

# **GUILLEMOT CORPORATION**

**A publicly traded company (*société anonyme*) with capital of €11,771,359.60**

**Headquarters: Place du Granier, BP 97143, 35571 Chantepie Cedex, France**

**Registered company number:**

**414 196 758 Rennes**

## **Interim financial report**

**June 30, 2020**

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## A- Summary interim consolidated balance sheet

ASSETS	Notes	Net Jun 30, 2020	Net Dec 31, 2019
<i>(All figures in €k)</i>			
Goodwill on acquisitions	7	0	0
Intangible assets	8	11,668	11,401
Property, plant and equipment	8	4,516	4,598
Financial assets	9	299	268
Tax assets	18	699	880
Deferred tax assets	18	272	1,149
<b>Non-current assets</b>		<b>17,454</b>	<b>18,296</b>
Inventories	10	15,772	21,390
Trade receivables		21,036	19,579
Other receivables		2,144	1,644
Financial assets	9	32,581	27,334
Current tax assets	18	265	955
Cash and cash equivalents	14	12,635	5,851
<b>Current assets</b>		<b>84,433</b>	<b>76,753</b>
<b>Total assets</b>		<b>101,887</b>	<b>95,049</b>
LIABILITIES AND EQUITY	Notes	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
<b>Group shareholders' equity</b>	12	<b>57,455</b>	<b>50,342</b>
Minority interests		0	0
<b>Consolidated shareholders' equity</b>		<b>57,455</b>	<b>50,342</b>
Employee benefit liabilities	14	1,258	1,208
Borrowings	15	8,011	8,007
Other liabilities		0	0
Deferred tax liabilities	19	0	0
<b>Non-current liabilities</b>		<b>9,269</b>	<b>9,215</b>
Trade payables		18,307	16,409
Short-term borrowings	15	5,082	8,027
Taxes payable		692	427
Other liabilities	16	11,036	10,587
Provisions	13	46	42
<b>Current liabilities</b>		<b>35,163</b>	<b>35,492</b>
<b>Total liabilities and equity</b>		<b>101,887</b>	<b>95,049</b>

(1) Of the consolidating parent.

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

The notes presented in section E form an integral part of these summary interim consolidated financial statements.

## B - Summary interim consolidated statement of gains and losses recognized directly in equity

### - Summary interim consolidated statement of net income

(All figures in €k)	Notes	Jun 30, 2020	Jun 30, 2019
<b>Net turnover</b>	6	<b>41,519</b>	<b>25,485</b>
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
<b>Net income from ordinary activities</b>		<b>3,097</b>	<b>-1,506</b>
Other operating income		0	0
Other operating expenses		0	0
<b>Net operating income</b>	17	<b>3,097</b>	<b>-1,506</b>
Income from cash and cash equivalents	18	3	8
Cost of gross financial debt	18	80	211
<b>Cost of net financial debt</b>	18	<b>-77</b>	<b>-203</b>
Other financial income	18	5,400	0
Other financial expenses	18	0	-939
Corporate income tax	19	-1,089	102
<b>Net income before minority interests</b>		<b>7,331</b>	<b>-2,546</b>
O/w net income from discontinued operations	20	0	0
Attributable to minority interests		0	0
<b>Net income attributable to equity holders of the parent</b>		<b>7,331</b>	<b>-2,546</b>
Basic earnings per share	21	0.48 €	-0.17 €
Diluted earnings per share	21	0.48 €	-0.17 €

### - Statement of comprehensive income

(All figures in €k)	n 30, 2020 n 30, 2019	
<b>Net income attributable to equity holders of the parent</b>	<b>7,331</b>	<b>-2,546</b>
<i>Recyclable items of other comprehensive income</i>		
Currency translation adjustments	-320	359
Revaluation of hedging derivatives	0	0
Revaluation of available-for-sale financial assets	0	0
<i>Non-recyclable items of other comprehensive income</i>		
Revaluation of fixed assets	0	0
Actuarial gains and losses on defined benefit plans	20	96
Share of other comprehensive income of equity-accounted companies	0	0
<b>Total other comprehensive income attributable to controlling interests</b>	<b>-300</b>	<b>455</b>
Net income and other comprehensive income attributable to controlling interests	7,031	-2,091
Net income and other comprehensive income attributable to minority interests	0	0

The notes presented in section E form an integral part of these summary interim consolidated financial statements.

