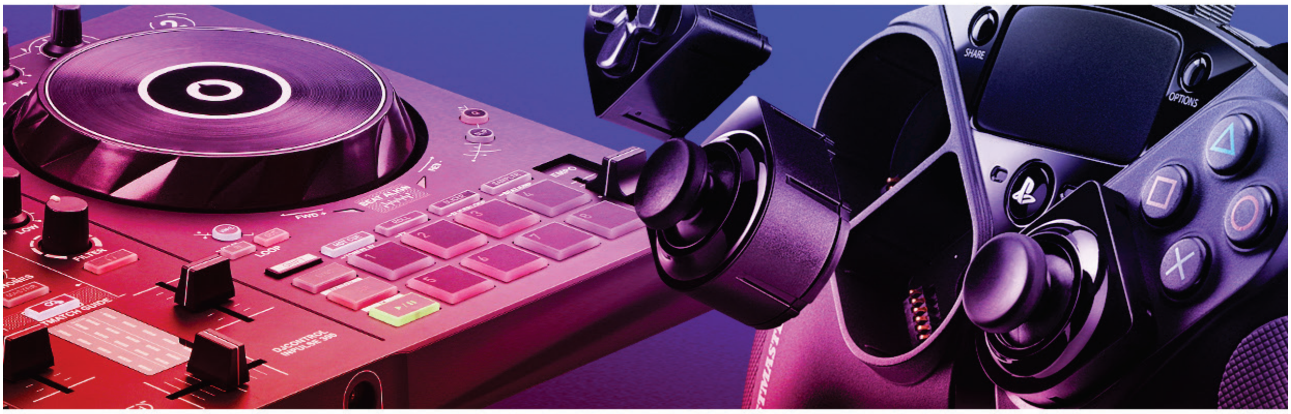
Translation for convenience only. The French version of this document prevails.

Guillemot
CORPORATION

2019 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE **2019 ANNUAL FINANCIAL REPORT**



Hercules

THRUSTMASTER®

2019 UNIVERSAL REGISTRATION DOCUMENT INCLUDING THE 2019 ANNUAL FINANCIAL REPORT

The universal registration document was filed with the AMF (France's financial markets authority), as the competent authority under Regulation (EU) 2017/1129, on April 27, 2020. It was filed without prior approval, in accordance with Article 9 of the aforementioned regulation.

The universal registration document may be used for the purposes of a public offer of financial securities or the admission to trading of financial securities on a regulated market provided that it is supplemented by a memorandum concerning the financial securities in question and, as the case may be, a summary and any amendments made to the universal registration document. The resulting documentation shall together be approved by the AMF in accordance with Regulation (EU) 2017/1129.

A cross-reference table is provided on page 207 of this universal registration document to help the reader find the information referred to in Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019.

This document is available from the issuer's website (www.guillemot.com) and the AMF website (www.amf-france.org).

Copies may be obtained free of charge by writing to the following address: Guillemot Corporation SA, BP 2, 56204 La Gacilly Cedex, France.

Pursuant to Article 19 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, the following information is incorporated by reference into this universal registration document:

- The consolidated financial statements for the fiscal year ended December 31, 2018, together with the statutory auditors' report pertaining thereto, found on pages 91-123 of the registration document filed with the AMF on April 25, 2019 under number D.19-0389 (https://www.guillemot.com/wp-content/uploads/2019/04/GuillemotCorporation_DDR_exercice2018_20190425.pdf)

- The consolidated financial statements for the fiscal year ended December 31, 2017, together with the statutory auditors' report pertaining thereto, found on pages 84-116 of the registration document filed with the AMF on April 26, 2018 under number D.18-0394 (https://www.guillemot.com/wp-content/uploads/2018/05/GuillemotCorporation_DDR_exercice2017_26avril2018.pdf)

Information included in these documents other than the information referred to above has, where applicable, been replaced and/or updated with information included in this universal registration document.

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➢ 2019 MANAGEMENT REPORT

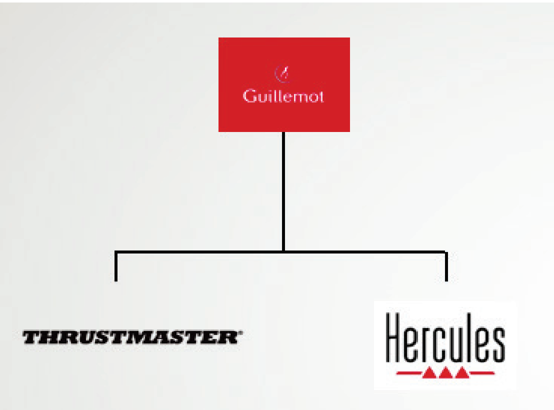
Dear Shareholders,

In accordance with statutory and regulatory provisions and the requirements laid down in the Articles of Incorporation, we have convened this shareholders' general meeting to examine the financial statements for the fiscal year ended December 31, 2019 and report on the business of the Guillemot Corporation Group and its parent company during that year.

The financial statements, reports and other documents and information laid down in regulations were provided or made available to you within the statutory deadlines.

1 BUSINESS OF THE COMPANY AND THE GROUP DURING FISCAL 2019

Listed on the stock market since 1998 and active in its sector since 1984, the Guillemot Corporation Group is a major player in the interactive entertainment market through its two brands, Hercules and Thrustmaster.



The Group specializes in the design and marketing of digital peripherals and accessories for PCs and gaming consoles. Development of its businesses is structured around two flagship brands: **Hercules** for the audio equipment and peripherals segment (mixing decks for amateur and semi-professional DJs, DJ headphones, DJ speakers, etc.) and **Thrustmaster** for PC and console gaming accessories for both experienced gamers and consumers more generally (gamepads, racing wheels, joysticks and gaming headsets). The Group enjoys a high level of brand awareness across both of its brands.

Established in 11 countries (France, Germany, the United Kingdom, the United States, Canada, Spain, Italy, Belgium, China, Hong Kong and Romania), the Group cultivates values such as innovation and a perpetual search for excellence so as to offer users high-quality products and services and optimal performance. Thanks to its strong focus on innovation, the Group is constantly adapting its offering to meet the needs of increasingly demanding consumers and harness the potential offered by new markets.

With this in mind, the Group has adopted a regional sales organization to maximize the impact of the Hercules and Thrustmaster ranges across distribution networks.

With Thrustmaster-branded products distributed in more than 120 countries around the world, the Group is fueled by a constant desire to innovate and offer high-performance digital solutions that maximize enjoyment for consumers and gamers.

With five research and development units based in France, Canada, Romania and China, the Group has nearly 30 years' worth of expertise in audio technology as well as research and development teams all over the world, enabling it to design products at the cutting edge of technology. Hercules has been recognized for its innovation in the musical entertainment market for over 25 years. Its ambition is to remain a key player in this segment, which has universal appeal.

Meanwhile, Thrustmaster has a strong reputation in the global PC and console gaming accessories industry.

By developing strong partnerships with leading console manufacturers and investing in cutting-edge research and development, the Group has accelerated its growth, becoming the first to market racing wheels for the PlayStation®4 and Xbox One® consoles and first to release an official joystick for the Xbox One® console. Thanks to its many licensing agreements (with Sony®, Microsoft®, Ferrari®, Gran Turismo®, the U.S. Air Force™, etc.), the Group is a key player in the video game accessories market.

Fueled by a desire to innovate and break new ground, the Group is particularly focused on:

- accelerating the rollout of its “design thinking” process as part of the Hercules design strategy for future product ranges;
- responding with innovation, creativity and technological expertise to demands for interactivity expressed by gamers seeking ever-increasing levels of realism and immersion;
- further consolidating its already strong partnerships and globally recognized licenses;
- developing and enhancing cutting-edge technologies created by its research and development teams, shifting its products upmarket and facilitating international expansion;
- expanding in the buoyant gaming headset and gamepad markets;
- putting in place a direct delivery strategy for Thrustmaster and Hercules with leading global e-tailers;
- maximizing growth drivers in the Asia-Pacific region (China, Australia, South Korea, Japan and Hong Kong) and in export markets (Poland, Czech Republic, United Arab Emirates, Mexico and Brazil);
- stepping up its research and development programs to prepare for the expected late 2020 arrival of new games and next-generation consoles;
- strengthening its Hercules DJ, gaming headset and joystick segments and continuing to expand the Thrustmaster and Hercules ecosystems;
- anticipating and adapting to emerging new trends;
- offering passionate consumers products with exclusive functionality and an ecosystem of high-end hardware (such as “Depth Feedback” technology used in the T-GT racing wheel for the Gran Turismo Sport game, a patented cooling system for Force Feedback motors used in racing wheels like the TS-PC Racer, and the unique patented HEART (Hall Effect AccuRate Technology) system.

Major products brought to market by the Group in 2019 include the following:

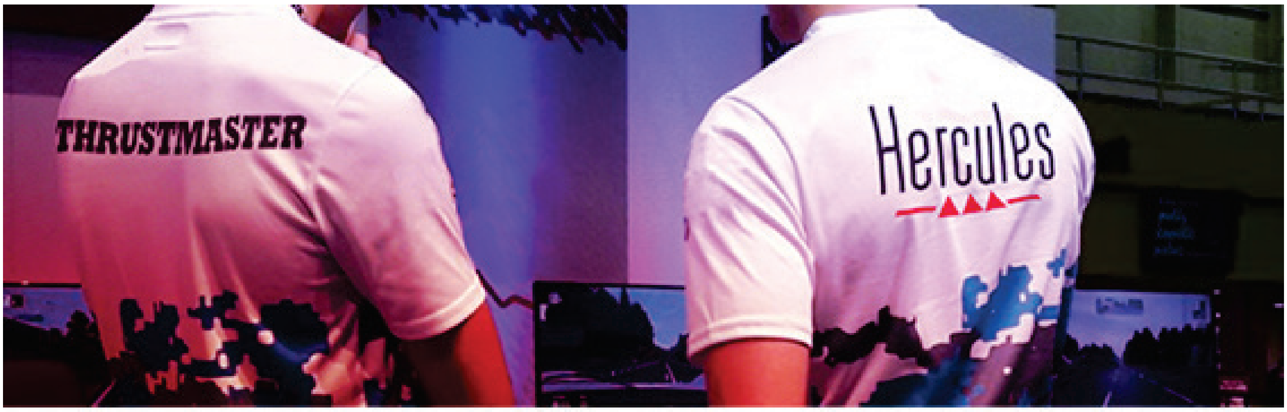
➢ The Group’s very latest gamepad, the ESWAP PRO CONTROLLER, released in November 2019. To achieve this goal, Thrustmaster® worked closely with gamers to optimize its professional gamepad officially licensed for PlayStation®4 and ensure full compatibility as well as high levels of performance. The gamepad’s 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 wrapped up in a modular design. A number of sales and marketing events were held to promote the launch.

➢ The brand new *F/A-18C Hornet™ HOTAS Add-On Grip* joystick, released in July, offering a realistic flight experience from aircraft carriers to aerial dogfights, not forgetting air-to-ground combat.

➢ Two new *Add-On* racing wheels, added to the Group’s racing ecosystem.

➢ The *DJSpeaker 32 Smart* Bluetooth® monitoring speakers, released in September, dedicated to wireless music mixing, production and listening; and the *DJSpeaker 32 Party* speakers, a two-in-one solution for party nights, released in March.

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



1.1 Hercules: renewed momentum

Established in the United States in 1982 and acquired by Guillemot Corporation in 1999, Hercules has made history as a global pioneer in the graphics card market, notably by creating a number of new standards. With over 30 years' experience of designing products for music enthusiasts, Hercules is primarily focused on innovating and developing digital audio solutions. From the first quadrophonic PC sound card to the first portable DJ mixing desk with integrated audio for PC and Mac, Hercules offers leading-edge hardware recognized for its precision and sound quality. Having built up extensive know-how over the years, Hercules is renowned for its audio expertise and is one of the world's foremost makers of mobile DJ controllers. Its products aim to give beginners a fun, accessible way to learn DJing techniques and acquire the fundamentals they need to succeed.

Widely recognized in both the audio industry and the musical entertainment market for over 30 years, Hercules is passionately committed to innovation, offering user-friendly solutions that make DJing accessible to everyone.

Hercules

IT'S YOUR TURN

In 2019, Hercules achieved the following (see consolidated financial statements to December 31, 2019, Note 5.6.1, "Segment information by business area"):

- Successfully launched its new *DJControl Inpulse* range of DJ controllers
- Expanded its controller, DJ headset 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

Guillemot Corporation has a professional anechoic chamber which it uses to develop its range of DJ speakers, wireless Bluetooth® speakers and headphones. The chamber's walls are covered with dihedrons made from absorbent material to measure sound waves without any of the disruption linked to reflections, thus recreating "free field" conditions.

Thanks to its investment in research and development, Hercules is able to design innovative products that are popular with consumers.

1.1.1 The Hercules DJ range

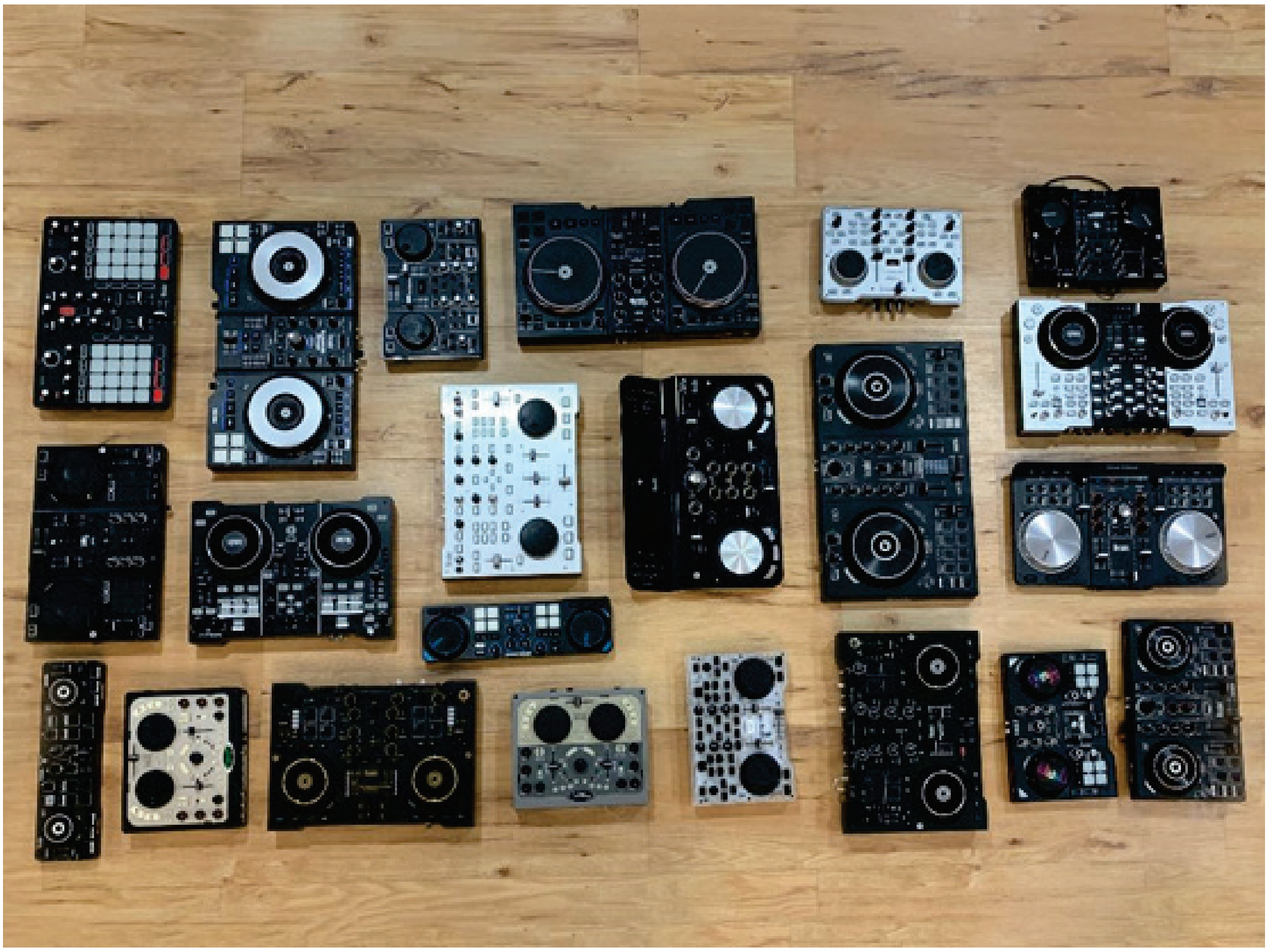
The Hercules brand is a globally recognized player in the portable mass-market mixing controller segment.

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

Hercules created the first computer-based dual-deck mixing controller with an integrated audio interface, the Hercules DJ Console, launched in 2003.

For close to 25 years, Hercules has been investing its energy in innovation, developing digital audio solutions that continue to make waves in the music world. Thanks to its expertise and know-how, Hercules has gained wide recognition in the audio industry for its affordable creative solutions. Aimed squarely at the audio and DJing segments, the brand has chosen to offer products with a particular focus on full software integration with its range of DJ controllers, headphones and speakers, providing complete solutions that enable users to quickly find their feet.

Hercules regularly receives innovation awards. For example, it won a CES 2019 Innovation Award Honoree award for its *Hercules DJControl Inpulse 300* controller at the last Consumer Electronics Show (CES), as well as the "NAMM U Best In Show" award in the "Gotta Stock It" (i.e. bestseller) category for its *Hercules DJStarter Kit* (which includes the *DJControl Starlight*, *DJMonitor 32* speakers and the *HDP DJ45* headphones) at the most recent NAMM Show in the United States. Its participation in numerous international trade shows highlights the brand's interest in meeting with both industry insiders and users of its products.



At the end of 2018, Hercules announced its new *DJControl Inpulse* range of controllers and a brand new version of its DJUCED® DJ software. Specially designed for learning to DJ, this innovative solution offers a fully integrated experience that helps beginners easily pick up and master mixing techniques. To support the launch, Hercules teamed up with young artist Stupead and his musical creations.

To promote mixing on the move using its *DJControl Starlight* deck, Hercules worked closely with Serato®, a New Zealand-based developer and vendor of music software whose brand is highly regarded among professional DJs.

When launching its *DJ Inpulse* range in October 2018, Hercules included built-in help, such as the Intelligent Music Assistant (IMA), which suggests tracks for the DJ's playlist, light guides to help users learn to beatmatch, and DJ Academy videos accessible directly within the software. These methods make it easier for beginners to learn the ropes of DJing, climb the experience curve and host their own shows.

DJ
ACADEMY

Launched in 2018, *Hercules DJ Academy*, integrated into DJUCED, also offers video tutorials and tips and tricks from Hercules ambassadors to help new users find their feet.

