing sales by stepping up promotional, communications and sales activities
- optimizing deployment of its sales force to ensure efficient distribution to customers
- equipping the Group to adapt to changes in its business sector and environment

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

In light of the coronavirus (COVID-19) epidemic, the Group has reviewed the consequences of the ongoing public health situation on its business. Given the rapid spread of the virus, the Group is regularly re-evaluating this changing situation.

The Group considers that the current public health situation may have the following effects on its business:

As regards its internal organization, the Group has implemented a business continuity plan across its various sites to ensure employee safety, help slow the spread of the virus and minimize the impact on both its own business and that of its customers. At the operational level, over 90% of the Group's workforce is now working from home. Although business has, as one would expect, slowed, the Group is seeing an improvement in online sales due to its accessories being used indoors. Its subsidiaries remain fully operational.

The onset of the COVID-19 crisis has been staggered across the Group's countries of operation. Given its presence in China and Italy, the Group was quick to step up its vigilance in other regions. Furthermore, the deterioration in the international economic environment and consumer purchasing power may affect sales of the Group's products. At the same time, with its Chinese subcontractors having delayed opening their production facilities in China following the Chinese New Year, the Group expects product releases scheduled for the first half to be delayed and some lines to be out of stock over the period.

At the financial level, the Group's robust financial structure means it can navigate this turbulent environment cautiously but confidently. In consultation with its partner banks, the Group is currently making arrangements to defer loan repayments for six months to optimize cash flow during this period.

The current main focus of the Group's fears is the possibility of tighter restrictions that could adversely affect its ability to ship its products. With most stores closed, the Group's current shipments are mainly to e-commerce operators. However, thanks to direct deliveries by Amazon in Europe and the United States, the Group is currently able to ensure that a significant proportion of its range remains available for consumers to buy.

Against this backdrop, the Group is doing everything possible to pave the way for strong year-end sales once restrictions in force in various countries are lifted.

The Group is unable to issue numerical forecasts at the present time.

7. INFORMATION ABOUT GUILLEMOT CORPORATION SA'S SHARE CAPITAL

At the most recent balance sheet date of December 31, 2019, the share capital totaled €11,771,359.60, made up of 15,287,480 ordinary shares with a par value of €0.77 each.

There were no changes in the share capital during the fiscal year ended December 31, 2019, nor have there been any such changes since that date.

There were some changes in the breakdown of ownership during the fiscal year ended December 31, 2019, with Messrs Claude, Michel, Yves, Gérard and Christian Guillemot, founding shareholders and executive directors of the company, transferring shares to their respective spouses and children on May 3, 2019.

At December 31, 2019, the Guillemot family group directly and indirectly held 72.77% of the share capital and 83.98% of voting rights exercisable at shareholders' general meetings.

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

At December 31, 2019						
Shareholder	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 Ltd. (2)	2,236,122	14.63%	4,472,244	17.50%	4,472,244	17.57%
Michel Guillemot	1,054,059	6.89%	2,093,118	8.19%	2,093,118	8.22%
Claude Guillemot	1,224,574	8.01%	2,434,148	9.52%	2,434,148	9.56%
Christian Guillemot	1,273,715	8.33%	1,755,555	6.87%	1,755,555	6.90%
G�rard Guillemot	983,736	6.43%	1,952,472	7.64%	1,952,472	7.67%
Yves Guillemot	814,573	5.33%	1,614,146	6.32%	1,614,146	6.34%
Yvette Guillemot	12,553	0.08%	13,355	0.05%	13,355	0.05%
Other members of the Guillemot family (4)	3,524,738	23.06%	7,042,391	27.56%	7,042,391	27.66%
Together	11,124,070	72.77%	21,377,429	83.65%	21,377,429	83.98%
Treasury shares (3)	100,781	0.66%	100,781	0.39%	0	0.00%
Free float	4,062,629	26.57%	4,079,093	15.96%	4,079,093	16.02%
TOTAL	15,287,480	100.00%	25,557,303	100.00%	25,456,522	100.00%

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

(2) Fully controlled by members of the Guillemot family. A *societas Europaea* (SE) converted into a limited liability company.

(3) Treasury shares with no voting rights.

(4) Spouses and descendants of Messrs Claude, Michel, Yves, G rard and Christian Guillemot; none of them individually holds 5% or more of the company's share capital or voting rights.

8. WORKFORCE

A breakdown of the current workforce is as follows:

	At December 31, 2019						At December 31, 2018					
	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Guillemot Innovation Labs	Foreign subsidiaries	Total	Parent company	Guillemot Administration et Logistique	Hercules Thrustmaster	Guillemot Innovation Labs	Foreign subsidiaries	Total
Total	5	45	54	3	84	191	5	41	51	2	84	183
O/w permanent contracts	5	42	52	3	78	180	5	39	49	2	76	171
O/w fixed-term contracts	0	3	2	0	6	11	0	2	2	0	8	12
O/w women	0	27	26	0	26	79	0	24	24	0	24	72
O/w men	5	18	28	3	58	112	5	17	27	2	60	111
Aged under 30	0	5	15	0	13	33		5	14		16	35
Aged 30-39	0	9	12	1	29	51		6	9		29	44
Aged 40-49	0	12	18	0	30	60		16	18		30	64
Aged 50 and over	5	19	9	2	12	47	5	14	10	2	9	40

The Group's total workforce in 2019 averaged 185 people, compared with 173 in 2018.