## C - Summary interim consolidated statement of changes in equity

(All figures in €k)	Notes	Capital	Premiums	Consolidated reserves	Net income for the period	Currency translation adjustments	Total shareholders' equity
<b>Position at Jan 1, 2019</b>		<b>11,771</b>	<b>10,551</b>	<b>23,736</b>	<b>12,151</b>	<b>56</b>	<b>58,265</b>
Comprehensive income to Jun 30, 2019					-2,546	359	-2,187
Appropriated income at Dec 31, 2018				12,151	-12,151		0
Stock options							0
Reductions in share capital – treasury shares							0
Shares of the consolidating company				3			3
Gains and losses on treasury shares				-18			-18
Dividends				-1987			-1,987
Other				96			96
<b>Position at Jun 30, 2019</b>	11	<b>11,771</b>	<b>10,551</b>	<b>33,981</b>	<b>-2,546</b>	<b>415</b>	<b>54,172</b>
<b>Position at Jan 1, 2020</b>		<b>11,771</b>	<b>10,551</b>	<b>33,854</b>	<b>-6,414</b>	<b>580</b>	<b>50,342</b>
Comprehensive income to Jun 30, 2020					7,331	-320	7,011
Appropriated income at Dec 31, 2019				-6,414	6,414		0
Stock options							0
Shares of the consolidating company				85			85
Gains and losses on treasury shares				-3			-3
Dividends							0
Other				20			20
<b>Position at Jun 30, 2020</b>		<b>11,771</b>	<b>10,551</b>	<b>27,542</b>	<b>7,331</b>	<b>260</b>	<b>57,455</b>

The notes presented in section E form an integral part of these summary interim consolidated financial statements.

## D - Summary interim consolidated cash flow statement

(All figures in €k)	Notes	Jun 30, 2020	Jun 30, 2019
<b>Cash flows from operating activities</b>			
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	17	-5,247	728
+/- Expenses and income arising from stock options	11	0	0
-/+ Capital gains and losses on disposals		0	-5
Change in deferred taxes	18	876	-133
<b>Operating cash flow after cost of net financial debt</b>		<b>4,722</b>	<b>-76</b>
Cost of net financial debt	17	77	203
<b>Operating cash flow before cost of net financial debt</b>		<b>4,799</b>	<b>127</b>
Currency translation adjustment on gross cash flow from operations		0	-7
Inventories	10	5,618	1,083
Trade receivables		-1,456	11,108
Trade payables		1,899	-5,059
Other		687	-4,077
<b>Change in working capital requirement</b>		<b>6,748</b>	<b>3,055</b>
<b>Net cash flows from operating activities</b>		<b>11,470</b>	<b>2,972</b>
<b>Cash flows from investing activities</b>			
Acquisitions of intangible assets	8	-1,195	-1,318
Acquisitions of property, plant and equipment	8	-488	-337
Disposals of property, plant and equipment and intangible assets		0	5
Acquisitions of non-current financial assets	9	-2	0
Disposals of non-current financial assets	9	52	0
Net cash from acquisitions and disposals of subsidiaries		0	0
<b>Net cash flows from investing activities</b>		<b>-1,633</b>	<b>-1,650</b>
<b>Cash flows from financing activities</b>			
Increases in capital and cash injections	11	0	0
Dividends paid		0	0
Borrowings		363	0
Repayment of shareholders' current accounts	22	0	0
Repayment of borrowings	14	-1,763	-1,585
Repayment of debt and interest (IFRS 16)		-183	-162
Other cash flows from financing activities		0	0
<b>Total cash flows from financing activities</b>		<b>-1,583</b>	<b>-1,747</b>
<b>Impact of foreign currency translation adjustments</b>		<b>-108</b>	<b>61</b>
<b>Change in cash</b>		<b>8,146</b>	<b>-364</b>
Net cash at the beginning of the period	A and 14	4,477	-2,005
Net cash at the end of the period	A and 14	12,623	-2,369

The notes presented in section E form an integral part of these summary interim consolidated financial statements.

## **E - Notes to the summary interim consolidated financial statements**

(All figures are in thousands of euros unless otherwise stated.)

### **1) *General information***

The financial statements were signed off by the Board of Directors on September 21, 2020. Guillemot Corporation designs and manufactures interactive entertainment hardware and accessories. The Group offers a diversified range of products under the Hercules and Thrustmaster brands. The Guillemot Corporation Group has been active in this market since 1984 and currently operates in 11 countries (France, Germany, the United Kingdom, the United States, Canada, Belgium, the Netherlands, Hong Kong/China, Spain, Romania and Italy) 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.

The company is a publicly traded company (*société anonyme*) headquartered at Place du Granier, BP 97143, 35571 Chantepie Cedex, France.

### **2) *Basis of preparation of summary interim financial reporting***

This set of summary interim consolidated financial statements to June 30, 2020 has been prepared in accordance with IAS 34, "Interim financial reporting". The summary interim report should be read in conjunction with the 2019 annual financial statements.

### **3) *Accounting policies***

The accounting policies employed are the same as those adopted in preparing the annual financial statements for the year ended December 31, 2019, as set out in the annual financial statements for the year ended December 31, 2019.

Application of the following texts is mandatory for fiscal years beginning on or after January 1, 2020:

Amendment, changes to references to the Conceptual Framework in IFRS Standards

Amendments to IAS 1 and IAS 8: definition of materiality

Amendments to IFRS 3: definition of a business

Amendments to IFRS 9, IAS 39 and IFRS 7: interest rate benchmark reform

These standards, amendments to existing standards, and interpretations have no material impact on the Group's financial statements.

## 4) *Business review*

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.

Over the period, consumers played more video games 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 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 Inpulse 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 for 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 will be 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.