As well as suggesting tracks to include in DJs' playlists, the innovative new Intelligent Music Assistant also offers an ENERGY feature to manage the party mood and can suggest trending tracks during playlist creation to make sure DJs never miss out on the latest new beats. The Intelligent Music Assistant makes it easy for any DJ to pick the best track to play, whether during practice sessions or while performing.

The *DJ Hercules DJUCED* software was launched in 2011. Fueled by creativity and a constant need to improve, DJUCED is regularly upgraded to meet the demands of its user community: in 2018, DJUCED 18° et DJUCED 40° merged to become DJUCED.

New developments are included every year, with some examples as follows:

- An interface that adapts to every user, from beginners through to experts, and is even simpler, more user-friendly and more intuitive
- A new file browser
- A quicker and easier launch process, integrated DJ Academy content and new sampling methods
- IMA: an intelligent assistant to help improve track selection

At the end of December 2019, DJUCED announced an update to its DJ software supplied with Hercules controllers. Two new main versions were released: 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 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 DJPARTY SET

Hercules DJParty Set is the ideal DJ kit for holding an impromptu party at any time with Serato DJ Lite. It consists of the ultra-compact DJControl Starlight controller, the HDP DJ45 headset and five bracelets that light up in time with the beat. The DJ Party Set is easy to move and set up, making it an ideal gift for anyone wanting to easily travel around and take the party with them.

HERCULES DJLEARNING KIT

The all-in-one *Hercules DJLearning Kit*, released on 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, HDP DJ M40.2 headphones and Serato DJ Lite.

After launching its new *DJControl Inpulse* range of controllers (including the *Hercules DJControl Inpulse 300* turntable, which 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 seeking an all-in-one solution for learning and mastering the art of DJing.

At the most recent NAMM show in Anaheim in January 2020, the *Hercules DJStarter Kit* controller won a “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 time a DJ product won 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 to Hercules’ Chinese social media feeds.

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

1.1.2 DJ speakers and headphones

These speakers, available since November 5, 2019, are ideal for practicing mixing, producing your first tracks and creating multimedia content. Optimized for production, this pair of active monitoring speakers, rated 2x80 W, offers powerful audio rendition for home studio use. These Bluetooth speakers are ideal for beginner DJs.

As well as being small and portable, they also stand out for their audio quality and power.

POWER YOUR HOME STUDIO

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.

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

The *Hercules HDP DJ45* headphones are perfect for beginner DJs: by plugging them 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.

1.2 Thrustmaster: a cutting-edge player in the video games and console and PC gaming accessories markets

THRUSTMASTER®

Established in 1992 and acquired by Guillemot Corporation in 1999, Thrustmaster brings its expertise and technical knowledge to the video game accessories market. For almost 30 years, Thrustmaster has been developing high-precision accessories designed to offer an ultrarealistic gaming experience, such as racing wheels, joysticks and gamepads for gaming consoles and PCs.

Thrustmaster draws on its know-how and technological expertise to create high-quality products designed to offer gamers a unique experience, backed up by prestigious licensing agreements and strong partnerships.

Right from the start, Thrustmaster has drawn inspiration from designs used by the US Air Force™. Thanks to its unstinting quest for realism and immersion, Thrustmaster's gaming accessories are now marketed in more than 120 countries through the Guillemot Corporation Group.

Thrustmaster's innovative hi-tech products are designed end to end by its experienced and passionate research and development staff, enabling the brand to propose solutions that offer users a genuinely immersive video gaming experience.

Thanks to its reputation as an innovator, Thrustmaster is the preferred partner to leading console manufacturers and cutting-edge research and development centers, positioning it as a key player in the console and gaming accessories market.

As well as being one of the first to market racing wheels for the PlayStation®4 and Xbox One® consoles, Thrustmaster designed the first official joysticks for PlayStation®4, Xbox One® and Xbox One® X.

With numerous patents pending for its proprietary technologies (including its HEART [Hall Effect AccuRate Technology] and Force Feedback systems), and thanks to the experience of its user communities, Thrustmaster has successfully and sustainably marked itself out from the pack.

The expertise of Thrustmaster's console and hardware research and development teams, reflected in patented technology such as the HEART (Hall Effect AccuRate Technology) system, and the brand's cutting-edge expertise in embedded software enable the Group to offer gamers increasing levels of precision, playability and realism.

Les Volants

Les accessoires de Simulation Aérienne

Les Manettes

Les Casques de Jeu

In 2019, Thrustmaster achieved the following (see Note 5.6.1 to the consolidated financial statements to December 31, 2019, “Segment information by business area”):

- Launched major new products: the official *ESWAP PRO CONTROLLER* gamepad in the EMEA and Asia/China regions, and racing equipment consisting of the TH8A gearbox and the T3PA-PRO pedal set
- Entered into further 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 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.

1.2.1 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 its core market of passionate gamers seeking unique thrills.

In 2019, consumer sales of the Group's range of console and PC racing wheels declined 4.4% by value in the United States but grew 14% by volume *(source: © Copyright 2019 The NPD Group, Inc., all rights reserved; proprietary and confidential property of NPD and its affiliates; licensed for use by NPD clients only; 2019 – extract at January 2020)*.

In the top five European countries of France, Germany, the United Kingdom, Italy and Spain, consumer sales of Thrustmaster racing wheels were down 4.4% *(source: © GFK 2020; extract at January 2020)*.

Keen to cater for its community of Formula 1 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 added to its ecosystem to meet demand from the racing community. Thrustmaster's racing ecosystem is regularly expanded to meet the needs of the brand's racing community and fans all over the world.

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, also sold on its own, 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.

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

In February 2020, Thrustmaster launched a multi-platform magnetic pedal set long awaited by the community, including a Load Cell brake for ultra-precise in-race braking. The new pedal set 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 acclaimed racing ecosystem.

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

1.2.2 Headsets for online gaming

Thrustmaster has a solid reputation in the gaming headset market, where it continues to expand its presence. 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 so as to be able to efficiently launch new products on the back of its already strong reputation.

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.

Thrustmaster headsets offer precision-calibrated audio performance combined with high levels of realism.
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.

1.2.3 Gamepads

In 2019, Thrustmaster worked towards the launch of its brand new range of professional gamepads for eSports players, released at the end of 2019. With the rise of eSports competitions, players keen to secure rankings and the trend towards multi-platform games, Thrustmaster wanted to respond to the needs of gamers demanding increasingly high-performing gamepads and eager to compete.

This first professional gamepad, the *ESWAP PRO CONTROLLER,* 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 competitions requiring uncompromising precision.

Its innovative "swap" function incorporates feedback from gamers who have mastered the techniques of gamepad gaming. 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.

Since it was announced on October 7, 2019, the new ESWAP PRO CONTROLLER, based on a brand new concept, has received a particularly enthusiastic welcome among consumers and the trade press and on social media, achieving record levels of popularity. This officially licensed Sony PlayStation®4 controller, designed to satisfy ranked players who love to compete, offers a huge ecosystem of modules and packs to help gamers improve their performance. Website www.newsbeezer.com said, "The Thrustmaster ESWAP PRO CONTROLLER is currently one of the best PS4 pads there is."

Meanwhile, Spanish YouTuber GENuINE993 described it as "the future of console and PC controllers." On October 16, 2019, French site www.jeuxvideo.com, a leading media site for video games, published a very detailed review of the controller, gave it a score of 17 out of 20 – the highest score awarded to any gamepad to date.

A series of marketing events was held 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 to get a look at the new ecosystem. A dedicated

website specially created for the product registered 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 in preparation to tie in with the launch of Microsoft's new console.

1.2.4 Flight simulation accessories

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

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.

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.

- Joystick range

F/A-18C HORNET™

★★ HOTAS ADD-ON GRIP ★★

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.

US website www.wargamer.com described it as providing "one of the best tactile sensations I've ever experienced in a virtual environment". 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 aircraft instrument on which it is based, the *F/A-18C Hornet™ HOTAS Add-On Grip* is a multi-task stick that fits the bill perfectly 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.

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

1.2.5 eSports

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

- eSports racing

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. The sim racers selected for this development program via the Jean Alesi eSports Academy 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, and so on. The partnership with Jean Alesi Academy represents 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 has been 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 unrivaled performance.

At the 2019 eSports WRC World Final held in Barcelona at the end of September, 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.

- eSports flying

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 established itself as the world's largest combat flight sim tournament.

SINCE 1990
IN FLIGHTSIM

2 RESEARCH AND DEVELOPMENT UNDERTAKEN BY THE COMPANY AND THE GROUP

The Group's global research and development activities are based in four countries (France, Canada, Romania and China) and span expertise in electronic and mechanical product design and development of embedded software and applications. The Group invests significant amounts in research and development every year.

The Group's Guillemot Innovation Labs SAS subsidiary, established in 2018, complements its existing research and development expertise. This lab is involved in the innovation process, validating the emerging needs of gamers and musicians through a "design thinking" approach.

In 2019, the Group invested €5.2 million in research and development, equating to 8.5% of consolidated turnover.

3 ANALYSIS OF THE BUSINESS, RESULTS AND FINANCIAL POSITION OF THE COMPANY AND THE GROUP IN FISCAL YEAR 2019

The Group generated turnover of €60.9 million in 2019, down 25%.

Thrustmaster's turnover declined 27%, mainly as a result of 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.

- 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.

- **Gamepads**: Thrustmaster unveiled a new range of particularly innovative gamepads, successfully launching its new *ESWAP PRO CONTROLLER* in Europe and Asia (excluding Japan) in the fourth quarter of 2019. 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. The gamepad, officially licensed for 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.

New modules were due to be added to the eSwap ecosystem in the first half of 2020.

- **Joysticks**: 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.

- **Racing wheels**: Thrustmaster prepared to launch a multi-platform magnetic pedal set with a Load Cell brake for ultra-precise in-race braking. The new pedal set offers racers the thrill of unrivaled realism and the opportunity to improve their race performance.

The Group attended the most recent NAMM 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.

- Hercules news

Hercules expanded its speaker range, introducing the DJSpeaker 32 Smart Bluetooth monitoring speakers for mixing. At the most recent NAMM show in Anaheim in January 2020, the Hercules DJStarter Kit controller won a "NAMM U Best In Show" award in the "Gotta Stock It" (i.e. bestseller) category. The controller was the first DJ product to win since 2017. US sales of Hercules controllers more than doubled over the period thanks to the new range of *DJStarLight* and *DJInpulse 200* and *300* controllers.

- 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.

- Results and financial position

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

The Group posted a 2019 net operating loss of €2.6 million, compared with net operating income of €6.9 million in 2018. The Group posted a consolidated net loss of €6.4 million, compared with a net profit of €12.2 million a year earlier. This includes a net financial expense of €3.9 million arising from a revaluation loss on the portfolio of Ubisoft Entertainment shares held by the Group.
Shareholders' equity stood at €50.3 million at December 31, 2019. 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.

3.1 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 global 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;
- step up its 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

The Asia-Pacific region 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 entered into new local distribution agreements.

- North America

The Group's North American 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.

- Europe

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

- Other countries

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

The Group's huge network of distributors includes the following:

- Europe and Russia: Amazon, Auchan, Intertoys, Boulanger, Carrefour, Casino, Cdiscount, Conforama, Cora, Dixon, El Corte Ingles, Eldorado, Eroski, Euronics, Fnac, Game UK, Grosbill.com, Intertoys, LDLC.com, Leclerc, Maplin, Makro, Media Markt, Micromania, M Video, Netto, Rue du Commerce, Sainsbury's, Saturn, Sonai, Tesco, Thomann, Toys "R" Us, Unieuro, Worten, etc.

- North America: Amazon.com, Target, Best Buy, Buy.com, Costco, Frys, Gamestop, Walmart, Guitar Center, Meijer, Micro Center, New Egg, B&H, Videotron, Sam Ash, Musician's Friend, etc.

- South America: Carrefour, Walmart, Fnac, Saraiva, Extra, Fast, etc.

3.2 Efficient and optimized international logistics

The Group covers three global regions that account for the majority of high-tech product sales – North and South America, Europe and Asia – and optimizes logistical flows, shipping directly to each continent from production sites in Asia.

The Group has its own international logistics base in France with extensive storage capacity, enabling it to cover the whole of Europe, including Eastern Europe, for both wholesale and e-commerce shipments. North American and Asian sales are fulfilled using logistics providers based in the United States, Hong Kong and Shanghai.

Thanks to the development and evolution of its Hong Kong logistics platform since early 2013, the Group continues to optimize product flows to its European, Asian and American customers by shipping direct from Asia, enabling it to optimize its supply chain and thus offer faster deliveries to customers while reducing the environmental impact of shipping.

3.3 A powerful marketing strategy focused on prestigious partnerships combined with brand ambassadors

With an installed based of PlayStation®4, Nintendo Switch et Xbox One® consoles estimated at 296.6 million units and still growing strongly (source: VGChartz, February 29, 2020), the arrival of the ninth generation of consoles should further boost demand for accessories.

In 2019, Thrustmaster achieved the following (see Note 5.6.1 to the consolidated financial statements to December 31, 2019, "Segment information by business area"):

- Launched a major new product, the *ESWAP PRO CONTROLLER* for PS4 in Asia/China, drawing on the full range of the Group's cutting-edge research and development expertise combined with targeted sales and marketing campaigns
- Entered into significant new partnerships in the eSports segment (with Jean Alesi eSports Academy, Blancpain GT Series, Gold Team Racing, 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
- Stepped up its attendance at the largest international trade shows

As well as maintaining its partnerships with prestigious game developers like Codemasters, Polyphony Digital and Turn 10 to ensure that its peripherals deliver a more realistic racing experience, Thrustmaster has for several years called on brand ambassadors and influencers to support its products and raise awareness of the brand in the gaming community.

Thrustmaster has a long history of relationships with prestigious partners like Ferrari and the US Air Force through global licensing agreements that enable it to develop in-depth knowledge of each universe so as to be able to create replicas that faithfully bring the real world into the video game universe. These relationships are important to the Group's target gaming communities. Similarly, these agreements open up the range of possibilities for new product design to reflect strategic and technological advances made by the Group's partners, fueling overall creativity in the Group's workforce.

The Group is increasingly making use of social media and calling on YouTubers and influencers to promote the brand. Ambassadors and influencers are well-known figures in their industry sectors and areas of expertise who enjoy a large community and reach a broad audience.

Their appreciation of the Group's products serves to provide expert recognition of the quality of those products as well as ensuring that they will endorse them publicly. Their large followings mean such endorsement can have a huge impact. Relationships between the brand and its ambassadors and influencers are based on the principle of transparency.

2017-07-23	1st	» EA Champions Cup Summer 2017	FIFA Online 3
2018-04-01	3rd	» EA Champions Cup Spring 2018	FIFA Online 3
2018-11-17	5th-8th	» EA Champions Cup Winter 2018	FIFA Online 4

3.4 The Group's competitive environment

In a constantly changing environment, the Group operates in highly competitive, diversified markets, offering products aimed at gaming fans and music enthusiasts with its DJing and speaker lines, gamepads and audio headsets for online gamers, and PC and console gaming accessories.

In this context, the Group enjoys a significant competitive edge and works hard to stay ahead of the curve and constantly reinvent its products. Innovation is at the heart of the Group's differentiation strategy. This strategic emphasis is consistent with consumers' expectations.

Thanks to the expertise, commitment and passion of its research and development, sales and marketing teams, the Group boasts a range of unique, differentiated products that help it more effectively meet the needs of gamers worldwide.

Main competitors by product category	
DJing	American Audio, M Audio, Native Instruments, Numark, Pioneer
Wireless speakers	Beats, Braven, Bose, Creative Labs, Jabra, JBL, Marshall, Philips, Sonos, UE
PC gaming accessories	Corsair, Logitech, Razer, Steelseries
Console gaming accessories	Big Ben Interactive, Hori, Microsoft, PDP, Razer, Sony
Headsets for online gamers	Astro, HyperX, Logitech, PDP, Plantronics, Razer, Sennheiser, SteelSeries, Turtle Beach
Gamepads	@Play, Microsoft, Nacon, Nintendo, PDP, Powera, Sony

3.5 The Group's attendance at the largest international trade shows

Every year, through its Hercules and Thrustmaster brands, the Group attends the largest international trade shows to meet with key customers, form new partnerships and tap into the latest trends and the status of the sector in which it operates. It also showcases new products and allows visitors to test them at events hosted at its stands. Trade shows also provide an opportunity for the Group to meet with members of the press who come to look at new products.

Consumer Electronics Show (Las Vegas) – January 2019

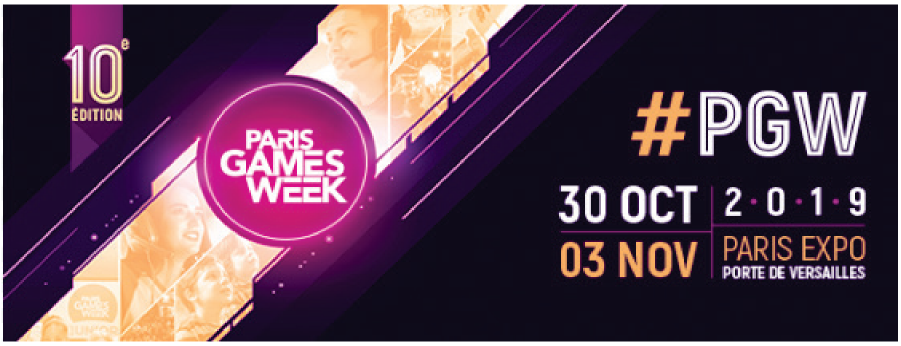
The DJ Show (United Kingdom)

AFIAL IBERICO - PORTUGAL

NAMM Show (United States) – January 2019

the NAMM show

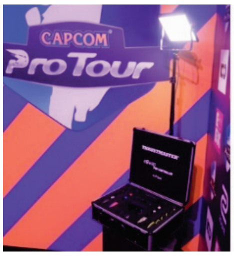
Paris Games Week (Paris, France)

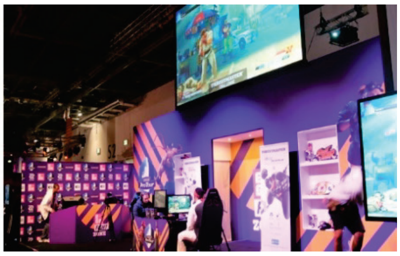


IT SHOW 2019 - SINGAPOUR

EGX Virgin media POWERING 2019

G-Star – Busan (November 2019, South Korea)





<u>Le Mans Esports Series global final</u> (France)

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 is providing 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 in June.

<u>GT World competitions</u>

Thrustmaster is official equipment partner of GT Sport competitions worldwide, with three Thrustmaster-sponsored drivers having qualified to date.

3.6 Positive press play and a range of awards

The French and international specialist press keeps a close eye on the Group's product ranges, which regularly receive awards all over the world. Regular benchmarking tests highlight the quality, originality and reliability of the Group's products.

This type of recognition is important in promoting the Group's products to consumers and driving increased sales. It is a mark of the global relevance and competitiveness of the Group's product ranges worldwide. In response to current trends, over the past few years the Group has called on not just YouTubers but also other influencers to support its products and raise awareness of its brands in the gaming and DJ communities.

