

2020 CONSOLIDATED INTERIM RESULTS
FULL-YEAR FORECASTS UPGRADED

The Guillemot Corporation Group's financial statements to June 30, 2020 are broken down as follows.

First half (€ millions) January 1 – June 30, 2020	Jun 30, 2020	Jun 30, 2019	Change
Thrustmaster gaming accessories	38.9	23.6	+65%
Thrustmaster total	38.9	23.6	+65%
Hercules digital devices	2.3	1.6	+44%
OEM*	0.3	0.3	-
Hercules total	2.6	1.9	+37%
Total turnover	41.5	25.5	+63%
Net income from ordinary activities	3.1	-1.5	-
Net operating income	3.1	-1.5	-
Net financial income**	5.3	-1.1	-
Corporate income tax	-1.1	+0.1	-
Consolidated net income	7.3	-2.5	-
Earnings per share	€0.48	-€0.17	-

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

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

Activity

The Group's turnover rose sharply in the first half of 2020, up 63% at €41.5 million. Consumers played more video games over the period and opted to expand their ecosystem of accessories. This half-year performance was driven by strong demand for Thrustmaster gaming accessories and Hercules DJ accessories, adjustments to the Group's distribution channels, including direct sales agreements with leading global e-tailers, and the commitment of our staff despite difficult conditions resulting from the pandemic.

Results

Gross profit came in at €21.4 million, up from €13 million in the same period a year earlier.

Costs were up 25%, with the workforce holding steady.

The COVID-19 pandemic generated few additional costs, the main items being computer equipment for staff working from home, protective equipment, face masks, gel and disinfectants. The total cost over the first half of 2020 is estimated at €60k.

The Group posted a net operating profit of €3.1 million, compared with a net operating loss of €1.5 million for the six months ended June 30, 2019. Net financial income of €5.3 million included a €5.2 million unrealized gain resulting from an increase in the valuation of the portfolio of Ubisoft Entertainment SA shares. Consolidated net income totaled €7.3 million.

Key balance sheet items

(€m)	Jun 30, 2020	Dec 31, 2019
Shareholders' equity	57.4	50.3
Inventories	15.8	21.4
Net debt (excl. AFS securities)*	0.5	10.2
Current financial assets (AFS securities portion)	32.6	27.3

* Available-for-sale (AFS) securities are not taken into account when calculating net debt.

Group shareholders' equity stood at €57.4 million at June 30, 2020.

The Group's net debt stood at €0.5 million not including available-for-sale securities, while its portfolio of available-for-sale securities was measured at €32.6 million.

Adoption of IFRS 16 on leases resulted in a €1.9 million increase in net debt excluding available-for-sale securities at June 30, 2020. The Group generated €8.1 million of cash over the first half of 2020, with positive operating cash flow of €4.8 million and a €6.7 million reduction in working capital. Inventory levels fell over the period in line with distribution levels, which are now very low. Capitalized research and development costs over the six months to June 30, 2020 totaled €4.9 million, up €0.4 million.

Year-end news

❖ **COVID-19:** A resurgence of the COVID-19 pandemic could have the following impacts on the Group:

- Changes to distribution channels as a result of fresh lockdowns
- Increased difficulties sourcing components
- Increased interest in video games and accessories as a result of people spending more time at home

❖ Thrustmaster

➤ **Flying news:** the release of *Microsoft Flight Simulator* on August 18 was a big success, fueling a new wave of flight simulation accessories.

In June, the Group released the first product in its Thrustmaster Civil Aviation range, the *TCA Sidestick Airbus Edition* joystick. This new range of accessories will consist of four PC products. In an article published on September 7, UK website IGN said the *TCA Sidestick* was “the best joystick to use with Microsoft Flight Simulator”.

The early October launch of air combat game *Star Wars: Squadrons* will also help boost sales of console and PC accessories.

In the first half of 2020, Thrustmaster was number one in the joystick market by volume and value both in North America and across five major European countries (France, the United Kingdom, Germany, Spain and Italy; sources: © GfK 2020, all rights reserved; © The NPD Group, Inc. 2020, all rights reserved).

➤ **Racing news:** a strong crop of new racing games, including F1 2020 (released in July), Project CARS 3 (released August 28), WRC 9 (released early September) and DiRT 5 (due for release on November 10), continues to fuel momentum in the racing accessories market.

❖ Hercules

The *Hercules DJControl Impulse 500*, launched mid-June, has received a very positive welcome from the DJ community, featuring as one of the best-selling products for major music retailers like Thomann in Europe and Sweetwater in the USA.

❖ **New console launches:** The imminent arrival of new consoles, with the *Xbox Series X|S* from Microsoft Corporation, available in two versions and set to launch on November 10, and the PlayStation®5 from Sony Interactive Entertainment Inc., slated to arrive on November 19 and also available in two versions, will be a key driver over the final part of 2020 and the next few years. All of the Group's officially licensed PlayStation®4 racing wheels and joysticks will work with the new PlayStation consoles. Similarly, all of the Group's Xbox One licensed racing wheel and joystick accessories are compatible with the new Microsoft *Xbox Series X|S* consoles.

Outlook

The success of *Microsoft Flight Simulator*, current strong demand for gaming accessories and the arrival of next-generation consoles before the end of the year mean the Group is in a position to upgrade its turnover and earnings forecasts despite high levels of uncertainty resulting from the pandemic.

The Group is now forecasting full-year turnover in excess of €100 million and an operating profit margin of over 10% of turnover.