## 5) *Scope of consolidation*

- a) Companies included within the Guillemot Corporation SA Group's consolidated financial statements to June 30, 2020

COMPANY	SIREN number	Country	% control	Accounting method
Guillemot Corporation S.A.	414,196,758	France	Parent	Full consolidation
Guillemot Administration et Logistique SARL	414,215,780	France	99.96%	Full consolidation
Hercules Thrustmaster SAS	399,595,644	France	99.42%	Full consolidation
Guillemot Innovation Labs SAS	752,485,334	France	100.00%	Full consolidation
Guillemot Ltd.		United Kingdom	99.99%	Full consolidation
Guillemot Inc.		Canada	74.89% (a)	Full consolidation
Guillemot GmbH		Germany	99.75%	Full consolidation
Guillemot Corporation (HK) Ltd.		Hong Kong	99.50%	Full consolidation
Guillemot Recherche et Développement Inc.		Canada	99.99%	Full consolidation
Guillemot Romania Srl		Romania	100.00%	Full consolidation
Guillemot Inc.		United States	99.99%	Full consolidation
Guillemot S.A.		Belgium	99.93%	Full consolidation
Guillemot SRL		Italy	100.00%	Full consolidation
Guillemot Electronic Technology (Shanghai) Co. Ltd.		China	100.00%	Full consolidation
Guillemot Spain SL		Spain	100.00%	Full consolidation

(a) Guillemot Inc (United States) also holds 25.11%.

In view of their non-material nature, minority interests are not calculated.

- b) Changes in scope

None.

## 6) *Segment information*

In accordance with IFRS 8 on operating segments, the Group sets out segment information based on the same segments as those used in internal reports presented to management.

Segment information by business area concerns the Hercules and Thrustmaster business segments. Segment information by geographical region is based on the following geographical segments: European Union, North America and Other.

### ***Segment information by business area***

The Hercules business segment includes the following product ranges: DJ controllers, DJ speakers, DJ headphones and DJ software.

The Thrustmaster business segment includes the following gaming accessories for PCs and consoles: racing wheels, gamepads, joysticks and gaming headsets.

- Income statement by business segment (€k):

	Jun 30, 2020			Jun 30, 2019		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Turnover	41,519	2,588	38,931	25,485	1,844	23,641
Additions to amortization and c	1,718	446	1,272	1,573	400	1,173
Additions to provisions	1,086	71	1,015	677	302	375
Net income from ordinary activ	3,098	-266	3,364	-1,505	-1,345	-160
Net operating income	3,098	-266	3,364	-1,505	-1,345	-160

- Balance sheet by business segment (€k):

	Jun 30, 2020			Dec 31, 2019		
	Net Jun 30, 2020	Hercules	Thrustmaster	Net Dec 31, 2019	Hercules	Thrustmaster
Goodwill on acquisitions	0			0		
Intangible assets	11,668	1,319	10,349	11,401	1,391	10,010
Property, plant and equipment	4,516	1,185	3,331	4,598	1,095	3,503
Inventories	15,772	1,725	14,047	21,390	1,424	19,966
Trade receivables	21,036	1,273	19,763	19,580	1,700	17,880
Unallocated assets	48,895	-	-	38,080		
<b>TOTAL ASSETS</b>	<b>101,887</b>	<b>5,502</b>	<b>47,490</b>	<b>95,049</b>	<b>5,610</b>	<b>51,359</b>
Shareholders' equity	57,455			50,342	-	-
Provisions	1,304	652	652	1,250	625	625
Trade payables	18,307	1,888	16,419	16,409	1013	15,396
Unallocated liabilities	24,821			27,048	-	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>101,887</b>	<b>2,540</b>	<b>17,071</b>	<b>95,049</b>	<b>1,638</b>	<b>16,021</b>

Unallocated assets consist of financial assets, income tax assets, deferred tax assets, other receivables and cash.

Unallocated liabilities consist of borrowings, other liabilities, taxes payable and deferred tax liabilities.

### *Segment information by geographical region*

- Turnover by geographical region (€k):

	Jun 30, 2020	Jun 30, 2019	Change
European Union	20,431	13,186	55%
North America	12,836	5,543	132%
Other	8,252	6,756	22%
<b>TOTAL</b>	<b>41,519</b>	<b>25,485</b>	<b>63%</b>

Turnover in France in the first half of 2020 totaled €2,376k.

- Aggregate value of assets by geographical location (€k):

	Jun 30, 2020				Dec 31, 2019			
	Net total	EU	North America	Other	Net total	EU	North America	Other
Goodwill on acquisitions	0	-	-	-	0	-	-	-
Property, plant and equipment	4,516	4,411	90	15	4,598	4,474	111	13
Financial assets	32,880	32,816	26	38	27,602	27,537	27	38
Deferred tax assets	272	272			1,149	1,149		
Inventories	15,772	4,063	2,186	9,523	21,390	3,508	4,631	13,251
Trade receivables	21,036	10,181	6,438	4,417	19,579	10,479	3,447	5,653
Other receivables	2,144	2,028	99	17	1,644	1,546	65	33
Cash and cash equivalents	12,635	10,415	474	1,746	5,851	2,986	2,169	696
Tax assets	964	687	277		1,835	1,365	470	
Unallocated assets	11,668	-	-	-	11,401	-	-	-
<b>TOTAL ASSETS</b>	<b>101,887</b>	<b>64,873</b>	<b>9,590</b>	<b>15,756</b>	<b>95,049</b>	<b>53,044</b>	<b>10,920</b>	<b>19,684</b>

Unallocated assets consist of intangible assets.