3.6.1 Hercules range

Ever since its launch, the new DJControl range of controllers has garnered major awards and rave reviews all over the world.

DJSpeaker 32 Smart et Monitor 5 : Hercules veut simplifier la vie des home-studistes avec ses nouvelles enceintes

Par Benoît Campion (@Lino_kitsune) | Publié le 05/12/19 à 09h05

Partager :

COMMENTER

3 min.

Hercules renforce son catalogue d'enceintes actives pour la fin 2019. La firme présente deux modèles orientés DJing/home-studio : les DJSpeaker 32 Smart, ultra-compactes avec connexion Bluetooth, et les Monitor 5, plus conventionnelles.

Hercules Monitor 5: early coverage

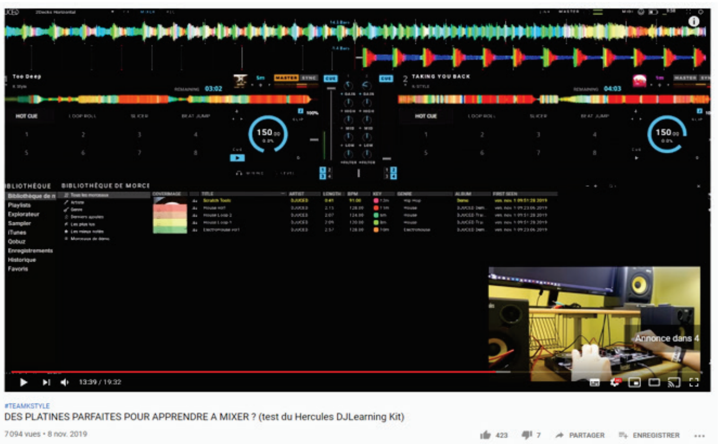
https://www.newsic.it/hi-tech-hercules-monitor-5/

https://youtu.be/6Pme6RVtO4c

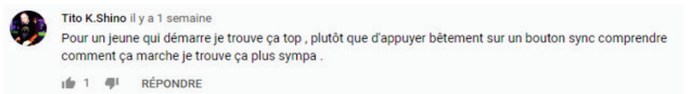
https://www.magneticmag.com/2019/11/review-the-hercules-monitor-5-entry-level-studio-speakers/

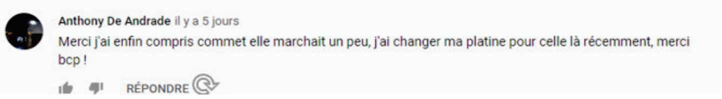
Hercules Monitor 5 – Les Numériques (FR)

K Style – DJLearning kit (France / Belgique



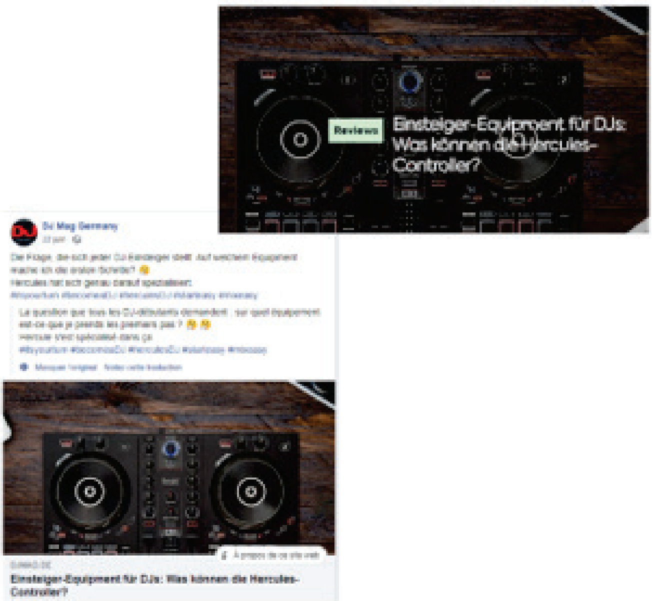
Le YouTuber et DJ belge, D-style, a présenté le kit DJLearning à ses « followers » et a organisé un jeu-concours sur son Instagram!





DJ MAG – la gamme Hercules DJControl Inpulse (Allemagne)

German site DJ Mag published a new article about the DJControl range, which it promoted on its Facebook page and in its newsletter.



INFLUENCERS

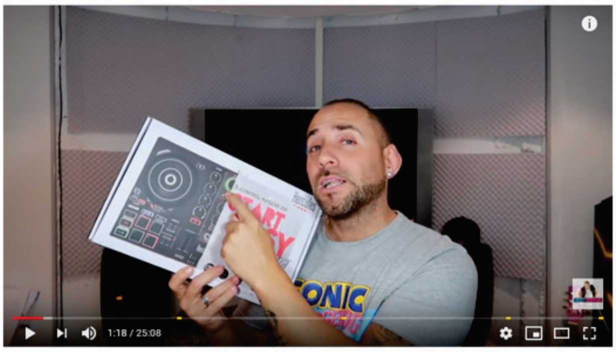
https://www.instagram.com/iamdjjunky/
11,2K followers / US

https://www.instagram.com/_shannonnicole/
67,3K followers / UK

https://www.instagram.com/epicproportionstour/
2,7 followers / USA

Spanish YouTuber Charly Rodriguez has made a number of videos about the latest controllers in the DJ range, attracting over 26,000 views.

Charly Rodriguez – Gamme DJControl Inpulse + DJControl Starlight (Espagne)



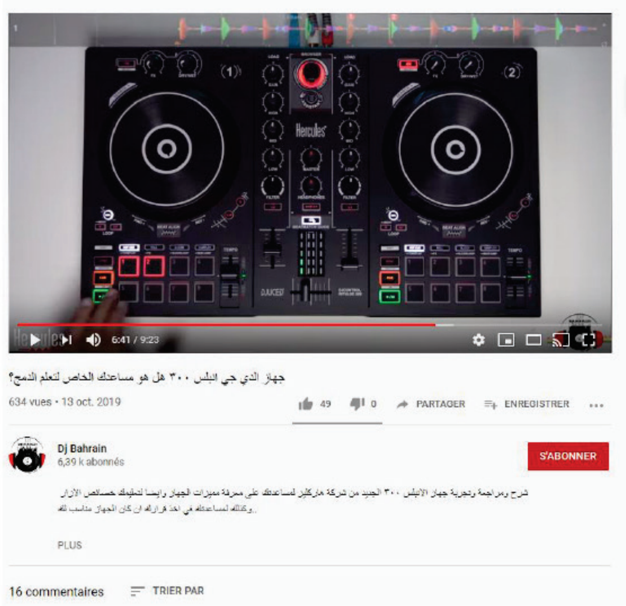
https://www.youtube.com/channel/UCyUyqovuOF960NEEMDey_NQ

At the most recent NAMM show in Anaheim in January 2020, the Hercules DJStarter Kit controller won a “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 time a DJ product won the award was in 2017).

The DJControl Inpulse 300 turntable had its first review in Bahrain (United Arab Emirates).

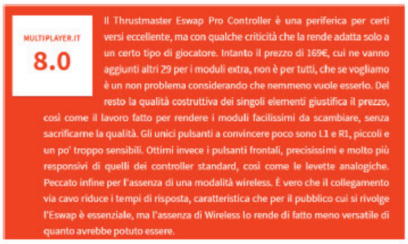
DJ Bahrain – DJControl Inpulse 300 (AR)

Here is the 1st review in Bahrain region:



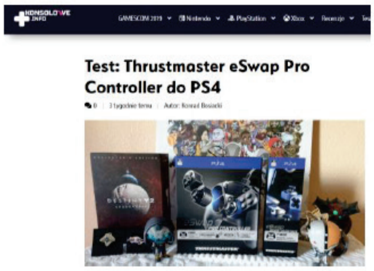
https://www.youtube.com/watch?v=lG-2t4nGC7Y +
https://www.instagram.com/p/B3jwKrNgD90/?igshid=1nko4riz7sihl

3.6.2 Thrustmaster range


MULTIPLAYER.IT

8.0

Il Thrustmaster Eswap Pro Controller è una periferica per certi versi eccellente, ma con qualche criticità che la rende adatta solo a un certo tipo di giocatore. Intanto il prezzo di 169€, cui ne vanno aggiunti altri 29 per i moduli extra, non è per tutti, che se vogliamo è un non problema considerando che nemmeno vuole esserlo. Del resto la qualità costruttiva dei singoli elementi giustifica il prezzo, così come il lavoro fatto per rendere i moduli facilissimi da scambiare, senza sacrificarne la qualità. Gli unici pulsanti a convincere poco sono L1 e R1, piccoli e un po' troppo sensibili. Ottimi invece i pulsanti frontali, precisissimi e molto più responsivi di quelli dei controller standard, così come le levette analogiche. Peccato infine per l'assenza di una modalità wireless. È vero che il collegamento via cavo riduce i tempi di risposta, caratteristica che per il pubblico cui si rivolge l'Eswap è essenziale, ma l'assenza di Wireless lo rende di fatto meno versatile di quanto avrebbe potuto essere.



On December 11, 2019, website www.clubic.com awarded the ESWAP PRO CONTROLLER four and a half stars out of five.

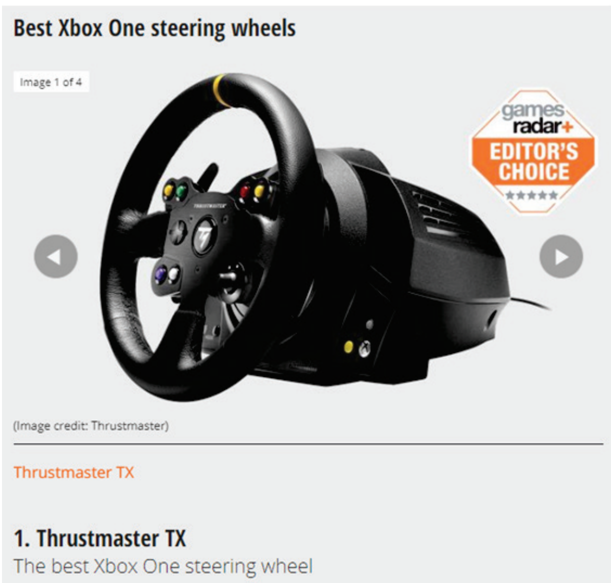
French site www.lesnumeriques.com awarded the new ESWAP PRO CONTROLLER four stars out of five and said it “succeeds in standing out from the competition thanks to its easy-to-use system and pretty extensive personalization options.”

CONCLUSION

NOTE GLOBALE

En misant tout sur la modularité, l'eSwap Pro Controller parvient à se distinguer de la concurrence en proposant un système simple d'emploi et en offrant une personnalisation assez poussée. Il est toutefois regrettable qu'il faille acheter au moins un pack de modules en plus pour réellement personnaliser sa manette, alors même qu'elle coûte déjà 3 fois le prix d'une DualShock 4. L'eSwap Pro Controller présente heureusement l'essentiel des fonctions que l'on est en droit d'attendre d'une manette de jeu haut de gamme visant la compétition, bien qu'il lui manque quelques éléments pour véritablement égaler la concurrence.

Meanwhile, www.GamesRadar.com, which attracts over 27 million visitors a month, put the TX Racing Wheel Leather Edition at the top of its ranking of Xbox One® racing wheels on January 10, 2020. The TMX Force Feedback and Ferrari 458 Spider Racing Wheel also made it into the site’s top five.



On November 26, 2019, French site www.jeuxvideo.com, which boasts over 54 million visitors a month, awarded the T300 RS GT Edition racing wheel a score of 19 out of 20, describing “the experience offered by the T300 RS GT” as “excellent.”

offre, le Thrustmaster T300RS propose 3 pédales en version GT Edition, contrairement au modèle classique. Il est **compatible PS3, PS4 et PC** en se branchant simplement via USB.

Accompagné de son pédalier, le volant T300RS assure de bonnes sensations de conduite et un logiciel complet pour faire vos réglages. Vous ne pourrez plus dire que c'est la faute à la manette.

L'avis de oliveroidubocal

Note 19/20

Au global, l'expérience offerte par ce T300RS GT Edition est évidemment excellente, très proche de celle de la version Alcantara et tellement supérieures à celles de la version de base. On profite d'une conduite souple et précise, avec à peine quelques vibrations parasites, quand la motorisation se montre capable de montées en puissance toujours aussi impressionnantes et ne dénotant jamais avec ce que l'on voit à l'écran. L'apport d'un pédalier sérieux est aussi un plus

4 GROUP RESULTS – PRESENTATION OF THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

4.1 Group key figures and segment information

4.1.1 Key figures

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 notes to the consolidated financial statements).

Consolidated annual turnover in 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 net loss of €6.4 million for the year, compared with net income of €12.2 million in 2018, after taking into account €0.8 million of tax income in the year.

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.

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

4.1.2 Segment information

Detailed segment information is set out in Note 5.6 to the consolidated financial statements.

4.1.3 Breakdown of 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).*

- 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**

4.1.4 Breakdown of net operating income by business

(€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**

4.2 Presentation of the financial statements for the fiscal year ended December 31, 2019 and appropriation of earnings

4.2.1 Comments on the Group's consolidated financial statements

4.2.1.1 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.

4.2.1.2 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 totaling €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.

Cash flows from operations may be broken down as follows:

	To Dec 31, 2019
Net income from consolidated companies	-6,414
+ Dotations aux amortissements et provisions	3,968
- Reprises des amortissements et provisions	0
-/+ Gains et pertes latents liés aux variations de juste valeur	3,950
-/+ Plus et moins-values de cession	-3
Change in deferred taxes	-275
Operating cash flow after cost of financial debt	**1,226**
Cost of financial debt	375
Operating cash flow before cost of financial debt	**1,601**
Currency translation adjustment on gross cash flow from operations	-13
Change in working capital requirement	**3,942**
Net cash flows from operations	**5,155**
Cash flows from investing activities	
Cash flows from property, plant and equipment and intangible assets	-3,042
Cash flows from non-current financial assets	25
Net cash flows from investing activities	**-3,017**
Cash flows from financing activities	
Dividends paid	-1,980
Borrowings	11,000
Repayment of borrowings	-4,326
Other cash flows from financing activities	-441
Total cash flows from financing activities	**4,253**
Impact of foreign currency translation adjustments	**91**
Change in cash	**6,482**
Net cash at the beginning of the period	-2,005
Net cash at the end of the period	4,477

The Group's operating cash flow after the cost of financial debt in fiscal year 2019 totaled €1,226k.

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.

4.2.2 Comments on the Guillemot Corporation S.A. parent company financial statements

4.2.2.1 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 disposals 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.

Key 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

4.2.2.2 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.

Debt may be broken down as follows:

SCHEDULE OF DEBTS (€k)	At Dec 31, 2019
Borrowings from credit institutions	12,521
Bond issue	0
Medium-term bank loans	56
Bank overdrafts and foreign currency advances	1,372
Trade payables	17,585
Taxes and social security payable	97
Other liabilities	3,540
Payables to fixed asset suppliers	323
Group and affiliates	2,049
TOTAL	**37,543**
Borrowings taken out during the period	11,000
Reduction in borrowings via conversion of bonds	0
Reduction in borrowings via repayment	4,192
Debts owed to individuals	0

Cash flows from operations may be broken down as follows:

(€k)	To Dec 31, 2019
Net income	-1,934
Additions to and reversals of amortization, depreciation and provisions (1)	3,017
Capital gains and losses on disposals	0
Cash generated from operations	**1,083**
Change in operating cash requirement	2,837
Change in non-operating cash requirement	-785
Change in working capital requirement	**2,052**
Cash flows from investing activities	
Outflows – acquisitions of intangible assets	-2,406
Outflows – acquisitions of property, plant and equipment	-607
Inflows – disposals of property, plant and equipment and intangible assets	0
Outflows – acquisitions of non-current financial assets	0
Inflows – disposals of non-current financial assets	103
Acquisitions/disposals of subsidiaries	0
Total cash flows from investing activities	**-2,910**
Increases in capital and capital injections	0
Dividends paid	-1,980
Borrowings	11,000
Repayments of borrowings	-4,192
Total cash flows from financing activities	**4,828**
Change in cash	5,053
Net cash at the beginning of the period (2)	3,092
Net cash at the end of the period (2)	8,145

(1) Excludes additions to and reversals of impairment losses on available-for-sale securities.
(2) Includes net amount of available-for-sale securities.

4.2.2.3 Information on payment terms

Invoices received and issued outstanding at the last balance sheet date (table required pursuant to the first paragraph of Article D.441-4 of the French Commercial Code)												
(€k)	Article D.441 I (1): Invoices received outstanding at the last balance sheet date						Article D.441 I (2): Invoices issued outstanding at the last balance sheet date					
	0 days (indicative)	1-30 days	31-60 days	61-90 days	91 or more days	Total (1 or more days)	0 days (indicative)	1-30 days	31-60 days	61-90 days	91 or more days	Total (1 or more days)
(A) Late payment tranches												
Number of invoices concerned	286					235	247					694
Total value of invoices concerned (excl. taxes)	4,454	2,594	2,539	402	232	5,768	6,960	3,704	3,547	2,667	2,051	11,969
Percentage of total value of purchases in the year (excl. taxes)	9%	5%	5%	1%	0%	12%						
Percentage of turnover in the year (excl. taxes)							12%	6%	6%	4%	3%	20%
(B) Invoices not included in (A) relating to disputed or unrecognized payables and receivables												
Number of invoices not included												
Total value of invoices not included (excl. taxes)												
(C) Benchmark payment terms used (contractual or statutory)												
Payment terms used to calculate late payment	Contractual terms: 0-120 days Statutory terms:						Contractual terms: 0-120 days Statutory terms:					

4.2.2.4 *Appropriation of earnings*

After deducting all expenses, taxes, amortization and depreciation, the parent company accounts presented to you show a loss of €1,933,763.93, which we propose be applied to the accumulated deficit.

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, you are reminded that the following dividends have been paid in respect of the past three fiscal years:

	2016	2017	2018
Number of shares	15,004,736	15,004,736	15,287,480
Dividend per share	0	0	€0.13
Total dividend (1) (2)	0	0	€1,987,372.40

(1) These figures do not include amounts not paid out in respect of treasury shares.
(2) Dividends eligible for the 40% tax relief referred to in Article 158 3 (2) of the French General Tax Code.

4.2.2.5 *Non-tax-deductible expenses*

In accordance with the provisions of Articles 223 *quater* and 223 *quinquies* of the French General Tax Code, you are advised that the financial statements for the past fiscal year do not include any expenses not deductible from taxable profit.

5 POTENTIAL DEPENDENCIES OF THE COMPANY AND THE GROUP

The Group operates in the consumer computing and video game consoles market and supplies consumer accessories.

For the Thrustmaster range, the ability to market new developments and accessories requires the approval of gaming console manufacturers and licensing deals with those manufacturers.