Guillemot Corporation designs and manufactures interactive entertainment hardware and accessories. The Group offers a diversified range of products under the Hercules and Thrustmaster brands. Active in this market since 1984, the Guillemot Corporation Group currently operates in 11 countries (France, Germany, Spain, the United Kingdom, the United States, Canada, Italy, Belgium, China/Hong Kong and Romania) and distributes its products in more than 120 countries worldwide. The Group's mission is to offer high-performance, user-friendly products that maximize enjoyment for end users of digital interactive entertainment solutions. Contact: Guillemot Financial Information – Tel.: +33 (0) 2 99 08 08 80 - www.guillemot.com

APPENDICES

(All figures in €k)

Consolidated statement of net income to June 30, 2020

(All figures in €k)	Jun 30, 2020	Jun 30, 2019
Net turnover	41,519	25,485
Purchases	-15,772	-11,546
External expenses	-7,724	-5,840
Employee expenses	-5,167	-4,986
Taxes and duties	-306	-216
Additions to amortization and depreciation	-1,718	-1,574
Additions to provisions	-1,086	-677
Change in inventories	-4,375	-905
Other income from ordinary activities	170	316
Other expenses from ordinary activities	-2,444	-1,563
Net income from ordinary activities	3,097	-1,506
Other operating income	0	0
Other operating expenses	0	0
Net operating income	3,097	-1,506
Income from cash and cash equivalents	3	8
Cost of gross financial debt	80	211
Cost of net financial debt	-77	-203
Other financial income	5,400	0
Other financial expenses	0	-939
Corporate income tax	-1,089	102
Net income before minority interests	7,331	-2,546
O/w net income from discontinued operations	0	0
Attributable to minority interests	0	0
Net income attributable to equity holders of the parent	7,331	-2,546
Basic earnings per share	0.48 €	-0.17 €
Diluted earnings per share	0.48 €	-0.17 €

Consolidated balance sheet at June 30, 2020

ASSETS	Net Jun 30, 2020	Net Dec 31, 2019
<i>(All figures in €k)</i>		
Goodwill on acquisitions	0	0
Intangible assets	11 668	11 401
Property, plant and equipment	4 516	4 598
Financial assets	299	268
Tax assets	699	880
Deferred tax assets	272	1 149
Non-current assets	17 454	18 296
Inventories	15 772	21 390
Trade receivables	21 036	19 579
Other receivables	2 144	1 644
Financial assets	32 581	27 334
Current tax assets	265	955
Cash and cash equivalents	12 635	5 851
Current assets	84 433	76 753
 LIABILITIES AND EQUITY		
	Jun 30, 2020	Dec 31, 2019
<i>(All figures in €k)</i>		
Capital (1)	11,771	11,771
Premiums (1)	10,551	10,551
Reserves and consolidated income (2)	34,873	27,440
Currency translation adjustments	260	580
Group shareholders' equity	57,455	50,342
Minority interests	0	0
Consolidated shareholders' equity	57,455	50,342
Employee benefit liabilities	1,258	1,208
Borrowings	8,011	8,007
Other liabilities	0	0
Deferred tax liabilities	0	0
Non-current liabilities	9,269	9,215
Trade payables	18,307	16,409
Short-term borrowings	5,082	8,027
Taxes payable	692	427
Other liabilities	11,036	10,587
Provisions	46	42
Current liabilities	35,163	35,492
Total liabilities and equity	101,887	95,049

(1) Of the consolidating parent.

(2) Of which net income for the period: €7,331k.

Consolidated statement of cash flows to June 30, 2020

(All figures in €k)	Jun 30, 2020	Jun 30, 2019
Cash flows from operating activities		
Net income from consolidated companies	7,331	-2,546
+ Additions to amortization, depreciation and provisions (except on current assets)	1,762	1,880
- Reversals of amortization, depreciation and provisions	0	0
-/+ Unrealized gains and losses arising from changes in fair value	-5,247	728
+/- Expenses and income arising from stock options	0	0
-/+ Capital gains and losses on disposals	0	-5
Change in deferred taxes	876	-133
Operating cash flow after cost of net financial debt	4,722	-76
Cost of net financial debt	77	203
Operating cash flow before cost of net financial debt	4,799	127
Currency translation adjustment on gross cash flow from operations	0	-7
Inventories	5,618	1,083
Trade receivables	-1,456	11,108
Trade payables	1,899	-5,059
Other	687	-4,077
Change in working capital requirement	6,748	3,055
Net cash flows from operating activities	11,470	2,972
Cash flows from investing activities		
Acquisitions of intangible assets	-1,195	-1,318
Acquisitions of property, plant and equipment	-488	-337
Disposals of property, plant and equipment and intangible assets	0	5
Acquisitions of non-current financial assets	-2	0
Disposals of non-current financial assets	52	0
Net cash from acquisitions and disposals of subsidiaries	0	0
Net cash flows from investing activities	-1,633	-1,650
Cash flows from financing activities		
Increases in capital and cash injections	0	0
Dividends paid	0	0
Borrowings	363	0
Repayment of shareholders' current accounts	0	0
Repayment of borrowings	-1,763	-1,585
Repayment of debt and interest (IFRS 16)	-183	-162
Other cash flows from financing activities	0	0
Total cash flows from financing activities	-1,583	-1,747
Impact of foreign currency translation adjustments	-108	61
Change in cash	8,146	-364
Net cash at the beginning of the period	4,477	-2,005
Net cash at the end of the period	12,623	-2,369