## 7) Goodwill

### a) Goodwill on acquisitions

Goodwill at June 30, 2020 is broken down as follows:

Goodwill	Gross at Jun 30, 2020	Impairment at Jun 30, 2020	Net value at Jun 30, 2020
Guillemot Ltd. (United Kingdom)	1		0
Hercules Thrustmaster SAS (France)	1,299		0
Guillemot Administration et Logistique SARL (Fra)	233		0
Guillemot SA (Belgium)	233		0
Guillemot Inc (USA)	1,034		0
Guillemot Corporation S.A. (France)	941		0
Guillemot Inc. (Canada)	16,894		0
Guillemot Srl (Italy)	4,392		0
<b>Total</b>	<b>25,027</b>		<b>0</b>

Goodwill is not amortized under IFRS. In accordance with IAS 36, impairment losses recognized during prior periods are not reversed at a later date.

Goodwill was fully impaired at June 30, 2020.

## 8) *Intangible assets and property, plant and equipment*

### a) Intangible assets

Intangible assets are broken down as follows:

<b>Gross amounts</b>	<b>Dec 31, 2019</b>	<b>Changes in scope</b>	<b>Increases</b>	<b>Decreases</b>	<b>Currency translation adjustments</b>	<b>Jun 30, 2020</b>
Brands	10,842					10,842
Development costs	8,243		664		2	8,909
Development costs in progress	1,894		1,185	673	7	2,413
Licenses	2,896		180	490		2,586
Concessions, patents, etc.	1,054		4		-11	1,047
Other intangible assets	1,024		6		-23	1,007
<b>TOTAL</b>	<b>25,953</b>	<b>0</b>	<b>2,039</b>	<b>1,163</b>	<b>-25</b>	<b>26,804</b>

<b>Amortn, deprecn &amp; provns</b>	<b>Dec 31, 2019</b>	<b>Changes in scope</b>	<b>Increases</b>	<b>Decreases</b>	<b>Currency translation adjustments</b>	<b>Jun 30, 2020</b>
Brands	5,110					5,110
Development costs	5,626		754			6,380
Licenses	1,867		326	490		1,703
Concessions, patents, etc.	977		21		-11	987
Other intangible assets	972		4		-20	956
<b>TOTAL</b>	<b>14,552</b>	<b>0</b>	<b>1,105</b>	<b>490</b>	<b>-31</b>	<b>15,136</b>

<b>Net amounts</b>	<b>Dec 31, 2019</b>	<b>Jun 30, 2020</b>
Brands	5,732	5,732
Development costs	2,617	2,529
Development costs in progress	1,894	2,413
Licenses	1,029	883
Concessions, patents, etc.	77	60
Other intangible assets	52	51
<b>TOTAL</b>	<b>11,401</b>	<b>11,668</b>

### Brands

Brands include the Thrustmaster and Hercules acquired brands. These brands are tested for impairment at the end of each fiscal year and are measured taking into account discounted future cash flows.

The going concern value is the present value of future cash flows expected from an asset – i.e. from its continuing use and removal at the end of its useful life. This is the method used to measure the Group’s brands.

- Hercules:

The Hercules brand is allocated to the Hercules cash-generating unit (CGU).

The Hercules brand has a net balance sheet value of €432k, compared with a purchase cost of €1,432k.

There were no indicators of impairment at June 30, 2020, and the impairment test has not been updated since that date.

- Thrustmaster:

The Thrustmaster brand is allocated to the Thrustmaster CGU. The Thrustmaster brand has a net balance sheet value of €5,300k, compared with a purchase cost of €9,410k.

Measurement of the Thrustmaster brand involves the risk of adjustments in future years should assumptions concerning future cash flows generated by the Thrustmaster business be upgraded or downgraded.

Thrustmaster has achieved global recognition and is now a key player in PC and console racing wheels, with an installed base that continues to grow. Turnover was up 65% in the first half of 2020, with consumer demand for racing and flying accessories rising sharply over the period.

The maximum potential impact on the Group’s income statement would be +€4,110k if the provision against the Thrustmaster brand were reversed in full.

At June 30, 2020, there were no indicators of impairment suggesting that the impairment test should be updated.

At June 30, 2020, there had been no revision of the carrying amount of the Thrustmaster brand.

#### Development costs

Development costs on projects meeting the six eligibility criteria laid down in IAS 38 are capitalized. Assets are transferred from assets under construction to capitalized development costs when they are released into production. The net value of development costs capitalized over the period totaled €431k. The following Guillemot Corporation Group companies generate development costs: Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS, Guillemot R&D Inc., Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs relate to all product lines under the Hercules and Thrustmaster brands.