6 INVESTMENT POLICY

For the past several years, the Group's investment policy has consisted of creating added value and building robust fundamentals through recurring investment in research and development. Investment in research and development equated to 8.5% of turnover in 2019, and research and development personnel account for over 30% of the Group's workforce.

The Group's principal investments are described in sections 5.7.2, "Intangible assets", and 5.7.3, "Property, plant and equipment", of the notes to the consolidated financial statements.

7 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 increasingly 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 remain in step with user expectations. Its strategy is also based on developing partnerships to help it keep ahead of new trends and develop innovations that offer genuine 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 over 120 countries.

The Group will be stepping up its strategy in 2020 in response to 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 products are efficiently distributed to customers
- Equipping the Group to adapt to changes in its business sector and environment

8 FORESEEABLE CHANGES IN THE POSITION OF THE COMPANY AND THE GROUP

In light of the coronavirus (COVID-19) epidemic, the Group has reviewed the business impact of the ongoing public health situation. 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 was staggered across the Group's countries of operation. Given its presence in China and Italy, the Group acted quickly to step up its vigilance in other regions. Furthermore, the deterioration in the international economic environment and the attendant decline in consumer purchasing power may affect sales of the Group's products. At the same time, with its Chinese subcontractors having delayed reopening their production facilities in China following the Chinese New Year, the Group expects product releases scheduled for the first half of the year to be delayed and some lines to be out of stock over the period.

- As regards its finances, 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 in its power 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.

9 SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Starting in January 2020, an epidemic of the COVID-19 novel coronavirus (formerly known as 2019-nCoV) spread from China.

On March 11, 2020, the World Health Organization classed COVID-19 as a global pandemic, with the epidemic at that point affecting 205 countries across an extended area.

Many countries implemented drastic lockdowns that will have a major impact on the global economy in 2020.

10 MATERIAL CHANGES IN THE GROUP'S FINANCIAL OR COMMERCIAL POSITION SINCE THE END OF THE FISCAL YEAR

There have been no material changes in the Group's financial or commercial position since the end of the fiscal year.

11 SUBSIDIARIES AND INVESTMENTS

11.1 Guillemot Corporation Group organization chart at December 31, 2019

The percentages shown below correspond to the proportion of capital held (percentage of capital).

GUILLEMOT BROTHERS LTD (1)	GUILLEMOT FAMILY	GUILLEMOT CORPORATION S.A.	FREE FLOAT
14.63%	58.14%	0.66%	26.57%

GUILLEMOT CORPORATION S.A.

SUBSIDIARIES (2)

Guillemot GmbH	Germany	99.75%
Guillemot S.A.	Belgium	99.93%
Guillemot Inc (3)	Canada	74.89%
Guillemot Recherche & Développement Inc	Canada	99.99%
Guillemot Electronic Technology (Shanghai) Co Ltd	China	100.00%
Guillemot Spain SL	Spain	100.00%
Guillemot Inc	United States	99.99%
Hercules Thrustmaster SAS	France	99.42%
Guillemot Administration et Logistique SARL	France	99.96%
Guillemot Innovation Labs SAS	France	100.00%
Guillemot Corporation (HK) Ltd	Hong Kong	99.50%
Guillemot Srl	Italy	100.00%
Guillemot Romania Srl	Romania	100.00%
Guillemot Ltd	United Kingdom	99.99%

INVESTMENTS

Ubisoft Entertainment S.A. (4)	France	0.37%

(1) Wholly owned by members of the Guillemot family.
(2) The percentage of voting rights exercisable at shareholders' general meetings is the same as the percentage of capital
(3) Canadian company Guillemot Inc is owned 74.89% by Guillemot Corporation S.A. and 25.11% by US company Guillemot Inc.
(4) The percentage of voting rights exercisable at shareholders' general meetings is 0.67%.

At December 31, 2019, Guillemot Corporation S.A. had no branches other than the subsidiaries listed above.

11.2 Parent company

Guillemot Corporation S.A., the Group's parent company, markets Hercules- and Thrustmaster-branded hardware and accessories to the Group's customers excluding those in North America, who are supplied directly by Canadian subsidiary Guillemot Inc., and those in China, who are supplied directly by Chinese subsidiary Guillemot Electronic Technology (Shanghai) Co. Ltd.

The Company owns the Hercules and Thrustmaster brands and assumes responsibility for the necessary marketing investment in those brands.

The Company centrally manages billing of its products in all countries (with the exception of North America and China).

To reduce the number of billing and shipping points, its products are marketed through specialized wholesalers in each country.

Products are manufactured by subcontractors, most of whom are located in Asia. The Company provides its subcontractors with designs, key components (secured directly from technology suppliers) and, in some cases, specific equipment.

The Company holds substantially all the shares of consolidated Group companies (there being no minority interests in consolidated companies).

The executives of Guillemot Corporation S.A. oversee the Group's subsidiaries.

The Company holds the Group's main financial resources (equity, bank borrowings and other borrowings). It grants interest-bearing current account advances to subsidiaries in need of financing.

11.3 Marketing and sales subsidiaries

These subsidiaries are responsible for promotion, marketing and sales in the countries in which they are located, and within their areas of influence. The Group controls marketing companies in France, Germany, China, Spain, Italy and the United Kingdom, and distributes its products in over a hundred countries. Furthermore, Hercules Thrustmaster SAS designs interactive entertainment accessories for PCs and gaming consoles and interactive entertainment equipment for PCs. It manages development projects, marketing activities and purchases and sales in relation to those products.

11.4 Research and development subsidiaries

These subsidiaries are responsible for designing and producing the products marketed by the Group. The Group has five research and development entities: Hercules Thrustmaster SAS and Guillemot Innovation Labs SAS in France, Guillemot Recherche & Développement Inc. in Canada, Guillemot Romania Srl in Romania and Guillemot Corporation (HK) Ltd. in China.

11.5 Other subsidiaries

Guillemot Administration et Logistique SARL, based in France, is responsible for product packaging and shipping. It is also tasked with maintaining and developing equipment and computer systems and has responsibility for accounting, financial management and legal affairs on behalf of the Group.

12 INFORMATION ABOUT THE COMPANY AND ITS SHARE CAPITAL

12.1 Information about the Company's share capital

12.1.1 Share capital at December 31, 2019

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.

A schedule of changes in equity since the formation of Guillemot Corporation S.A is set out in Section 18 of the management report.

12.1.2 Breakdown of share capital and voting rights

12.1.2.1 Changes over the past three years

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

Guillemot Corporation S.A. is jointly controlled by Guillemot Brothers Ltd. and the members of the Guillemot family. The Company has not taken any special steps to ensure that control is not wrongfully exercised other than appointing two independent directors to the Board of Directors: Marie-Hélène Lair and Maryvonne Le Roch-Nocera.

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.

To the Company's knowledge, with the exception of those referred to in the tables below, there are no other shareholders who directly or indirectly hold more than 5% of the Company's share capital or voting rights. The Company does not have any information on identifiable bearer shares that might enable it to indicate how many shareholders it has or provide a breakdown of ownership between resident and non-resident shareholders or between private shareholders and institutional investors.

At December 31, 2019, the Company had no employee shareholders as defined in Article L.225-102 of the French Commercial Code.

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%
Gérard 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%**

At December 31, 2018						
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 S.E. (2)	3,000,497	19.627%	6,000,994	22.835%	6,000,994	22.884%
Michel Guillemot	1,870,411	12.235%	3,725,822	14.177%	3,725,822	14.208%
Claude Guillemot	1,836,074	12.010%	3,657,148	13.916%	3,657,148	13.946%
Christian Guillemot	1,529,016	10.002%	2,995,995	11.400%	2,995,995	11.425%
Gérard Guillemot	1,442,361	9.435%	2,869,722	10.920%	2,869,722	10.944%
Yves Guillemot	1,426,073	9.328%	2,837,146	10.796%	2,837,146	10.819%
Other member of the Guillemot family	12,553	0.082%	13,355	0.051%	13,355	0.051%
Together	**11,116,985**	**72.719%**	**22,100,182**	**84.095%**	**22,100,182**	**84.278%**
Treasury shares (3)	57,127	0.374%	57,127	0.217%	0	0.000%
Free float	4,113,368	26.907%	4,122,821	15.688%	4,122,821	15.722%
TOTAL	**15,287,480**	**100.000%**	**26,280,130**	**100.000%**	**26,223,003**	**100.000%**

At December 31, 2017						
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 S.E. (2)	3,000,497	19.997%	3,000,497	18.859%	3,000,497	19.160%
Michel Guillemot	1,855,411	12.366%	2,304,115	14.482%	2,304,115	14.713%
Claude Guillemot	1,821,074	12.137%	2,235,441	14.050%	2,235,441	14.275%
Christian Guillemot	1,501,516	10.007%	1,511,789	9.502%	1,511,789	9.654%
Gérard Guillemot	1,427,361	9.513%	1,448,015	9.101%	1,448,015	9.247%
Yves Guillemot	1,411,073	9.404%	1,415,440	8.896%	1,415,440	9.039%
Other member of the Guillemot family	12,553	0.084%	13,355	0.084%	13,355	0.085%
Together	**11,029,485**	**73.508%**	**11,928,652**	**74.974%**	**11,928,652**	**76.173%**
Treasury shares (3)	250,461	1.669%	250,461	1.574%	0	0.000%
Free float	3,724,790	24.823%	3,731,274	23.452%	3,731,274	23.827%
TOTAL	**15,004,736**	**100.000%**	**15,910,387**	**100.000%**	**15,659,926**	**100.000%**

(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 Claude Guillemot, Michel Guillemot, Yves Guillemot, Gérard Guillemot and Christian Guillemot; none of them individually holds 5% or more of the Company's share capital or voting rights.

12.1.2.2 Breakdown of share capital and voting rights at February 29, 2020

At February 29, 2020						
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	17.44%	4,472,244	17.51%
Michel Guillemot	1,054,059	6.89%	2,108,118	8.22%	2,108,118	8.25%
Claude Guillemot	1,224,574	8.01%	2,449,148	9.55%	2,449,148	9.59%
Christian Guillemot	1,273,715	8.33%	1,770,555	6.90%	1,770,555	6.93%
Gérard Guillemot	983,736	6.43%	1,967,472	7.67%	1,967,472	7.70%
Yves Guillemot	814,573	5.33%	1,629,146	6.35%	1,629,146	6.38%
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	27.46%	7,042,391	27.58%
Together	**11,124,070**	**72.77%**	**21,452,429**	**83.65%**	**21,452,429**	**84.00%**
Treasury shares (3)	106,134	0.69%	106,134	0.41%	0	0.00%
Free float	4,057,276	26.54%	4,086,240	15.94%	4,086,240	16.00%
TOTAL	**15,287,480**	**100.00%**	**25,644,803**	**100.00%**	**25,538,669**	**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 Claude Guillemot, Michel Guillemot, Yves Guillemot, Gérard Guillemot and Christian Guillemot; none of them individually holds 5% or more of the Company's share capital or voting rights.

12.1.3 Transactions covered by Article L.621-18-2 of the French Monetary and Financial Code

The following transactions were undertaken during the fiscal year ended December 31, 2019:

Declarant	**Nature of transaction**	**Transaction date**	**Location of transaction**	**Number of shares**	**Unit price (€)**	**Transaction amount (€)**
Guillemot Brothers Ltd (4)	Sale	04/10/19	Outside a trading venue	764,375	2.90	2,216,687.50
Claude Guillemot (1)	Gift of shares to his spouse and children	05/03/19	Euronext Paris	611,500	2.85	1,742,775.00
Michel Guillemot (2)	Gift of shares to his spouse and children	05/03/19	Euronext Paris	816,352	2.85	2,326,603.20
Yves Guillemot (3)	Gift of shares to his spouse and children	05/03/19	Euronext Paris	611,500	2.85	1,742,775.00
Gérard Guillemot (2)	Gift of shares to his spouse and children	05/03/19	Euronext Paris	458,625	2.85	1,307,081.25
Christian Guillemot(2)	Purchase	04/10/19	Outside a trading venue	764,375	2.90	2,216,687.50
	Gift of shares to his spouse and children	05/03/19	Euronext Paris	1,019,676	2.85	2,906,076.60

(1) Director and Chairman and Chief Executive Officer, Guillemot Corporation S.A.

(2) Director and Chairman and Deputy Chief Executive Officer, Guillemot Corporation S.A.

(3) Deputy Chief Executive Officer, Guillemot Corporation S.A.

(4) Company controlled by Claude Guillemot, Michel Guillemot, Yves Guillemot, Gérard Guillemot and Christian Guillemot.

Declarant	Nature of transaction	Transaction date	Location of transaction	Number of shares	Unit price (€)	Transaction amount (€)
Nathalie Guillemot (1)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Julia Guillemot (2)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Valentin Guillemot (2)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Victoria Guillemot (2)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Tiphaine Guillemot (3)	Gift of shares received	05/03/19	Euronext Paris	204,852	2.85	583,828.20
Aldric Guillemot (4)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Cassilde Guillemot (4)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Cyriaque Guillemot (4)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Eloi Guillemot (4)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Joëlle Guillemot (5)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Charlie Guillemot (6)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Héloïse Guillemot (6)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Victor Guillemot (6)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Françès Guillemot (7)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Henry Guillemot (8)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
John Guillemot (8)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Suzanne Guillemot (9)	Gift of shares received	05/03/19	Euronext Paris	255,301	2.85	727,607.85
Armand Guillemot (10)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Etienne Guillemot (10)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Hélène Guillemot (10)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Louis Guillemot (10)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75
Pierre Guillemot (10)	Gift of shares received	05/03/19	Euronext Paris	152,875	2.85	435,693.75

(1) Spouse of Claude Guillemot, director, Chairman and Chief Executive Officer
(2) Children of Claude Guillemot, director, Chairman and Chief Executive Officer
(3) Spouse of Michel Guillemot, director and Deputy Chief Executive Officer
(4) Children of Michel Guillemot, director and Deputy Chief Executive Officer
(5) Spouse of Yves Guillemot, Deputy Chief Executive Officer
(6) Children of Yves Guillemot, Deputy Chief Executive Officer
(7) Spouse of Gérard Guillemot, director and Deputy Chief Executive Officer
(8) Children of Gérard Guillemot, director and Deputy Chief Executive Officer
(9) Spouse of Christian Guillemot, director and Deputy Chief Executive Officer
(10) Children of Christian Guillemot, director and Deputy Chief Executive Officer

12.1.4 Crossings of significant share ownership thresholds

During the fiscal year ended December 31, 2019, the following share ownership thresholds, referred to in Article L.233-7 of the French Commercial Code, were crossed:

Declarant	Date	Threshold crossed		Description	Holding after crossing threshold	
		Capital	Voting rights		Capital	Voting rights
Guillemot Brothers Ltd (1)	04/10/2019	15%	20%	Downward following a share sale	14.63%	17.53%
Christian Guillemot (1)	04/10/2019	15%	-	Upward following a share purchase	15.00%	14.74%
Claude Guillemot (1)	05/03/2019	10%	10%	Downward following a gift of shares to his spouse and descendants	8.01%	9.54%
Michel Guillemot (1)	05/03/2019	10%	10%	Downward following a gift of shares to his spouse and descendants	6.89%	8.20%
Yves Guillemot (1)	05/03/2019	-	10%	Downward following a gift of shares to his spouse and descendants	5.33%	6.33%
Gérard Guillemot (1)	05/03/2019	-	10%	Downward following a gift of shares to his spouse and descendants	6.43%	7.65%
Christian Guillemot (1)	05/03/2019	15%	10%	Downward following a gift of shares to his spouse and descendants	8.33%	6.74%

(1) Individual crossing.

At February 29, 2020, the total number of voting rights attaching to shares making up the company's share capital used to calculate significant shareholding thresholds was 26,644,803.

12.1.5 Treasury shares

12.1.5.1 Share buyback program

The Board of Directors was authorized at the shareholders' general meeting of May 23, 2019 to undertake share buybacks.

The characteristics of the share buyback program are set out below:

- Duration of the program: 18 months from the date of the shareholders' general meeting (i.e. expiring November 22, 2020)
- Maximum authorized proportion of share capital: 10%
- Maximum unit purchase price: €10
- Objectives of the buyback program:

- To make a market in or ensure the liquidity of the Company's shares, through an investment services provider acting independently under the terms of a liquidity agreement that complies with the AMF decision introducing liquidity agreements covering shares as an accepted market practice
- To hold and subsequently remit shares in payment or exchange in connection with potential external growth transactions, with the proviso that the number of shares purchased for such purpose may not exceed 5% of the shares making up the share capital
- To cover securities representing debt instruments that entitle the holder, by way of conversion, exercise, redemption or exchange, to an allotment of shares of the Company
- To cover stock option plans and/or any other form of allocation of shares to employees and/or executive directors of the Company and/or the Group
- To retire shares thus purchased, subject to the shareholders approving a specific resolution at an extraordinary general meeting
- To carry out any transaction that is allowed or that might become authorized by regulations subsequent to that meeting, notably where such transaction is in line with a market practice that comes to be accepted by the AMF

At the start of the fiscal year beginning January 1, 2019, the Company held 57,127 treasury shares.

During the fiscal year ended December 31, 2019, 252,192 treasury shares were purchased and 208,538 shares were sold under the liquidity agreement entrusted to Portzamparc Société de Bourse.

The Company did not retire any treasury shares during the fiscal year ended December 31, 2019.

At December 31, 2019, the Company held 100,781 treasury shares.

Number of shares registered in the Company's name at December 31, 2018:	57,127
Number of shares purchased during the fiscal year ended December 31, 2019:	252,192
Average purchase price:	2.88 €
Number of shares sold during the fiscal year ended December 31, 2019:	208,538
Average selling price:	2.99 €
Number of shares retired during the fiscal year ended December 31, 2019:	0
Total trading fees in the fiscal year ended December 31, 2019:	0
Number of shares registered in the Company's name at December 31, 2019:	100,781
Value of shares registered in the Company's name at December 31, 2019, valued at purchase price:	251,530.88 €
Total par value of shares registered in the Company's name at December 31, 2019:	77,601.37 €
- dont au titre du contrat de liquidité (100 781 actions):	*77,601.37 €*
Number of shares used during the fiscal year ended December 31, 2019:	208,538
- dont ventes dans le cadre du contrat de liquidité (208 538 actions)	
Reallocations during the fiscal year ended December 31, 2019:	None
Proportion of capital represented by shares held at December 31, 2019:	0.66%

At February 29, 2020, the Company held 106,134 treasury shares, accounting for 0.69% of its share capital; since January 1, 2020, the Company has purchased 36,776 shares and sold 31,423 shares under the liquidity agreement granted to Portzamparc Société de Bourse.

12.1.5.2 Liquidity agreement

The Company mandated Portzamparc Société de Bourse to implement a liquidity agreement, which took effect on January 1, 2019. This agreement complies with AMF decision 2018-01 of July 2, 2018, applicable with effect from January 1, 2019, introducing liquidity agreements covering equity securities as an accepted market practice.

When this liquidity agreement was implemented, the Company provided the following resources, which had been allocated to the previous liquidity agreement with Portzamparc Société de Bourse:

- 57,127 shares; and
- €146,840.97 in cash

12.1.5.3 Description of the share buyback program to be submitted for approval at the shareholders' general meeting of June 4, 2020

A new share buyback program will be proposed to the shareholders at the next shareholders' general meeting, as described below:

- Date of the shareholders' general meeting called to authorize the new share buyback program: June 4, 2020
- Number of shares held by the issuer (directly and indirectly) at February 29, 2020: 106,134
- Proportion of capital held by the issuer (directly and indirectly) at February 29, 2020: 0.69%
- Breakdown of shares held by the issuer by intention at February 29, 2020:

- Liquidity agreement: 106,134

- Objectives of the new buyback program:

- To make a market in and thus ensure the liquidity of the Company's shares, through an investment services provider acting independently under the terms of a liquidity agreement that complies with the AMF decision introducing liquidity agreements covering shares as an accepted market practice
- To hold and subsequently remit shares in payment or exchange in connection with potential external growth transactions, with the proviso that the number of shares purchased for such purpose may not exceed 5% of the shares making up the share capital
- To cover securities representing debt instruments that entitle the holder, by way of their conversion, exercise, redemption or exchange, to an allotment of shares of the Company
- To cover stock option programs and/or any other form of allocation of shares to employees and/or executive directors of the Company and/or the Group
- To retire some or all of any shares thus purchased, subject to the shareholders approving a specific resolution at an extraordinary general meeting
- To carry out any transaction that is allowed or that might become authorized by regulations subsequent to that meeting, notably where such transaction is in line with a market practice that comes to be accepted by the AMF

- Maximum proportion of capital the issuer proposes to acquire: 10%
- Maximum amount allocated to the share buyback program: €10 million
- Maximum number of shares the issuer proposes to acquire: 10% of the total number of shares making up the Company's share capital at any given time, after adjusting the capital to reflect any transactions that might affect it subsequent to the date of the shareholders' general meeting
- Characteristics of shares the issuer proposes to acquire: ordinary shares of Guillemot Corporation (ISIN: FR0000066722) listed on Euronext Paris (Compartment C)
- Maximum unit purchase price: €10
- Duration of buyback program: 18 months from the date of the shareholders' general meeting (i.e. expiring December 3, 2021)

12.1.6 Shareholders' undertakings and shareholders' agreement

On May 3, 2019, Claude Guillemot, Michel Guillemot, Yves Guillemot, Christian Guillemot and Guillemot Brothers Limited signed a collective undertaking to hold Guillemot Corporation shares for a period of two years (the "Dutreil undertaking"). This undertaking related to a total of 3,809,028 shares representing, at that date, 24.92% of the share capital and 29.93% of the voting rights (exercisable at a shareholders' general meeting) of Guillemot Corporation SA.

On that same date, Claude Guillemot, Michel Guillemot, Yves Guillemot and Christian Guillemot gifted the shares covered by the aforementioned undertaking to their respective spouses and children by way of an advance on inheritance in accordance with Articles 1075ff. of the French Civil Code, for a total of 3,059,028 shares representing, at that date, 20.01% of the share capital and 24.04% of the voting rights (exercisable at a shareholders' general meeting) of Guillemot Corporation SA. The latter:

- must comply with the aforementioned collective undertakings entered into by their respective donors;
- must hold the shares gifted to them, once the aforementioned collective undertaking has expired, for a further four years; and
- may not, without the consent of the donor, sell, transfer, or pledge the shares gifted to them, nor offer them as collateral, for six years with effect from May 3, 2019.

12.1.7 Legal charges over the Company's share capital

To the Company's knowledge, there are no legal charges over its share capital.

12.2 Information about Guillemot Corporation shares

12.2.1 Market in the issuer's shares

Guillemot Corporation S.A. is listed on Euronext Paris (Compartment C).

ISIN	:	FR0000066722
Market capitalization at December 31, 2019	:	36,995,701.60 €
Market capitalization at February 28, 2020	:	30,269,210.40 €

12.2.2 Guillemot Corporation share price over time

Month	Total shares traded	Average daily volume of shares	First quoted price on last day of month (€)	Monthly high (€)	Monthly low (€)
Sep-18	414,062	20,703	4.88	5.18	4.44
Oct-18	469,797	20,426	4.15	4.80	3.85
Nov-18	358,949	16,316	3.58	4.27	3.48
Dec-18	401,417	21,127	3.28	3.80	2.90
Jan-19	370,237	16,829	4.00	4.26	3.22
Feb-19	675,694	33,785	2.70	3.60	2.62
Mar-19	784,941	37,378	3.55	3.76	2.63
Apr-19	1,390,355	69,518	2.90	3.22	2.70
May-19	236,744	10,761	2.75	2.96	2.50
Jun-19	286,098	14,305	3.05	3.26	2.72
Jul-19	184,760	8,033	3.00	3.12	2.77
Aug-19	430,678	19,576	2.81	3.02	2.32
Sep-19	360,734	17,178	2.40	2.82	2.14
Oct-19	381,189	16,573	2.14	2.46	1.87
Nov-19	351,441	16,735	2.33	2.41	2.00
Dec-19	393,097	19,655	2.42	2.50	2.30
Jan-20	419,571	19,071	2.31	2.58	2.14
Feb-20	289,836	14,492	1.98	2.45	1.81

(Source: Euronext) (September 1, 2018 to February 28, 2020)

(September 1, 2018 to February 28, 2020)

13 RISK FACTORS

The Group has reviewed the risks that could have a material adverse effect on its business, financial position or results. The various risks specific to the Group are ranked by potential impact and probability of occurrence. This mapping of risks reflects the Guillemot Corporation Group's exposure.

Risk	Probability of occurrence	Impact	Criticality
Risks associated with supply sources	Possible	Major	High
Risks to the equity portfolio	Possible	Major	Limited
Risks associated with protectionism	Probable	Moderate	Limited
Technological risks	Probable	Moderate	High
Risks associated with seasonal fluctuations in busir	Probable	Moderate	Limited
Public health risk	Almost certain	Moderate	Limited
Risks associated with license agreements	Possible	Moderate	Limited

13.1 Risks associated with supply sources

- Dependence on certain suppliers

The degree of dependence on a given supplier depends on how technologically complex the product in question is.

The Group has for several years maintained ongoing commercial relationships with a good number of suppliers, for whom it represents attractive sales potential.

However, the Group is not completely immune to changes in the sales strategies of technology manufacturers, who could in certain cases restrict the use of such technologies to certain of their other customers. Furthermore, lengthening procurement lead times can lead to significant production delays. Moreover, production stoppages by certain suppliers of critical components could necessitate changes in electronic product design, thus delaying shipment of affected products.

- Stoppages, tie-ups and concentration

Over the past few years, the interactive entertainment market has experienced production stoppages, alliances and takeovers.

If one of its suppliers should fail or undergo a change of control, Guillemot Corporation's market position means it would be able to turn to alternative supply sources.

In some cases, such developments can necessitate changes in the manufacturing process, resulting in additional production and supply lead times, and thus impacting sales.

- Components

A shortage of components or a corresponding lengthening of procurement lead times could force the Group to purchase its raw materials at higher prices if it had to obtain supplies from suppliers outside of its usual supply network. This could have the effect of delaying production, and thus shipment, of some products.

The Group oversees production schedules on a weekly basis so as to detect any potential delays and minimize their impact on production. The Group's policy is to forecast its requirements for components and maintain an inventory of certain critical components. Procurement lead times for critical components may lengthen without notice.

13.2 Risk associated with the equity portfolio

At December 31, 2019, the net value of listed securities in the portfolio stood at €27,334k.

Inventory of securities in the portfolio at December 31, 2019

Inventory of securities in the portfolio	Market	Number of securities at December 31, 2019	Market value (€k) (1)
Ubisoft Entertainment S.A. (shares)	Euronext Paris	443,874	27,334
		Total	**27,334**

(1) Based on the share price on the last day of December 2019 (Ubisoft Entertainment: €61.58).

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 course of 2020 (relative to their price at December 31, 2019) would reduce net financial income by €2.7 million.

At March 20, 2020, the closing price of Ubisoft Entertainment shares was €60.64, down 1.53% relative to their price at December 31, 2019. This decrease would give rise to the recognition of a revaluation loss of €417k in the Group's consolidated financial statements at that date.

The Group reserves the right to use these shares to finance its funding requirements.

13.3 Risks 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.

In 2019, the Group generated 23% of its consolidated turnover in the United States.

The following US import tariffs apply to some of the products sold by the Group:

Thrustmaster products:
PC accessories: 25%
Console accessories: 0%
Hercules products:
DJ controller: 25%
Speakers: 7.5%

Import tariffs on products imported into the United States in 2019 totaled $0.4 million.

The Group generally passes on these tariffs in its retail selling prices, which may have an impact on sales.

13.4 Technological risk

Guillemot Corporation operates in the consumer computing and video game console sectors, which are sensitive to developments in electronic technology and the life cycle of video game consoles.

In manufacturing its ranges of products, Guillemot Corporation relies on the most innovative technologies; many of its products use different technologies.

Its research and development teams, based in France, North America and Romania, are in direct contact with major technology operators and the development studios of the largest video game publishers. However, rapid changes in technology can result in some products becoming obsolescent, giving rise to a risk of inventory of those products being subject to impairment losses.

Impairment losses recognized in the income statement in respect of fiscal year 2019 totaled €0.6 million.
Cumulative impairment of inventory in the balance sheet at December 31, 2019 totaled €1.6 million.

13.5 Risk associated with seasonal fluctuations in business

The Guillemot Corporation Group generates approximately 50% of its annual revenue between the months of 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. Moreover, significant seasonal fluctuations can give rise to inventory problems (overstocking or stock shortages).

13.6 Public health risk

The consequences for the Guillemot Corporation Group of the ongoing coronavirus epidemic are set out below.

The Group's products are made in China. Its main subcontractors have pushed back the time frame for resuming operations and estimate a return to normal capacity by June. Capacity is currently running at around 60%.

This decline in production means some products will be out of stock during the first half of the year.

However, the Group began the year with relatively comfortable levels of inventory.

The impact on first-half turnover is estimated at €3 million.

Furthermore, the Port of Hong Kong is operating normally, with outbound shipping from Hong Kong and logistical warehousing operations unaffected.

Impact on consumer sales: based on early observations in the sector, both online purchases and sales in China have grown in the early part of the year. Since the Group sells entertainment products for indoor use, they are less affected by the current situation arising from the coronavirus pandemic, with lockdown measures in force and people encouraged to stay home.

13.7 Risk associated with licensing agreements

Licensing agreements with owners of trademarks or technologies usually include early termination clauses. Such agreements also include clauses enabling the Company, in certain cases, to sell off inventory during a given period after its expiry date ("sell-off clauses"). Termination of such a contract could have an impact on sales of the products covered by the agreement in question, as well as on the value of residual inventory.

14 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The Group has drawn from the recommendations set out by the AMF in its report dated January 22, 2007 as well as the reference framework for listed companies updated in July 2010.

The Group has also used the guide to implementing this framework for small and mid cap companies to facilitate discussion and communication on internal control and to help the Company identify areas of control requiring improvement.

14.1 Objectives of internal control procedures

Internal control consists of a set of procedures, drawn up and implemented under the Company's responsibility, intended to:

- ensure compliance with legislation and regulations;
- ensure that instructions and guidelines issued by senior management are applied;
- ensure the smooth operation of the Company's internal processes, notably those that help protect the Company's assets;
- ensure the reliability of financial information;
- more generally, help the Company manage its business, operate efficiently and make best use of its resources.

By helping safeguard against and control risks that might prevent the Company from achieving these objectives, the internal control system plays a key role in the management and coordination of the Company's various activities. The scope of internal control is not confined to procedures designed to ensure the reliability of accounting and financial information.

However, internal control arrangements cannot provide an absolute guarantee that these objectives will be achieved.

14.2 General organization of internal control

14.2.1 Scope of internal control

The parent company ensures that internal control systems are in place within each of its subsidiaries, and that they are adapted to suit the specific characteristics of each subsidiary and relations between the parent company and subsidiaries.

14.2.2 Parties responsible for internal control

Within Guillemot Corporation Group, internal control is based on the principles of delegation, authorization and separation of functions. These principles are reflected in approval and sign-off processes and procedures.
All Group employees are made aware of the rules of conduct and integrity upon which the Group's internal control system is founded. Each employee has the knowledge needed to establish, operate and monitor the internal control system in light of the objectives assigned to him/her.

The organization and roles of the various bodies involved in internal control are detailed below.

14.2.2.1 Board of Directors

The Board of Directors determines the Group's business strategy and ensures that it is implemented.

14.2.2.2 Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer is responsible for the preparation of procedures and resources put in place to ensure the proper operation and monitoring of internal control.

14.2.2.3 Administration and Finance departments

The Administration and Finance departments encompass functional teams with dual responsibilities of expertise and control, as set out below.

- Financial Control

Group Financial Control provides managers with relevant numerical information (on sales, margins, costs, etc.).

Its objectives are as follows:

- To put in place reporting, management and decision support tools suited to different levels of responsibility
- To analyze gaps between actual and target performance, work with operational staff to explain the reasons for those gaps and monitor implementation of corresponding corrective measures
- To check the accuracy of base data and the output of accounting and financial information systems

- Accounting and Consolidation

Accounting and Consolidation has the following objectives:

- To draw up the interim and annual parent company and consolidated financial statements in compliance with legal obligations and within timescales meeting the demands of financial markets
- To be responsible for implementing accounting procedures
- To draw up and monitor implementation of financial security procedures in compliance with the principle of separation of tasks between individuals with the power to authorize expenditure and those paying expenses
- To formulate the Company's tax policy
- To coordinate with the statutory auditors and provide them with the information they need to perform their duties

- Treasury

The Treasury department's role is to monitor and optimize the Group's cash holdings.

The department manages cash flows and decides how financial resources are used in coordination with each of the Group's financial institutions.

To reduce the risk of error or fraud, authority is delegated to a limited number of employees who alone are authorized by senior management to handle certain financial transactions, subject to predefined thresholds and authorizations.

- Legal

The Group has an in-house legal department that provides services to Group companies.

This department is responsible for:

- drawing up the Group's contractual policy and monitoring its implementation;
- monitoring disputes and legal risks and interfacing with the accounting department to ensure that such disputes and risks are reflected in the financial statements;
- monitoring off balance sheet commitments;
- monitoring the Group's various insurance policies.

▪ Human Resources

The Group has a centralized Human Resources department based at headquarters. This department ensures that the Group complies with the provisions of the French Labor Code and manages relations with employee representative bodies.

▪ Financial Reporting

The Financial Reporting department provides shareholders, financial analysts and investors with the information they need to properly understand the Group's strategy.

▪ Information Systems

The department responsible for information systems manages the development of specific systems and is involved in choosing IT solutions. It undertakes ongoing monitoring of the progress of IT projects and ensures that they are meeting operational needs.

14.2.3 Implementation of internal control and risk management

14.2.3.1 Risk management

In the course of its business, the Group is exposed to a variety of risks that could impact its performance and its ability to achieve its strategic and financial objectives.

The nature of key risk factors, together with preventive and corrective measures, are detailed in this section.

The key areas are set out below.

▪ Risks associated with the Company's industry sector

- Technological risk

In manufacturing its ranges of products, Guillemot Corporation relies on the most innovative technologies; many of its products use different technologies.

As part of their work to determine the features of forthcoming products, the Company's engineers continuously monitor technological developments.

Its research and development teams, based in France, North America and Romania, bolstered by a technology monitoring base in Hong Kong, are in direct contact with major technology operators and the development studios of the largest video game publishers. However, rapid changes in technology can result in some products becoming obsolescent, giving rise to a risk of inventory of those products being subject to impairment losses.

- Risks associated with supply sources

Dependence on certain suppliers:

The degree of dependence on a given supplier depends on how technologically complex the product in question is.

The Group has for several years maintained ongoing commercial relationships with a good number of suppliers, for whom it represents attractive sales potential.

However, the Group is not completely immune to changes in the sales strategies of technology manufacturers, who could in certain cases restrict the use of such technologies to certain of their other customers. Furthermore, lengthening procurement lead times can lead to significant production delays. Moreover, production stoppages by certain suppliers of critical components could necessitate changes in electronic product design, thus delaying shipment of affected products.

Stoppages, tie-ups and concentration:

Over the past few years, the interactive entertainment market has experienced production stoppages, alliances and takeovers.

If one of its suppliers should fail or undergo a change of control, Guillemot Corporation's market position means it would be able to turn to alternative supply sources.

In some cases, such developments can necessitate changes in the manufacturing process, resulting in additional production and supply lead times, and thus impacting sales.

- Risks arising from competition in the sector

Having operated in its market for many years, the Group has developed a high level of awareness among distributors and consumers. The Group is exposed to high levels of competition and must constantly monitor the competitiveness of its product ranges.

It has competitors all over the world. Thanks to their originality and performance, the Group's products stand up well against the competition, garnering awards and securing top rankings in comparative tests in the trade press in both Europe and the United States. A loss of competitiveness could have an impact on the Group' results and turnover.

- Risks arising from competition from gaming console manufacturers

Gaming console manufacturers control which accessories work with their consoles. They can sometimes reject new developments. The ability to market new developments and accessories requires the approval of gaming console manufacturers.

- Risk associated with seasonal fluctuations in business

The Guillemot Corporation Group generates approximately 50% of its annual revenue between the months of 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. Moreover, significant seasonal fluctuations can give rise to inventory problems (overstocking or stock shortages).

- Industrial and environmental risk

Since the Group subcontracts all of its production and has no production sites of its own, it has not assessed these risks. Its main subcontractors are certified ISO 9001 and ISO 14001. Neither the Group's warehouses nor its key production subcontractors are located in regions recognized as being sensitive to climate change risk.

The Group has not assessed the financial risks associated with the effects of climate change. The increase in direct shipments from the Group's Hong Kong warehouse helps reduce its carbon footprint.

- Market risk

- Interest rate risk

At December 31, 2019, the Group had fixed-rate financial liabilities totaling €14,570k and floating-rate financial liabilities totaling €1,374k. At December 31, 2019, the Group had no borrowings covered by acceleration clauses.

Based on the Group's outstanding unhedged floating-rate financial liabilities at December 31, 2019, a 1% annual increase in interest rates would increase financial expenses by €14k.

- Foreign exchange risk

Since all major players in the multimedia industry transact in US dollars, no given 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, insofar as market momentum allows.

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. If certain countries should leave the eurozone, this could have an inflationary effect linked to exchange rates in those countries. This could lower the Group's sales in the countries in question.

Rapid currency fluctuations, and particularly 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, growth in the Company's export sales over the past few years has boosted its natural hedging and significantly lowered its foreign exchange risk.