#### Licenses

The €180k increase in this item was the result of new minimum warranties on assets, with no impact on the 2020 cash position.

b) Property, plant and equipment

Property, plant and equipment for use in operations is broken down as follows:

Gross amounts	Dec 31, 2019	Changes in			Currency translation adjustments	Jun 30, 2020
		scope	Increases	Decreases		
Land	399					399
Buildings	8,161		27		-2	8,186
Plant	4,478		309		-12	4,775
Other prop., plant & equipt.	1,845		35	64	-7	1,809
Assets under construction	526		444	306		664
<b>TOTAL</b>	<b>15,409</b>	<b>0</b>	<b>815</b>	<b>370</b>	<b>-21</b>	<b>15,833</b>

Depreciation	Dec 31, 2019	Changes in			Currency translation adjustments	Jun 30, 2020
		scope	Increases	Decreases		
Buildings	5,734		255		-1	5,988
Plant	3,851		245		-11	4,085
Other prop., plant & equipt.	1,226		67	42	-7	1,244
<b>TOTAL</b>	<b>10,811</b>	<b>0</b>	<b>567</b>	<b>42</b>	<b>-19</b>	<b>11,317</b>

Net amounts	Dec 31, 2019	Change Jun 30, 2020	
Land	399		399
Buildings	2,427	-229	2,198
Plant	627	63	690
Other prop., plant & equipt.	619	-54	565
Assets under construction	526	138	664
<b>TOTAL</b>	<b>4,598</b>	<b>-82</b>	<b>4,516</b>

Buildings are located in Carentoir (France).

The €306k decrease in assets under construction corresponds to assets transferred to the “plant” item. Tangible fixed assets under construction mainly relate to molds and tools allowing for the production of new products.

Adoption of IFRS 16 resulted in a €1,926k increase in property, plant and equipment at June 30, 2020 in respect of the right of use linked to leases.

## 9) *Financial assets*

Non-current financial assets are broken down as follows:

<b>Gross amounts</b>	<b>Dec 31, 2019</b>	<b>Changes in scope</b>	<b>Increases</b>	<b>Decreases</b>	<b>Currency translation adjustments</b>	<b>Jun 30, 2020</b>
Other long-term investments	124		81			205
Other non-current financial assets	144		2	52		94
<b>TOTAL</b>	<b>268</b>	<b>0</b>	<b>83</b>	<b>52</b>	<b>0</b>	<b>299</b>

Movements in other long-term investments relate to the liquidity agreement currently in force. At June 30, 2020, a total of €300k in cash was allocated to the liquidity agreement.

Other non-current financial assets relate to deposits and guarantees paid out.

Current financial assets include Ubisoft Entertainment shares.

	<b>Net Dec 31, 2019</b>	<b>Disposals Jun 30, 2020</b>	<b>Acquisitions Jun 30, 2020</b>	<b>Currency translation adjustments Jun 30, 2020</b>	<b>Gain/loss on revaluation Jun 30, 2020</b>	<b>Net Jun 30, 2020</b>
<b>Ubisoft Entertainment shares</b>						
Number	443,874					443,874
Fair value (€k)	27,334				5,247	32,581
<b>Currency derivatives</b>	0					0
<b>Total value</b>	<b>27,334</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,247</b>	<b>32,581</b>

Ubisoft Entertainment shares (listed on an active market) are measured at fair value in accordance with IFRS 9.

At June 30, 2020 the Group held 443,874 Ubisoft Entertainment shares, representing 0.36% of the company's share capital.

The price used at December 31, 2019 was €61.58 per Ubisoft Entertainment share. The price used at June 30, 2020 to measure the shares at fair value was €73.40 per Ubisoft Entertainment share. The gross unrealized gain recognized at June 30, 2020 on Ubisoft Entertainment shares was €5,247k (see points 17 and 18).

## 10) *Inventories*

<b>Inventories</b>	<b>Gross Dec 31, 2019</b>	<b>Change in inventories (result)</b>	<b>Changes in scope</b>	<b>Currency translation adjustments</b>	<b>Gross Jun 30, 2020</b>
Raw materials	2,281	484			2,765
Finished products	20,714	-5,021		-329	15,364
<b>TOTAL</b>	<b>22,995</b>	<b>-4,537</b>	<b>0</b>	<b>-329</b>	<b>18,129</b>



<b>Accumulated impairment</b>	<b>Dec 31, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Changes in scope</b>	<b>Currency translation adjustments</b>	<b>Jun 30, 2020</b>
Raw materials	544	9	23			530
Finished products	1,061	975	191		-18	1,827
<b>TOTAL</b>	<b>1,605</b>	<b>984</b>	<b>214</b>	<b>0</b>	<b>-18</b>	<b>2,357</b>
<hr/>						
<b>Total net inventories</b>	<b>21,390</b>					<b>15,772</b>

Inventories consist of electronic components and sub-assemblies as well as finished products. An impairment loss is recognized whenever the carrying amount of inventory is greater than its probable realizable value. At June 30, 2020 the value of net inventory totaled €15,772k, 27% lower than at December 31, 2019.

### **11) Other receivables**

	<b>Jun 30, 2020</b>	<b>Dec 31, 2019</b>
Advances and progress payments	947	414
VAT receivables	583	703
Trade accounts receivable	2	14
Other	84	154
Prepaid expenses	528	359
<b>TOTAL</b>	<b>2,144</b>	<b>1,644</b>

### **12) Shareholders' equity**

The share capital consists of 15,287,480 shares with a par value of €0.77 each.

Guillemot Corporation S.A. holds 70,811 treasury shares. These treasury shares reduce the value of shareholders' equity by €167k.

At June 30, 2020, the percentage of capital represented by treasury shares was 0.46%. There were no longer any stock option plans in force at June 30, 2020.

### 13) *Provisions for liabilities and charges*

Provisions for liabilities and charges are broken down as follows:

	Increases		Decreases		Currency translation adjustments	
	Dec 31, 2019	Jun 30, 2020	Used Jun 30, 2020	Not used Jun 30, 2020	Jun 30, 2020	Jun 30, 2020
Other	42	4				46
<b>TOTAL</b>	<b>42</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>46</b>

Expected returns are now recognized in “Other liabilities” and charged against income, pursuant to IFRS 15.

Provisions for liabilities and charges stood at €46k at June 30, 2020.

### 14) *Employee benefit liabilities*

The Group has no post-employment benefit plans other than the statutory plan laid down in collective bargaining agreements covering the Group’s employees.

Provisions are calculated using the projected unit credit method, based on retirement benefits payable upon retirement according to length of service. (The benefits in question are those payable to employees upon retirement.)

The main actuarial assumptions used are as follows:

- Discount rate: 0.74%
- Use of collective bargaining agreements specific to subsidiaries
- Retrospective calculation method for projected credit units
- Insee 2018 mortality table
- 2020 baseline salary, assuming a 2% annual increase until retirement

At June 30, 2020, the amount of the recognized provision stood at €1,258k.

In accordance with IAS 19, all actuarial gains and losses are now recognized in OCI (Other Comprehensive Income) rather than in profit and loss. The impact on Group shareholders’ equity at June 30, 2020 was -€172k.

## 15) Borrowings and cash

Borrowings are broken down as follows:

	Current (due within 1 year)				Non-current (due within more than 1 year)	Dec 31, 2019
	Jun 30, 2020	0-3 months	3-6 months	6-12 months		
Borrowings from credit institutions	13,055	670	1,627	2,759	7,999	14,637
Bank overdrafts and foreign currency advances	24	12			12	1,374
Sundry	14	14				23
<b>TOTAL</b>	<b>13,093</b>	<b>696</b>	<b>1,627</b>	<b>2,759</b>	<b>8,011</b>	<b>16,034</b>

The Group has fixed-rate financial liabilities totaling €13,081k and floating-rate financial liabilities totaling €12k. Over the period, the Group repaid €1,763k of bank borrowings and deferred bank loan repayments by six months following the nationwide lockdown in France.

Net debt	Jun 30, 2020	Dec 31, 2019
Borrowings	13,093	16,034
Shareholders' current accounts	0	0
Cash at bank and in hand	12,635	5,851
<b>Net debt</b>	<b>458</b>	<b>10,183</b>

At June 30, 2020 the Group's net debt totaled €458k.

Adoption of IFRS 16 has increased the Group's net debt by €1,938k.

The Group also has an equity portfolio worth €32.6 million (fair value at June 30, 2020).

## 16) Other liabilities

	Jun 30, 2020	Dec 31, 2019
Social security liabilities	1,747	1,596
Current accounts	0	0
Other	9,289	8,991
<b>TOTAL</b>	<b>11,036</b>	<b>10,587</b>

The "Other" item mainly consists of accrued expenses relating to licenses (€1,720k, compared with €1,166k at December 31, 2019), business services (€3,312k, compared with €3,227k at December 31, 2019), advances and progress payments (€193k, compared with €62k at December 31, 2019), prepaid income (€1,597k, compared with €608k at December 31, 2019) and expected refund liabilities (€2,397k, compared with €3,897k at December 31, 2019).

## 17) *Net operating income*

Net operating income to June 30, 2020 totaled €3,097k, compared with -€1,506k in the six months to June 30, 2019.

The gross accounting profit margin came in at 51%, unchanged from the first half of 2019. Turnover was up 63%, while total expenses increased 25%.

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. These items are recognized in net income from ordinary activities under operating expenses.

## 18) *Net financial income*

The cost of net financial debt to June 30, 2020 totaled €77k. This includes interest costs and financial expenses arising from borrowing, as well as foreign exchange gains and losses arising from the payment of financial liabilities.

Other financial income and expenses are broken down as follows:

	<b>Jun 30, 2020</b>	<b>Jun 30, 2019</b>
Foreign currency translation adjustments	153	0
Unrealized gain/loss on Ubisoft Entertainment shares	5,247	0
<b>Total other financial income</b>	<b>5,400</b>	<b>0</b>
Foreign currency translation adjustments	0	212
Unrealized gain/loss on Ubisoft Entertainment shares	0	728
<b>Total other financial expenses</b>	<b>0</b>	<b>940</b>

### **Currency effects arising from the translation of subsidiaries' accounts:**

All subsidiaries conduct business in local currency; the impact on shareholders' equity was -€320k.