A breakdown of the Group's foreign currency assets and liabilities at December 31, 2019 is as follows (unhedged assets only – i.e. those exposed to interest rate risk):

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

(€k)	USD	GBP
Assets	12,468	1,153
Liabilities	6,601	62
Net position before hedging	5,867	1,091
Off balance sheet position	0	0
Net position after hedging	5,867	1,091

Based on foreign currency values exposed to exchange rate fluctuations at December 31, 2019, a 10% annual decrease in the US dollar exchange rate would increase financial expenses by €475k.

Based on foreign currency values exposed to exchange rate fluctuations at December 31, 2019, a 10% annual decrease in the sterling exchange rate would increase financial expenses by €117k.

The impact of exchange rate fluctuations on other currencies is not material.

Currency effects arising from the translation of subsidiaries' accounts:

All subsidiaries conduct business in their local currency. The impact on shareholders' equity at December 31, 2019 was +€524k.

- Equity risk

At December 31, 2019, the net value of listed securities in the portfolio stood at €27,334k.

Inventory of securities in the portfolio at December 31, 2019

Inventory of securities in the portfolio	Market	Number of securities at December 31, 2019	Market value (€k) (1)
Ubisoft Entertainment S.A. (shares)	Euronext Paris	443,874	27,334
		Total	**27,334**

(1) Based on the share price on the last day of December 2019 (Ubisoft Entertainment: €61.58).

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 course of 2020 (relative to their price at December 31, 2019) would reduce net financial income by €2.7 million.

At March 20, 2020, the closing price of Ubisoft Entertainment shares was €60.64, down 1.53% relative to their price at December 31, 2019. This decrease would give rise to the recognition of a revaluation loss of €417k in the Group's consolidated financial statements at that date.

- 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 (see Section 5.7.6 of the notes to the consolidated financial statements).

- Liquidity risk

- Treasury risk

The Group has net debt of €10.2 million and a portfolio of Ubisoft Entertainment shares with a market value of €27.3 million at December 31, 2019.

The following table shows the Group's debt position at December 31, 2019.

Characteristics of securities issued or borrowing	Fixed rate	Floating rate	Total exposure	Maturity	Hedged
Borrowings from credit institutions	14,637		14,637	2020-2022	No
Bank overdrafts and foreign currency advances		1,374	1,374	2,020	No
Sundry	23		23	2,020	No
TOTAL (€k)	**14,660**	**1,374**	**16,034**		

- Acceleration clauses

At December 31, 2019, the Group had no borrowings covered by acceleration clauses.

- Supply and price risk

A shortage of components or a corresponding lengthening of procurement lead times could force the Group to purchase its raw materials at higher prices if it had to obtain supplies from suppliers outside of its usual supply network. This could have the effect of delaying production, and thus shipment, of some products. The Group oversees production schedules on a weekly basis so as to detect any potential delays and minimize their impact on production. The Group's policy is to forecast its requirements for components and maintain an inventory of certain critical components. Procurement lead times for critical components may lengthen without notice.

- Legal risk

- Disputes

There are no government, administrative, legal or arbitration proceedings, including any pending or threatened proceedings of which the Company is aware, which are likely to have, or which have had within the last 12 months, a significant impact on the Company's and/or the Group's financial position or profitability.

- Intellectual property

The Group's trademarks are mainly registered in Europe with the European Union Intellectual Property Office (EUIPO), in the United States with the United States Patent and Trademark Office and in Canada with the Canada Intellectual Property Office. They are also registered in other foreign countries via the World Intellectual Property Organization (WIPO).

The Group mainly protects the appearance of its products (forms and/or designs) by registering designs and models in Europe with the European Union Intellectual Property Office (EUIPO), in the United States with the United States Patent and Trademark Office and in China with the State Intellectual Property Office.

The Group mainly protects innovative technology included in its products by registering patents in France with the Institut National de la Propriété Industrielle (National Institute for Intellectual Property) and/or in Europe with the European Patent Office (EPO) and in the United States with the United States Patent and Trademark Office.

Prior to registering a trademark or community design, the Group conducts research (or has its advisors do so) to check whether the trademark or community design in question is available. For patents, the Group searches (or has its advisors search) for the existence of prior patents.

However, the Group cannot guarantee that proceedings might not be brought against it.

Defense costs and the costs of paying damages in the event of an unfavorable outcome for the Group could have an adverse effect on the Group's business and financial position.

In the event of infringement (whether suspected or proved) by third parties of intellectual property rights belonging to the Group, the Group shall assess the impact of such infringement on its business, together with any associated defense costs. Any proceedings the Group might bring against such third parties may, in the event of an unfavorable outcome for the Group, adversely affect its business, results and financial position. Any decision to bring such proceedings would be at the sole discretion of the Group, and would most probably only be reached after the Group had attempted to contact the infringer to ask it to refrain from its use or to propose a license agreement.

- Regulatory risk

The Group has taken steps to comply with the RoHS (Restriction of Hazardous Substances) and WEEE (Waste Electrical and Electronic Equipment) directives and the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation. While the Group is careful to monitor regulatory developments in the various countries in which it operates, it cannot completely rule out the possibility that some developments may escape its notice.

- <u>Other risks</u>

- Risks associated with product marketing

The Group's customers mainly consist of wholesalers who directly fulfil requests from end customers (i.e. ordering and shipping are centralized). The Group's top customer accounts for 10% of consolidated turnover, its top five customers account for 36% and its top ten customers account for 55% of consolidated turnover.

Outstanding receivables not recovered in connection with the Group's top ten customers totaled €4,018k at December 31, 2019.

However, the Group's rigorous customer selection process helps minimize customer risk.

The Group takes out credit insurance to cover the risk of non-payment (cf. Section 5.7.6 of the notes to the consolidated financial statements).

- Country risk

The Group's export sales are significant. A deterioration in the economic climate in certain countries could lead to a decline in turnover.

Most of the Group's products are manufactured by partners located in Asia.

Regional conflicts could have an impact on the Group's supplies.

- Risks associated with use of the Group's assets

The Guillemot Corporation Group owns all the assets it needs to operate.

- Insurance and risk hedging

The Group has taken out insurance to cover the key risks identified.

It thus has public liability insurance cover of between €5 million and €8 million depending on the nature of the claim. Other insurance policies cover premises, facilities, vehicles and inventory. Buildings located in France are insured for €7.1 million, while goods are insured for €7.4 million. The Group also has policies covering goods in transit to protect against major incidents that might affect its shipments. The Group's shipping arrangements are insured, irrespective of shipping method and destination, for €765,000 per shipment.

- Major contracts

To the Company's knowledge, there are no major contracts, other than those entered into in the normal course of business, that would impose a significant obligation or commitment on the Group as a whole.

- Risks associated with licensing agreements

Licensing agreements with owners of trademarks or technologies usually include early termination clauses. Such agreements also include clauses enabling the Company, in certain cases, to sell off inventory during a given period after its expiry date ("sell-off clauses"). Termination of such a contract could have an impact on sales of the products covered by the agreement in question, as well as on the value of residual inventory.

- Risks 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.

The controls in place form an operating framework internal to the Group and are constantly evolving with the aim of ultimately serving to manage risks at every level of the Group.

14.2.3.2 Financial control procedures

- Business plan

Business planning is organized centrally at head office by the Finance department and the Financial Control team, which determines planning principles and the planning calendar, manages the process at entity level and checks consistency with Group strategy. The business plan is updated half-yearly.

- Annual budget

Operational and functional managers work with Financial Control and Finance to draw up a budget for the year.

Proposed targets are signed off by senior management and twice-yearly meetings are held with operational managers to monitor progress.

- Weekly performance dashboard

The Financial Control team produces a weekly performance dashboard for senior management that includes, in particular, the following information:

- Consolidated turnover
- Gross margin
- Costs
- Inventory levels
- Indicators of actual performance vs. forecasts and budgets
- Trend indicators

- Reconciliation with accounting data

The Financial Control team carries out a quarterly reconciliation with accounting data to analyze and correct any differences between the following:

- Subscriptions recognized in the management accounts and actual accounting costs
- Costs input by Financial Control and actual costs

This reconciliation serves to produce analytical data by sector.

- Financial forecasts

To supplement budget-based planning and improve consistency between management and cash forecasts, the Accounting department prepares the following:

- A simplified income statement highlighting key management figures
- A simplified balance sheet to supplement the profit-based approach resulting from management forecasts with an asset-based approach with the aim of helping anticipate trends in key items such as fixed assets/investment and the working capital position, as well as making the approach to cash management as reliable as possible
- A funding schedule facilitating work on forecast indicators

14.2.3.3 Commitment monitoring procedures

- Preparation, approval and monitoring of contracts

The Group's Legal department works closely with senior management and operational staff to ensure that all commitments are secure and monitored.

- Monitoring of contracts

Before being signed by the Group, all contracts are submitted to Legal department for checking.
Once signed, all originals of contracts are filed by Legal department.

- Procurement

The Group regularly works with the same suppliers, each of which is approved in advance.

Management is responsible for approving new suppliers.

The procedure in place aims, in particular, to ensure that duties are separated within the purchasing cycle, from ordering through to payment of invoices, and that accounts are checked after the event.

- Sales

The Group's general terms and conditions of sale are signed off and reviewed annually by Legal department and Sales, notably in keeping with regulatory developments.

Customer solvency is an ongoing concern for the Group. Accordingly, strict procedures apply from management level all the way down to customer advisors.

The result is that new customers are subject to a rigorous selection process and must take out adequate credit insurance before the Group does business with them. Payments (and associated reminders) are continuously and systematically monitored under the dual responsibility of the Customer Accounting and Sales departments.

14.2.3.4 Asset monitoring procedure

- Fixed assets

Fixed assets are managed by the Financial Accounting team. Regular reviews are carried out with technical managers to update the status of these assets.

- Inventories

The Group has developed a computer system to optimize inventory monitoring and has put in place an ongoing inventory procedure at its Carentoir site. External warehouses are also monitored on a daily basis.

14.2.3.5 Cash monitoring procedure

- Payment security

All payment methods used by the Group are covered by a security procedure contractually agreed with the Group's banks. The Group's parent company introduced electronic signatures under the EBICS TC protocol in 2016.

These security procedures are backed up by daily bank/accounting reconciliations.

A procedure is in place to ensure that payment instructions cannot be issued and signed by the same person, thus limiting the risk of internal fraud.

Given the upsurge in attempted fraud linked to payment instructions, the Group has tightened its verification procedures and regularly issues communications to accounting and operational staff to ensure they remain vigilant.

- Management of liquidity risk

The Treasury department is responsible for ensuring that the Group has adequate sources of long-term funding to meet its needs.

A monthly analysis is undertaken to this end, while cash forecasts are updated daily and the net cash position is reported daily to senior management.

- Hedging of foreign exchange risk and interest rate risk

Goods are mainly purchased in US dollars.

The Group mainly invoices its customers in euros and dollars.

Since all players in the Group's industry sector index-link their selling prices to cost prices in US dollars, the Group raises and lowers its selling prices in line with cost prices. To limit the Group's foreign exchange risk, Guillemot Corporation partly hedges against currency fluctuations by buying spot currency and currency forwards and options.

Interest rate risk is regularly reviewed by the Treasury department and signed off by senior management.

14.2.3.6 Procedure for producing and verifying financial reporting

- Recognition of turnover

The Financial Control team supplies consolidated Group turnover figures on a quarterly basis. To ensure that turnover is recognized, invoicing data from the Group's invoicing software is fed into its accounting systems.

Figures from financial control are reconciled with accounting figures.

- Accounting systems

The Group uses a number of software packages for financial accounting, cash management, fixed asset management, payroll and consolidation. Specific management systems are developed in-house to ensure that requirements are met as closely as possible.

- Analysis and monitoring procedures

Recognition of recurring accounting events is standardized through the use of dedicated accounting documents that optimize productivity and security.

The principle of separation of tasks is applied within the Accounting department to safeguard against the risk of error or fraud.

Particular attention is paid to the security of computerized data and data processing (physical and logical protection of access, saving, back-ups, etc.).

Access rights are managed centrally, ensuring that companies' commitments, as well as payment authorizations and payments issued, are secure.

All balance sheet and income statement items are analyzed by comparing them with the prior year; to safeguard against the risk of fraud or error, all differences are explained.

- Period-end accounting procedures

At the period-end, the parent company financial statements are presented to senior management by Accounting and inventory items are jointly analyzed by Accounting and Financial Control. Provisions are set aside following careful analysis of risks with the relevant operational and/or functional teams, the Group's Legal department and, where applicable, external advisors.

The consolidated financial statements are prepared in-house by the Consolidation team, which updates consolidation parameters and prepares and produces the statutory financial statements in compliance with IFRS. The main checks carried out by the Consolidation team are checks on returns submitted by subsidiaries, the review of control reports produced by the consolidation system and checks on consolidation analysis reports.

- Relations with the statutory auditors

Relations with the statutory auditors are structured as follows:

- A meeting is held before the period-end, attended by senior management, to agree on the calendar and the organizational approach and approve key accounting options.
- A summary meeting after the period-end accounts have been produced, attended by senior management, is held to gather any comments from the statutory auditors on the parent company and consolidated financial statements.

The accounts are then presented to the Chairman of the Board of Directors before being signed off by the Board of Directors.

- Financial reporting

The main parties involved in reporting financial information to the market are the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers.

The Finance department, the Communications team and the Legal department are also authorized to disclose financial information.

Financial reporting consists of financial and accounting reports, registration documents and financial press releases.

These documents are signed off by the relevant administrative and financial teams, and all financial reporting is signed off by senior management.

Lastly, the Universal Registration Document is filed with the AMF.

Financial reporting is disseminated by e-mail, telephone and postal mail.

Regulated financial information is passed on to a primary information provider meeting the criteria laid down in the AMF's General Regulation. Press releases are uploaded to the Guillemot Group's website (available from the site in French and English).

14.2.4 Preparation of accounting and financial information for shareholders

Internal control procedures relating to the preparation and processing of financial and accounting information for shareholders, and those intended to ensure compliance with general accounting principles, are agreed with senior management, which tasks the Group's administration and finance teams with implementing them and monitors their implementation.

14.2.5 Conclusion

The Guillemot Corporation Group's internal control procedures are continuously monitored to ensure that they are updated and amended, notably to reflect any changes in legislation and regulations applicable to the Group and its business.

Projects aimed at improving the reliability of and control over the Group's business in 2019 are as follows:

- Improvements to the process for declaring licenses to rights-holders
- Automation of data exchange with logistics partners via EDI
- Improvements to website availability and visibility
- Overhaul of Group ERP system ergonomics
- Implementation of new accounting software in France
- Implementation of a paperless supplier invoicing system in France

The following projects are planned for 2020:

- Implementation of new CRM software for user support
- Migration of the payroll application to a cloud-based platform
- Development of new functionality within the Group's accounting software (purchase costs and fixed assets)
- Rollout of a US online sales platform
- Overhaul of existing functionality within the Group's ERP system:
    - Customer management
    - Order management
    - Product management

The Group pays close attention to business continuity and system restores are tested annually.

The Chairman of the Board of Directors considers that the measures in place provide for effective internal control.

15 Corporate, environmental and social information

At December 31, 2019, the Group was not subject to the requirement to include a statement of non-financial performance in its management report.

15.1 Corporate information

Each subsidiary was issued with a corporate report in 2019 to gather quantitative and qualitative information on all social issues covered by the "Grenelle II" Act across a comprehensive consolidated scope.

15.1.1 Employment

15.1.1.1 Total workforce and breakdown by gender, age and geographical region

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.

15.1.1.2 Recruitment and dismissals

During the fiscal year ended December 31, 2019, a total of ten people were recruited onto permanent contracts: five in France, three in Canada, one in China (Hong Kong) and one in the United Kingdom.

The Group also entered into 19 new fixed-term contracts: 14 in France and five in other countries (Romania).

No employees left following a unilateral decision by the company that employed them.

In 2018, Group companies recruited 27 people onto permanent contracts: 19 in France, four in Canada, two in China (Hong Kong), one in Italy and one in Romania.

The Group also entered into 20 new fixed-term contracts: 12 in France and eight in other countries (six in Romania and two in China).

Two employees were dismissed during fiscal year 2018.

15.1.1.3 Changes in remuneration

(€k)	2019		2018	
Company	Compensation in year	Social security contributions in year	Compensation in year	Social security contributions in year
Parent company	220	78	278	119
Hercules Thrustmaster SAS	2,826	1,196	2,885	1,243
Guillemot Administration et Logistique SARL	1,784	680	1,608	703
Guillemot Innovation Labs	325	138	84	35
Consolidated foreign subsidiaries	3,522	387	3,404	412
Total	**8,677**	**2,479**	**8,259**	**2,512**

Pay rises are mainly the result of individual negotiations based on increases in employees' skills and/or responsibilities. These may be supplemented by collective pay increases, as was the case in 2019 and 2018.

Nationwide or collective agreements (industry agreements, etc.) apply to the various subsidiaries of Guillemot Corporation Group. The provisions of the French Labor Code on compulsory and voluntary employee profit-sharing and employee savings schemes do not apply to the Group's French companies.

15.1.2 Organization of work

15.1.2.1 Organization of working time

All employees of Group companies are covered by local regulations governing the number of hours in a working week, as follows:

- 35 hours in France
- 37.5 hours in the United Kingdom
- 38.5 hours in Germany
- 40 hours in Canada, Spain, Romania and China

Employees working part-time (excluding part-time parental leave) at consolidated French and foreign subsidiaries accounted for 5% of the workforce at December 31, 2019, unchanged from December 31, 2018.

A total of 1,232 overtime hours were worked in 2019: 616 in France and 616 at foreign companies (compared with 1,328 in 2018: 249 in France and 1,079 at foreign companies).

15.1.2.2 Absenteeism

The number of days' absence at consolidated subsidiaries is broken down as follows:

	2019					2018				
	Guillemot Administration et Logistique	Hercules Thrustmaster	Guillemot Innovation Labs	Foreign subsidiaries	Total	Guillemot Administration et Logistique	Hercules Thrustmaster	Guillemot Innovation Labs	Foreign subsidiaries	Total
Sick leave	85	142	0	286.5	**513.5**	52	328	0	182	**562**
Maternity leave	29	183	0	288	**500**	0	0	0	206	**206**
Occupational and commuting accidents	0	0	0	0	**0**	2	0	0	10	**12**
Unpaid leave	8.36	21	0	45	**74.36**	19.39	20.5	0	54	**93.89**
Paternity leave	0	9	0	50	**59**	0	0	0	15	**15**
Other absence	63	104.5	0	53	220.5	104	151	0	36	291
Total	**185.36**	**459.5**	**0**	**722.5**	**1367.36**	**177.39**	**499.5**	**0**	**503**	**1179.89**

To help employees return to work for the long term following a period of absence, the Group's French subsidiaries have discussions with their occupational health teams and endeavor to take into account their recommendations. In particular, when an employee returns to work after a long period of absence on medical grounds, they work to adapt the content of the role and the environment in which it is performed as appropriate.