### **Financial risk:**

In accordance with IFRS 7 on financial instruments, a breakdown of the Group's exposure to the various types of financial risk is as follows.

Liquidity risk: at June 30, 2020, the Group's borrowing and bank financing facilities were not fully utilized; net debt totaled €0.5 million. At June 30, 2020, the fair value of the Group's portfolio of available-for-sale securities stood at €32.6 million.

Equity risk: the Group's earnings are affected by fluctuations in the market price of shareholdings. A 10% decrease in the price of Ubisoft Entertainment shares over the second half of 2020 (relative to their price at June 30, 2020) would reduce net financial income by €3.3 million.

Interest rate risk: Based on the Group's outstanding floating-rate financial liabilities at June 30, 2020, a 1% increase in interest rates on an annual basis would have no impact on net financial income.

Foreign exchange risk: a breakdown of the Group's foreign currency assets and liabilities at June 30, 2020 is as follows (unhedged amounts only – i.e. those exposed to interest rate risk):

Foreign currency amounts exposed to upward or downward interest rate fluctuations:

<u>(€k)</u>	<u>USD</u>	<u>GBP</u>
Assets	18,015	420
Liabilities	11,751	48
Net position before hedging	6,264	372
Off balance sheet position	0	0
Net position after hedging	6,264	372

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2020, a 10% annual decrease in US dollar exchange rates would increase financial expenses by €509k.

The Group's position at June 30, 2020 was an unusual one, with the value of its assets in US dollars exceeding that of its liabilities due to a combination of high inventory levels at the beginning of the year, strong US dollar sales over the first half and lower volumes of US dollar purchases over the same period.

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2020, the impact of a 10% annual decrease in the value of sterling would be negligible.

Since all major players in the multimedia industry transact in US dollars, no single manufacturer has a competitive advantage that would result in increased market share. Since all industry players index-link their selling prices to cost prices in US dollars, selling prices rise and fall in line with cost prices.

The main currency for purchases of hardware and accessories is the US dollar. The trading currency in the United States, Canada and all other countries outside Europe is also the US dollar. In Europe, the Group mainly sells its products in euros. Rapid currency fluctuations, and in particular declines in the value of the US dollar, may result in lower selling prices for the Group's products, thus impacting the value of inventories. Conversely, given the seasonal nature of the company's business, if the US dollar were to rise sharply during the second half of the year, the Group would not be able to adjust its selling prices to reflect the full extent of such an increase, which could therefore have a temporary adverse impact on the Group's gross margin.

However, to limit the Group's foreign exchange risk, Guillemot Corporation hedges against currency fluctuations by buying spot currency and currency futures and options.

Furthermore, the higher export sales have boosted the Group's natural hedging and significantly reduced its foreign exchange risk.

There were no currency futures or options outstanding at June 30, 2020.

Credit risk: credit risk is the risk of financial loss in the event that a customer should fail to meet its contractual obligations. The Group manages this risk by taking out credit insurance. Since the Group uses wholesalers, it has a limited number of customers. In a few cases, the Group is obliged to grant additional credit where its insurance cover is considered clearly unsuitable.

Risk associated with protectionism:

The Group's products are currently traded all over the world and are subject to moderate customs duties. Protectionist policies could result in high customs duties, adversely affecting the Group's sales in affected countries.

COVID-19 risk:

The products sold by the Group are indoor entertainment products for which stay-at-home lockdowns are currently generating increased consumer demand.

However, the Group continues to face high levels of uncertainty linked to the spread of COVID-19 and its economic impact in various countries.

## 19) Corporate income tax

### a) Tax assets

At June 30, 2020, this item consisted of non-current assets of €699k made up of a French Employment Competitiveness Tax Credit (*Crédit d'Impôt Compétitivité Emploi*) totaling €50k, research tax credits (in France and Canada) worth €300k and carryback receivables (in France and Canada) totaling €349k.

An amount of €265k is also recognized in current assets.

The Employment Competitiveness Tax Credit and the research tax credits are offset in the income statement against prior period employee expenses.

### b) Deferred taxes

Deferred taxes on the balance sheet at June 30, 2020 totaled €272k.

Breakdown of deferred taxes by type:

(€k)	Jun 30, 2020	Dec 31, 2019
Recognition of tax loss carryforwards – Guillemot Corporation SA	2,971	2,971
Consolidation adjustments	403	623
Unrealized gains on Ubisoft shares held (deferred tax liability)	-3,102	-2,445
<b>TOTAL</b>	<b>272</b>	<b>1,149</b>

A deferred tax asset is only recognized insofar as it is probable that the Group will generate future taxable profits against which the asset in question may be applied. The Group's ability to recover deferred tax assets relating to tax loss carryforwards is assessed by senior management at the end of each fiscal year, taking into account forecast future taxable profits over a five-year period.