15.1.3 Health and safety

15.1.3.1 Workplace health and safety conditions

The Group's French companies continue to follow their risk prevention process, which consists in particular of updating a single document that serves to identify, assess and analyze the risks to which employees may be exposed. The Group's various sites are subject to inspections in accordance with the rules applicable in each country.

It should also be noted that the Group's activities give rise to little occupational risk.

As well as ensuring that workplaces are equipped with first aid kits, fire extinguishers, etc., and in addition to the use of personal protective equipment in storage and handling areas, the importance of which is regularly reiterated, the Group's French companies focus their efforts on three aspects of prevention in particular: posture when working in front of a screen, carrying loads, and heart problems.

Companies also communicate about psychosocial risk factors: for example, a "stress whistleblowing" process has been introduced at two French companies to help make employees more aware of signs of workplace stress; and the Group's values, including "respect, collaboration and solidarity", are disseminated.

Employees regularly receive new and refresher training in safety, both to prepare them to deal with hazards in the workplace (in accordance with applicable regulations) and to train volunteers to be able to provide first aid (as certified first aiders, in France, at Guillemot Administration et Logistique and Hercules Thrustmaster).

One management employee working in the logistics department in France received training in 2014 in the protection and prevention of occupational risk, and ran two refresher sessions in 2016 on correct posture in the workplace.

The Group's French companies are equipped with automatic defibrillators: when combined with cardio-pulmonary resuscitation, early defibrillation significantly increases the chances of survival of a person in cardio-respiratory failure with ventricular fibrillation, the main cause of sudden death in adults.

As regards the carrying of loads, the relevant advice is accessible via the intranet and is reiterated in brochures and on posters in all workspaces.

Similarly, since most workstations involve the use of a computer, a number of online documents set out simple rules on how to properly organize a computer-based workstation. Another aspect of occupational health was addressed in 2015, when the company began providing its French employees with information on the prevention of health risks when traveling abroad and broadened out its communication to cover all teams, sharing recommendations designed to limit the spread of viral and bacterial infections in all workplaces. The Company is also working to adapt all its workstations to changing circumstances (e.g. due to epidemics).

Lastly, it should be noted that the Group's French companies introduced supplementary group health cover for all employees in early 2016.

15.1.3.2 Frequency and severity of occupational accidents, and occupational diseases

One occupational accident was reported in 2019, with no work stoppage or any other consequences for the French employee concerned.

There had been four occupational accidents in 2018: one workplace accident and two commuting accidents in France, and one accident in Spain during business travel. One of the commuting accidents in France resulted in a two-day work stoppage, while a Spanish employee involved in an accident had to stop working for ten days.

15.1.4 Employee relations

15.1.4.1 Arrangements for employee dialogue, including in particular procedures for informing, consulting and negotiating with employees

Employees of the Group's Romanian subsidiary and one of its two French subsidiaries are represented by employee representatives.

These employee representative bodies are informed and consulted in accordance with the prescribed regulatory framework.

15.1.4.2 Review of collective agreements, notably as regards occupational health and safety

All companies take care to apply collective regulations specific to their business, namely nationwide and industry-wide agreements.

The Romanian "Collective Labor Agreement", concerning in particular rules applicable to employment contracts and the parties' rights and duties, was renegotiated in 2017.

Health and safety measures represent one of the components of the "Collective Labor Agreement" that was renegotiated in Romania in 2017. These relate in particular to the provision of information to employees, workstation equipment and environment, and the frequency of safety training.

15.1.5 Training

15.1.5.1 Training policy, notably as regards environmental protection

The training policy followed by the Group's French companies is aimed at adapting employees' skills in line with developments in the Group's businesses, notably by means of a training plan.

Other training activities may be put in place at the request of employees or, by exception, on the basis of commitments made when employment contracts are entered into.

The Group raises employee awareness of environmental impacts by displaying notices about issues linked to printing, sorting and lighting, as well as by informing subsidiaries about how to save water, electricity and paper.

No environmental protection training was undertaken within the Group in 2019.

15.1.5.2 Total number of training hours

Company	2019	2018
Parent company	0	0
Hercules Thrustmaster SAS	142	98
Guillemot Administration et Logistique SARL	385	203
Guillemot Innovation Labs	0	0
Consolidated foreign subsidiaries	146	55
Total	**673**	**356**

These figures reflect only training delivered by accredited outside organizations. There is also in-house training of various kinds: training in tools and methods as part of the induction process or when an employee changes jobs; regular product training for sales staff; refresher safety training; help using software packages, etc. These types of training are not included in the above figures.

15.1.6 Equality

15.1.6.1 Gender equality

Group companies seek to promote professional equality between women (of whom there were 79, or 41% of the workforce, at December 31, 2019, compared with 72, or 39% of the workforce, at December 31, 2018) and men in terms of compensation, qualifications, classification, promotion and recruitment.

The proportion of women in the workforce continues to rise (women represented only 34% of the workforce in 2016 and 36% in 2017) although, given the technical nature of the Group's activities, the vast majority of engineering positions are held by men.

However, one-third of head of department positions within the Group are held by women.

	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
Workforce	**5**	**45**	**54**	**3**	**84**	**191**	**5**	**41**	**51**	**2**	**84**	**183**
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**
Male/female salary ratio*	N/A	1.0	1.5	N/A	1.4		N/A	1.0	1.5	N/A	1.3	

* Ratio of men's to women's gross average contractual salaries in December.

This indicator continues to be closely monitored.

15.1.6.2 Employment and inclusion for people with disabilities

During the year, the Group's French subsidiaries used services offered by sheltered employment organizations (*Etablissements et Services d'Aide par le Travail* – ESATs) employing people with disabilities at a level corresponding to 1.10 units* (compared with 1.11 the previous year). They also contributed to social inclusion for people with disabilities via the DOETH return covering the employment of workers with disabilities.

*Unit: employee benefiting from the employment obligation by virtue of a disability.

15.1.6.3 Anti-discrimination policy

The Group makes every effort to treat individual circumstances with the utmost consideration.

The Group remains careful to ensure that a balance of men and women are recruited, and that all staff receive the same professional development opportunities, irrespective of gender. However, given the preponderance of technical roles, the Group continues to operate in a labor market in which women are still under-represented.

15.2 Environmental information

15.2.1 General environmental policy

15.2.1.1 Organizational measures to take into account environmental issues and, where applicable, environmental assessment and certification

The Group does not have a dedicated environmental management team. Environmental matters are managed by various different departments (Administration, Logistics, R&D, etc.).

Each subsidiary was issued with an environmental report in 2019 to gather quantitative and qualitative information on all environmental issues covered by the "Grenelle II" Act across a comprehensive consolidated scope.

The Group has embarked on a continuous improvement process and put in place regular monitoring to improve its performance against certain environmental indicators.

15.2.1.2 Preventing environmental risk and pollution

Since the Group has no manufacturing sites of its own, it has little exposure to environmental or pollution risk and has not put in place any specific resources in this area.
The Carentoir logistics site is sensitive to transportation-related issues.
A carrier protocol is in place setting out site requirements designed to safeguard against environmental risk.

15.2.1.3 Provisions and guarantees for environmental risk, unless such information could be seriously detrimental to the company in ongoing litigation

Given the nature of the Group's business, no specific provisions for environmental risk have been set aside.

15.2.2 Pollution

15.2.2.1 Prevention, reduction or treatment of discharges into the air, water and soil having a serious impact on the environment

Since the Group has no manufacturing sites of its own, it has little exposure to the risk of discharges into the air, water and soil having a serious impact on the environment and has not implemented any specific measures in this area.
The Group is increasingly making use of environmentally friendly products to maintain and clean its premises. For the upkeep of green spaces at its Carentoir site, the Group works exclusively with external providers that do not use phytosanitary products.
A transportation protocol has been put in place at the Carentoir logistics site requiring carriers to comply with certain measures designed to safeguard against the risk of pollution at the site.

15.2.2.2 Business-specific forms of pollution, including in particular noise and light pollution

The Group's activities do not generate any noise pollution affecting surrounding neighborhoods. All electrical and electronic testing takes place in certified laboratories. Subsidiaries only operate during daylight hours. A transportation protocol is also in place at the Carentoir site, under which carriers are required to comply with noise and safety requirements.

15.2.3 Circular economy

15.2.3.1 Waste prevention and management

15.2.3.1.1 Waste prevention, recycling, reuse and other forms of recovery and elimination

As regards product packaging, the Group is constantly working to optimize the size and shape of packaging relative to the shape of its products so as to limit packaging waste.

As regards recycling of its packaging, the Group has appointed Eco-Emballages and Landbell to collect, process and recover packaging waste for products marketed in the French and German markets respectively.

At the request of the company, Eco-Emballages has in recent years undertaken an external audit in France with the aim of recommending short- and medium-term actions to be taken by the company and reducing the quantity of primary, secondary and tertiary packaging released onto the market.

This audit has also helped identify environmental, logistical and financial savings that could potentially be made depending on what action the Company chooses to take. The Group is continuing with its analysis and incorporating these factors into its product design phase.

The Group has appointed specialist companies to collect, process, recycle and destroy batteries and accumulators used in its products in France (Screlec), the Netherlands (Stibat) and Germany (GRS).

As regards waste electrical and electronic equipment, the Group has appointed specialist companies to collect, process and recycle products marketed in France (Ecologic), the Netherlands (ICT-Milieu) and Germany (European Recycling Platform (ERP) Deutschland GmbH).

Paper and cardboard waste collected at the Group's two French sites are handed over to a recycling company. The Carentoir site achieved a 100% recovery rate in 2019. Waste electrical and electronic equipment is handed over to a company that dismantles products in order to recycle and recover certain components. A recovery rate of around 75% was achieved in 2019.

Printer cartridges and used batteries are handed over to specialist recycling and recovery companies. Broken wooden pallets are stored and collected by a company for repair or recycling, with 71% repaired and 11% recycled in 2019.

When repackaging parcels, the Group now always uses biodegradable loose-fill packing materials. An office paper shredding process has been put in place at the Carentoir site, with the resulting shredded paper being reused to repackage parcels. Cardboard cartons received are also reused for repackaging purposes.

15.2.3.1.2 Preventing food waste

To date, the Group has not adopted any specific measures to prevent food waste.
There are no staff canteens at Group subsidiaries.

15.2.3.2 Sustainable use of resources

15.2.3.2.1 Water supply and consumption in accordance with local constraints

Sites occupied by Group companies consist solely of office premises and warehouses. That being the case, the Group's water consumption is limited to normal consumption for these types of premises. The Group ensures that its employees are made aware of water-saving initiatives.

Water consumption:

Water (m^3)	2019	2018	Change
France*	507	401	26%

* Premises located in Carentoir.

For the Group's other subsidiaries, it is physically impossible to provide an individual breakdown of water consumption for leased offices (due either to their being jointly owned or to water consumption being included in service charges).

15.2.3.2.2 Consumption of raw materials and steps taken to improve their efficient use

The main raw material used within the Group's subsidiaries is office paper.

The Group's French subsidiaries now only use recycled paper.

The Group is constantly reminding its employees of ways to reduce their consumption of office paper. For example, it recommends that printer paper be printed on both sides. In addition, electronic archival systems are being developed within the Group’s subsidiaries and paperless invoicing is being developed for some customers.

In 2019, the Group implemented a paperless system for managing the supplier cycle at its French subsidiaries. This has further built on the significant reduction in paper consumption over the past few years. The Group’s total annual consumption is estimated at 11 kg of paper per person.

15.2.3.2.3 Energy consumption, steps taken to improve energy efficiency, and use of renewable energy

Sites occupied by Group companies consist solely of office premises and warehouses. That being the case, the Group’s energy consumption is limited to normal consumption for these types of premises. The Group displays notices to raise employee awareness of power-saving initiatives.

Resources consumed by the principal Group companies:

Electricity (kWh)	2019	2018	Change
Carentoir (France)	175,473	199,512	-12%
Rennes (France)	43,274	42,540	2%
Romania	42,613	52,237	-18%
Canada	76,666	148,341	-48%
Hong Kong	18,214	18,254	0%
Shanghai	6,071	6,000	1%
Italy	2,522	2,318	9%
Germany	3,340	3,251	3%
Total	**368,173**	**472,453**	**-22%**

Fuel oil (liters)	2,019	2,018	Change
Carentoir (France)	60,974	66,332	-8%

In recent years, the Group has upgraded the heating system at premises occupied by its French companies in Carentoir by installing a temperature regulation system.

In several subsidiaries, lighting times are optimized through the use of movement detectors.

At Group level, computers and other computerized office appliances are switched off at the end of each day. The Group uses virtual servers. The resulting reduction in the number of physical servers translates into lower power consumption.

An energy audit of the Carentoir administration and logistics buildings was carried out in April 2019. The aim was to provide an overview of their energy efficiency so as to identify opportunities to save energy and potential actions with energy, environmental and financial benefits.

This audit covered all building characteristics (shell, dimensions, openings, technical equipment, heating equipment, ventilation, hot water, lighting, etc.) and usage details (occupancy, opening hours, comments and feedback, etc.), supported by energy bills and plans of the premises.

The detailed heat assessment provided a breakdown of energy consumption for each workstation, which could then be used to prioritize recommendations for improving equipment in terms of energy consumption and environmental impact.

15.2.3.2.4 Land use

The Group mainly makes use of office space.

The Group’s business does not give rise to any risk of soil contamination.

High racks are used to optimize the use of space in warehouses.

An unused piece of land at the Carentoir site is used by a local farmer.

15.2.4 Climate change

15.2.4.1 Significant greenhouse gas emissions arising from the Company’s activities, including use of goods and services produced by it

As regards transportation of goods, the Group optimizes truck fill rates by using freight carriers that combine orders shipped to multiple customers.

Since 2013, the Group has used a logistics platform via a Hong Kong-based provider. This has made it possible to increase direct shipping (shipping to customers without going through the Group’s warehouses), thus significantly reducing road transportation. The Group continues to expand its use of this platform, thus reducing the distances covered by its products. In 2019, direct shipping accounted for 77% of the Group's total shipments by volume, compared with 84% in 2018.

As regards supplies of consumables, the Carentoir site has maintained the proportion of products sourced from local suppliers so as to reduce transportation requirements.

The Group advocates increased use of videoconferencing, which is regularly used by its employees.

The use of virtual servers limits the need for air conditioning in computer rooms.

Air conditioning in office premises is not widespread.

City-based offices are located close to train and metro stations to encourage employees to use public transport. The Group does not own any production facilities; in the course of its business, it mainly makes use of office premises. The goods it produces are items of electronic hardware that consume electricity when in use.

15.2.4.2 Adapting to the consequences of climate change

In recent years, the Group has worked to improve insulation in its own buildings to make them less sensitive to temperature fluctuations.

Global warming can give rise to extreme weather such as storms that can disrupt the power supply. The Group has put in place systems and resources to ensure that it is self-sufficient in its electricity production and can guarantee business continuity.

Neither the Group's warehouses nor its key production subcontractors are located in regions recognized as being sensitive to climate change risk.

The consequences for climate change have not been quantified.

15.2.4.3 Voluntary medium- and long-term greenhouse gas emissions reduction targets and resources put in place to achieve them

None.

15.2.5 Protecting biodiversity

15.2.5.1 Action taken to protect or restore biodiversity

A number of local initiatives are in place. At the Carentoir site, green spaces are covered by organic mulch made from pine bark. This avoids the need for chemical weed-killers, maintains soil aeration and softness, promotes biological life and the work of earthworms, protects helpful insects during the winter and limits soil dryness in summer.

15.3 Social information

Each of the Group's subsidiaries was issued with a social report in 2019 to gather quantitative and qualitative information on all social issues covered by the "Grenelle II" Act across a comprehensive consolidated scope.

15.3.1 Social commitments in support of sustainable development

15.3.1.1 Impact of the Company's business on employment and regional development

Employees' daily attendance at the various subsidiaries' offices has influenced local retail outlets (restaurants, supermarkets, mail services, garages, parking lots, etc.). Some subsidiaries have entered into agreements with local hotels and sports facilities.

In France, the Group favors regional organizations when deciding how to allocate the apprenticeship tax, and works with a number of local companies (including sheltered employment organizations, known in France as "ESATs").

In France, the Group provides support in the form of donations to the Fonds d'Initiatives du Club des Trente, a fund that exists to support and finance public interest initiatives aimed at promoting balance, expansion and prosperity in France's western regions, to boost economic activity in western France, to promote the business world among all people groups, and particularly young people, and to promote, spread and defend the values of commitment, initiative and responsibility.

In recent years, this organization has helped finance the following projects:

- Passeport Armorique pour Entreprendre, which works to promote regional development by encouraging and facilitating access to the business world for young people with a viable business idea. Business owners sponsor young people during their studies; together with funding provided by two partner banks, this acts as a genuine project accelerator. The main goal is to pass on a corporate social and cultural heritage to young people who are socially far removed from the entrepreneurial world by facilitating access to the business world, stimulating ambition and helping fast-track projects and identify talent.
- The ENSMA/ISAE higher national school of mechanics and aeronautics, which has set up a junior enterprise within the institution, aimed at carrying out educational research for businesses.
- FORDE (Fonds de Recherche sur la Doctrine de l'Entreprise – "Fund for corporate policy research"), whose scientific goal is to make accessible all references to books, reports and symposiums on corporate policy.
- AgroCampus Ouest, Institut Supérieur des Sciences Agronomiques, Agroalimentaires et Horticoles (higher institute for agricultural, agri-food and horticultural sciences), which has set up a pre-incubator named Agro Up to help students right at the start of the new business creation process.
- IGR – IAE, which in 2018 launched a university diploma in accounting and financial management. Upon completing this qualification, which is taught through e-learning modules, students will have basic skills and knowledge in accounting, corporate finance and financial control.
- Femmes de Bretagne, a collaborative network aimed at helping female business leaders start up and develop businesses. This non-profit has set itself a new goal of expanding in rural areas of Brittany and opening in ten cities within three years to help the most isolated female entrepreneurs.

15.3.1.2 Impact of the Company's operations on residents and other local populations

The Group regularly donates products, IT equipment and furniture to local schools and non-profits.

15.3.1.3 Stakeholder relations and dialogue

The Group's French companies are careful to ensure that the apprenticeship tax, which helps finance expenditure needed to develop technical and professional education and apprenticeships, is allocated to the institutions of its choosing, with the aim of promoting local organizations and creating and maintaining links or stimulating cooperation with the education and student sectors.

15.3.1.4 Partnership and sponsorship

For some invitations to tender for subcontracting and services, the Group favors local non-profits working in support of social and professional integration. In 2019, the Group maintained the level of services sourced from organizations working with people with disabilities. Through some local initiatives, Group employees are involved in sports organizations, non-profits aimed at boosting local economic activity, and charities.