At June 30, 2020 the Group had recognized a portion of its French entities' tax loss carryforwards totaling €11,579k, resulting in the recognition of a deferred tax asset of €2,971k. Furthermore, deferred tax assets of €3,352k have been recognized due to the existence of deferred tax liabilities with the same maturity, taking into account rules applicable in France limiting the application of tax losses.

c) Income tax expense

Corporate income tax is broken down as follows:

	Jun 30, 2020	Jun 30, 2019
Deferred taxes	877	-133
Current taxes	212	32
<b>TOTAL</b>	<b>1,089</b>	<b>-101</b>

Income tax payable corresponds to total income taxes payable by all Group companies.

Deferred tax is calculated on temporary differences relating to tax adjustments, consolidation adjustments and tax loss carryforwards.

At end December 2019, the Group had unused tax loss carryforwards totaling €38.6 million, €36.3 million of which related to the parent, Guillemot Corporation SA.

## 20) *Discontinued operations*

The Group has not discontinued any operations in recent years.

## 21) *Earnings per share*

Basic earnings per share	Jun 30, 2020	Jun 30, 2019
Earnings	7,331	-2,546
Average number of shares (thousands)	15,287	15,287
No. of treasury shares (thousands)	-71	-67
Total shares (thousands)	15,216	15,220
Basic earnings per share	0.48	-0.17

Diluted earnings per share	Jun 30, 2020	Jun 30, 2019
Earnings	7,331	-2,546
Average number of shares (thousands)	15,287	15,287
No. of treasury shares (thousands)	-71	-67
Total shares (thousands)	15,216	15,220
Maximum number of shares to be created		
- via conversion of bonds	0	0
- via exercise of options	0	0
- via exercise of subscription rights	0	0
Total shares (thousands)	15,216	15,220
Diluted earnings per share	0.48	-0.17

## 22) *Off balance sheet commitments*

Documentary credits: €702k.

### **23) Related party transactions**

The Group is owned by Guillemot Brothers Ltd. (14.63%), the Guillemot family (58.14%), Guillemot Corporation S.A. (0.46%) and members of the public (26.77%).

The related parties are Guillemot Brothers Ltd. and members of the Guillemot family controlling the issuer, the Group's consolidated subsidiaries (see scope of consolidation in Note 5) and the Ubisoft Entertainment group, over which members of the Guillemot family hold significant voting rights and within which they hold executive roles.

Key totals relating to transactions with the Ubisoft Entertainment group:

	<b>Jun 30, 2020</b>
<u>(€k)</u>	<u>Ubisoft Entertainment</u>
Trade receivables	13
Trade payables	108
Revenue	322
Expenses	208

### **24) Seasonality of business**

As a rule, the Guillemot Corporation Group generates around 50% of its annual sales between September and December. The Group uses subcontractors to meet increased production and logistics requirements during this period. The working capital requirement arising from these seasonal fluctuations is financed through short- and medium-term funding.

### **25) Subsequent events**

None.



## **F - Independent Auditors' report on 2020 interim financial disclosures**

To the shareholders  
GUILLEMOT CORPORATION  
Place du Granier  
BP 97143  
35571 Chantepie Cedex

Pursuant to the engagement entrusted to us at your shareholders' general meeting and in accordance with Article L.451-1-2 III of the French Monetary and Financial Code, we have:

- conducted a limited review of the summary interim consolidated financial statements of Guillemot Corporation for the period from January 1 to June 30, 2020, as appended to this report;
- verified the information set out in the interim activity report.

These summary interim consolidated financial statements were prepared under the responsibility of the Board of Directors on September 21, 2020 on the basis of information available at that date amid a changing environment linked to the ongoing COVID-19 public health crisis and difficulties assessing its impact and the future outlook. It is our responsibility to express an opinion on these financial statements on the basis of our limited review.

### **I - Opinion on the financial statements**

We have carried out our limited review in accordance with professional standards applicable in France.

A limited review mainly consists of meeting with members of management responsible for accounting and financial matters and applying analytical procedures. These tasks are less comprehensive than those required for an audit carried out in accordance with French professional standards. Consequently, the assurance, following a limited review, that the financial statements taken as a whole contain no material misstatements is a limited assurance that is less certain than that given following a full audit.

On the basis of our limited review, we have identified no material misstatements liable to call into question the compliance of the summary interim consolidated financial statements with IAS 34 – the IFRS standard on interim financial reporting adopted within the European Union.

### **II – Specific checks**

We have also checked the information set out in the interim activity report prepared on September 21, 2020 commenting on the summary interim consolidated financial statements upon which our limited review was based.

We have no comments as to the accuracy of this information or its consistency with the summary interim consolidated financial statements.

Rennes and Bruz, September 21, 2020

The statutory auditors

PricewaterhouseCoopers Audit      MB Audit

Jérôme Mouazan

Khadija Roullé

**G - Declaration by the persons responsible for the interim report**

I certify that, to the best of my knowledge, the financial statements set out in this interim financial report have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, financial position and earnings of all companies included within the consolidated Guillemot Corporation Group, and that the interim activity report presented under point 4 provides an accurate view of material events having occurred during the first six months of the financial year, their effect on the interim financial statements and the principal transactions between related parties, together with a description of the principal risks and uncertainties over the remaining six months of the financial year.

Rennes, September 21, 2020

Claude Guillemot  
Chairman and Chief Executive Officer