15.3.2 Subcontracting and suppliers

15.3.2.1 Social and environmental issues and procurement policy

The Group requires its subcontractors to comply with environmental legislation and regulations in force and encourages them not to make use of environmentally harmful materials or substances. In 2019, the Group continued to use regional service providers for road transportation and procurement.

Contracts with subcontractors in Asia include recommendations linked to social conditions (prohibition of child labor).

The Group's principal Asian subcontractors are ISO 9001 and ISO 14001 certified.

15.3.2.2 Suppliers' and subcontractors' social and environmental responsibility

The Group makes use of subcontractors to manufacture its products.

Most manufacturing takes place in Asia.

The Group has been working with subcontractors for many years and is careful to ensure that production sites meet applicable social and environmental criteria. The Hong Kong subsidiary carries out daily monitoring of work at production facilities, and teams of French engineers regularly visit production sites.

The Group also sometimes makes use of subcontractors for research, promotion, marketing and sales purposes, and uses environmentally certified organizations to collect and recycle waste.

15.3.3 Fair practices

15.3.3.1 Action in support of consumer health and safety

The Group scrupulously complies with standards in force covering the electrical safety and safe use of its products, and complies with the RoHS (Restriction of Hazardous Substances) and WEEE (Waste Electrical and Electronic Equipment) directives and the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation for relevant products.

The number one priority for the Group's development teams is to be mindful of consumer safety.

15.3.4 Information about anti-corruption measures

15.3.4.1 Preventing corruption

In France, the Group underscores the duty of loyalty in its employment contracts and explains this principle orally when taking on new recruits.

The use of secure payments and strict control over product inventories serve to safeguard against any attempted corruption within the Group.

15.3.5 Information about actions in support of human rights

15.3.5.1 Promotion of and compliance with the stipulations of the fundamental Conventions of the International Labour Organization

15.3.5.1.1 Freedom of association and the right to collective bargaining

All Group companies endeavor to comply with regulations in this area. For example, elected employee representatives perform their duties in accordance with the legal framework (see section 15.1.4.1).

15.3.5.1.2 Eliminating discrimination in respect of employment and professions

The Group assesses its employees on the basis of their competence and rejects all forms of discrimination.

To limit potential risks in this area, personnel management is supported by the expertise of internal and external human resources professionals, both in designing and implementing recruitment processes and in signing off contractual terms.

The Group is also sensitive to the need to integrate young people into the business world: it hosts students (on internships, research assignments, etc.) during their studies as well as supporting projects run by Passeport Armorique pour Entreprendre, which works to promote regional development by encouraging and facilitating access to the business world for young people with a viable business idea.

Employees from the Group's French companies regularly visit schools to talk about their professional experience.

In 2019, the Group's French companies hosted six interns undertaking accredited assignments (excluding short-term "Discovery" internships) and employed one student on an apprenticeship contract and another on a youth training contract.

In 2018 in France, the Group hosted a group of German students as part of a partnership with a local high school.

15.3.5.1.3 Eliminating forced and compulsory labor

All jobs are subject to applicable legislation and comply with the rules governing the administration of employment contracts.

The Group works with subcontractors in Asia and ensures that appropriate checks are carried out via direct contracts with its suppliers and three-way contracts with suppliers and customers, who can ask for social audits to be undertaken at production sites.

15.3.5.1.4 Abolition of child labor

The Group does not employ anyone under the age of 18.

Furthermore, service agreements with subcontractors covering production in Asia stipulate that child labor is prohibited.

15.3.5.2 Other actions in favor of human rights

The Group upholds and abides by international laws and standards in this area.

16 STATUTORY AUDIT

The statutory auditors will read out their reports on the fiscal year ended December 31, 2019. Their reports cover the audit of the parent company and consolidated financial statements, the basis for the auditors' conclusions, and specific checks required by law. They will also read out their special report on agreements covered by Articles L.225-38ff. of the French Commercial Code.

The text of the draft resolutions will then be presented to you.

The floor will then be opened for debate and the resolutions submitted for approval will be voted on.

The Board of Directors

April 8, 2020

17 APPENDIX 1: FIVE-YEAR FINANCIAL SUMMARY

(Article R.225-102 of the French Commercial Code)

17.1 Five-year financial summary for Guillemot Corporation S.A.

Fiscal year	2019	2018	2017	2,016	2015
I - Financial position at the year-end					
Share capital (€k)	11,771	11,771	11,554	11,554	11,554
Number of shares issued	15,287,480	15,287,480	15,004,736	15,004,736	15,004,736
Number of bonds convertible into shares	0	0	0	0	0
II - Comprehensive income from activities in the year (€k)					
Turnover excluding taxes	60,315	77,071	73,991	55,867	61,438
Earnings before taxes, depreciation, amortization and provisions	46	7,613	5,377	-972	2,782
Corporate income tax	-336	655	575	0	0
Earnings after taxes, depreciation, amortization and provisions	-1,934	5,842	4,146	-433	1,695
Amount of earnings distributed	0	1,987	0	0	0
III - Earnings per share (€)					
Earnings after taxes but before depreciation, amortization and provisions	0.07	0.45	0.32	-0.06	0.18
Earnings after taxes, depreciation, amortization and provisions	-0.13	0.38	0.28	-0.03	0.11
Dividend paid on each share	0	0.13	0	0	0
IV – Workforce					
Number of employees*	5	5	5	5	5
Total payroll (€k)	221	278	309	220	220
Amount paid out in employee benefits (€k)	78	118	106	86	82

** Consists of the executive directors Claude, Michel, Yves, Gérard and Christian Guillemot, who do not have employment contracts.*

17.2 Five-year financial summary for Guillemot Corporation Group

Fiscal year	2019	2018	2017	2,016	2015
Comprehensive income from activities in the year (€k)					
Turnover excluding taxes	60,875	81,222	80,448	64,226	65,799
Earnings before taxes, depreciation, amortization and provisions	-2,663	14,654	25,799	7,437	11,945
Corporate income tax	813	2,196	-2,232	-376	-817
Earnings after taxes, depreciation, amortization and provisions	-6,414	12,151	17,542	3,059	7,043
Amount of earnings distributed	0	1,987	0	0	0
Earnings per share (€)					
Earnings after taxes but before depreciation, amortization and provisions	-0.12	1.10	1.57	0.47	0.74
Earnings after taxes, depreciation, amortization and provisions	-0.42	0.79	1.17	0.20	0.47
Dividend paid on each share	0	0.13	0	0	0
Workforce					
Number of employees	191	183	178	162	157
Total payroll (€k)	7,595	7,122	7,405	7,143	6,554
Amount paid out in employee benefits (€k)	2,182	2,231	2,356	2,292	2,140

18 APPENDIX 2: SCHEDULE OF CHANGES IN EQUITY SINCE THE FORMATION OF GUILLEMOT CORPORATION S.A.

Amounts are expressed in euros with effect from September 11, 2001, when the share capital was converted into euros.

Date	Nature of transaction	Number of shares	Cumulative number of shares	Amount of increase in capital			Amount of reduction in capital	Par value of shares	Issue, conversion or contribution premium	Cumulative amount of capital
				Through cash injection or non-cash contribution	Through conversion	Through capitalization of reserves				
Sep 1, '97	Formation of company	1,000,000	1,000,000	-	-	-	-	FF 20	-	FF 20,000,000
Aug 1, '98	Share split	1,000,000	2,000,000	-	-	-	-	FF 10	-	FF 20,000,000
Nov 24, '98	Increase in capital upon IPO	353,000	2,353,000	FF 3,530,000	-	-	-	FF 10	FF 98,840,000	FF 23,530,000
Feb 23, '00	Increase in capital through conversion of bonds	67,130	2,420,130	-	FF 671,300	-	-	FF 10	FF 30,152,775	FF 24,201,300
Feb 23, '00	Share split	2,420,130	4,840,260	-	-	-	-	FF 5	-	FF 24,201,300
May 17, '00	Increase in capital through conversion of bonds	93,550	4,933,810	-	FF 467,750	-	-	FF 5	FF 21,009,922	FF 24,669,050
May 17, '00	Increase in capital through exercise of share subscription warrants	222	4,934,032	F 1,110	-	-	-	FF 5	FF 64,420	FF 24,670,160
May 17, '00	Increase in capital through issuance of shares	953,831	5,887,863	FF 4,769,155	-	-	-	FF 5	FF 321,206,020	FF 29,439,315
Sep 13, '00	Increase in capital through conversion of bonds	20,818	5,908,681	-	FF 104,090	-	-	FF 5	FF 4,675,409	FF 29,543,405
Sep 11, '01	Increase in capital through conversion of bonds	128,750	6,037,431	-	FF 643,750	-	-	FF 5	FF 28,915,312	FF 30,187,155
Sep 11, '01	Conversion of share capital into euros and cancellation of par value	-	6,037,431	-	-	-	-	-	-	€4,602,002.11
May 16, '02	Re-establishment of par value and increase in capital by increasing par value of shares (1)	-	6,037,431	-	-	46,819.76	-	0.77	-	4,648,821.87
May 16, '02	Increase in capital through conversion of bonds (1)	4,376	6,041,807	-	3,369.52	-	-	0.77	149,790.48	4,652,191.39
Jun 28, '02	Increase in capital through non-cash contribution (2)	435,278	6,477,085	335,164.06	-	-	-	0.77	4,587,835.94	4,987,355.45
Aug 30, '02	Increase in capital through non-cash contribution (3)	3,000,000	9,477,085	2,310,000	-	-	-	0.77	12,690,000	7,297,355.45
Aug 30, '02	Reduction in capital through retirement of treasury shares (4)	416,665	9,060,420	-	-	-	320,832.05	0.77	-11,346,025	6,976,523.40
Sep 19, '02	Increase in capital through conversion of bonds (5)	6,000	9,066,420	-	4,620	-	-	0.77	205,380	6,981,143.40
Dec 23, '03	Increase in capital through non-cash contribution (6)	4,444,444	13,510,864	3,422,221.88	-	-	-	0.77	10,577,778.12	10,403,365.28
Jan 19, '04	Increase in capital through exercise of share subscription warrants (7)	81,446	13,592,310	62,713.42	-	-	-	0.77	181,624.58	10,466,078.70
Nov 16, '06	Increase in capital through exercise of share subscription warrants (8)	101	13,592,411	77.77	-	-	-	0.77	4,422.23	10,466,156.47
Nov 16, '06	Increase in capital through cash injection (9)	1,076,233	14,668,644	828,699.41	-	-	-	0.77	1,571,300.59	11,294,855.88
Sep 18, '07	Increase in capital through conversion of bonds (10)	290,532	14,959,176	-	223,709.64	-	-	0.77	700,710.36	11,518,565.52
Jan 29, '08	Increase in capital through exercise of options (11)	6,700	14,965,876	5,159.00	-	-	-	0.77	7,102.00	11,523,724.52
Jan 20, '11	Increase in capital through exercise of options (12)	38,860	15,004,736	29,922.20	-	-	-	0.77	40,035.40	11,553,646.72
Jan 24, '18	Increase in capital through exercise of options (13)	382,500	15,387,236	294,525.00	-	-	-	0.77	436,050.00	11,848,171.72
Jan 24, '18	Reduction in capital through retirement of treasury shares (14)	187,256	15,199,980	-	-	-	144,187.12	0.77	-457,354.20	11,703,984.60
Mar 16, '18	Increase in capital through exercise of options (15)	87,500	15,287,480	67,375.00	-	-	-	0.77	99,750.00	11,771,359.60

(1) At its meeting of May 16, 2002, the Board of Directors, by virtue of the authorization granted to it at the shareholders' general meeting of February 15, 2002, reinstated the statement of par value in the Company's Articles of Incorporation, at €0.77. At that same meeting, the Board noted the number of bonds converted into shares since the beginning of the current financial year and the corresponding increase in capital.

(2) At the extraordinary general meeting of June 28, 2002, the shareholders voted to increase the share capital by creating 435,278 new shares in consideration of the contribution by Guillemot Participations S.A. consisting of one share in Italian company Guillemot Srl, representing full ownership of the latter. The number of new shares was determined based on the value of the contribution, equal to €4,923,000, divided by the reference price of Guillemot Corporation shares corresponding to the average closing price over the 60 trading days preceding the date of the shareholders' meeting.

(3) At the extraordinary general meeting of August 30, 2002, the shareholders voted to increase the share capital by creating 3,000,000 new shares in consideration of the contribution by Guillemot Brothers S.A. consisting of one million shares in Ubisoft Entertainment with a total value of €15 million; the contribution agreement entered into with Guillemot Brothers S.A specified an exchange ratio of three new Guillemot Corporation shares for every Ubisoft Entertainment share contributed. On August 14, 2002, the Commission des opérations de bourse (the then French stock market regulator) approved the appendix to the report by the Board of Directors presented at the extraordinary general meeting under number E.02-213.

(4) At its meeting of August 30, 2002 following the extraordinary general meeting, the Board of Directors, by virtue of the authorization granted to it at the combined general meeting of February 15, 2002, decided to retire 416,665 treasury shares.

(5) At its meeting of September 19, 2002, the Board of Directors noted the number of bonds converted into shares between May 16, 2002 and August 31, 2002.

(6) At the extraordinary general meeting of December 23, 2003, the shareholders voted to increase the share capital through a non-cash contribution by Guillemot Brothers S.A. consisting of 5 million Gameloft shares.

(7) At its meeting of January 19, 2004, the Board of Directors noted the number of share subscription warrants issued on December 5, 2003 and exercised during the subscription period expiring December 31, 2003.

(8) 100 share subscription warrants issued in 1999 were exercised during the year ended December 31, 2006. Share subscription warrants issued in 1999 were exercisable up to August 31, 2006. Share subscription warrants not exercised at that date lost all their value and were delisted from Eurolist at market close on August 31, 2006.

(9) At its meeting of November 16, 2006, the Board of Directors decided to increase the capital by €2,400,000, including issue premiums, as agreed at the extraordinary general meeting of October 31, 2006. The 1,076,233 new shares were fully paid up by offsetting them against liquid claims due against the company held by Guillemot Brothers S.A.

(10) At its meeting of September 18, 2007, the Board of Directors noted the number of bonds converted between January 1, 2007 and August 31, 2007, when the bond issue matured, and noted the corresponding increase in capital. A total of 13,206 bonds were converted during this period.

(11) At its meeting of January 29, 2008, the Board of Directors noted the number and value of shares issued during the year ended December 31, 2007 following the exercise of stock options. A total of 6,700 options were exercised during the period.

(12) At its meeting of January 20, 2011, the Board of Directors noted the number and value of shares issued during the year ended December 31, 2010 following the exercise of stock options. A total of 38,860 options were exercised during the period.

(13) At its meeting of January 24, 2018, the Board of Directors noted the number and value of shares issued during the year ended December 31, 2017 following the exercise of stock options. A total of 382,500 options were exercised during the period.

(14) At its meeting of January 24, 2018, the Board of Directors, by virtue of the authorization granted to it at the combined general meeting of May 24, 2017, decided to retire 187,256 treasury shares. During that same Board meeting, these 187,256 treasury shares had been reassigned for retirement.

(15) At its meeting of March 16, 2018, the Board of Directors noted the number and value of shares issued over the period from January 1 to February 18, 2018 following the exercise of stock options. A total of 87,500 options were exercised during the period.

19 APPENDIX 3: SPECIAL REPORT ON STOCK OPTIONS

Dear Shareholders,

In accordance with the provisions of Article L.225-184 of the French Commercial Code, we have set out in this report information on transactions in share subscription and purchase options undertaken during the year ended December 31, 2019.

No stock options were awarded, exercised, subscribed for or purchased during the fiscal year ended December 31, 2019.

At December 31, 2019, there were no longer any stock option plans in force.

Moreover, no share subscription or purchase options have so far been allotted during the fiscal year beginning January 1, 2020.

Rennes, April 8, 2020

The Board of Directors

20 APPENDIX 4: SPECIAL REPORT ON FREE SHARES

Dear Shareholders,

In accordance with the provisions of Article L.225-197-4 of the French Commercial Code, we have set out in this report information on free share awards during the year ended December 31, 2019.

No free shares were awarded either during the fiscal year ended December 31, 2019 or during prior periods.

Furthermore, no free shares have so far been awarded during the fiscal year beginning January 1, 2020.

Rennes, April 8, 2020

The Board of Directors

21 Appendix 5: Report of the Board of Directors on corporate governance

Dear Shareholders,

Pursuant to the provisions of Article L.225-37 of the French Commercial Code, we hereby present our report on corporate governance in respect of the fiscal year ended December 31, 2019.

21.1 Corporate governance code

The company applies the Middlenext corporate governance code. This code is available from the Middlenext website (www.middlenext.com).

At its meeting of October 26, 2016, the Board of Directors familiarized itself with the items set out in the "Areas for attention" section of the Middlenext code (September 2016 edition). These items were reviewed by the Board of Directors at its meeting of February 28, 2020.

21.2 Directors and executives of Guillemot Corporation S.A.

21.2.1 Directors and executives

<table>
<tr><th colspan="3">Claude Guillemot
Director, Chairman and Chief Executive Officer</th></tr>
<tr><td>Age</td><td>63</td><td rowspan="7">Claude Guillemot joined the family business after completing a master's degree in economics at Université de Rennes I in 1981, followed by a specialized degree in industrial IT at ICAM in Lille. In 1984, he shifted the Company's focus towards the distribution of IT products, and in 1985 specialized the business in the distribution of video games under the "Guillemot International Software" brand. In 1997, he and his four brothers went on to set up Guillemot Corporation Group, which designs and makes interactive leisure hardware and accessories under the Hercules brand for digital peripherals (DJing, digital music and speakers) and the Thrustmaster brand for gaming accessories for PCs and video gaming consoles.
In 1986, he and his brothers also founded Ubisoft Entertainment Group, which designs and sells interactive PC and console games, and in 2000 they established Gameloft Group, a leading global vendor of downloadable video games.
Claude Guillemot is Chairman and Chief Executive Officer of Guillemot Corporation S.A. as well as a Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A.</td></tr>
<tr><td>Gender</td><td>M</td></tr>
<tr><td>Independent director</td><td>No</td></tr>
<tr><td>Year first appointed</td><td>1997</td></tr>
<tr><td>Directorship expires</td><td>2024</td></tr>
<tr><td>Number of shares held at Feb 29, 2020</td><td>1,224,574</td></tr>
<tr><td>Correspondence address</td><td>BP 2, 56204 La Gacilly Cedex</td></tr>
</table>

<table>
<tr><th>Offices and roles within Guillemot Corporation Group at Dec 31, 2019</th><th>Offices and roles outside Guillemot Corporation Group at Dec 31, 2019</th></tr>
<tr><td><u>In France</u>
Chairman, Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS
<u>Outside France</u>
Chairman and director, Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot Inc. (United States)
Executive Director, Guillemot Electronic Technology (Shanghai) Co. Ltd. (China)
Director, Guillemot Ltd (United Kingdom), Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot SA (Belgium), Guillemot Romania Srl (Romania), Guillemot Srl (Italy), Guillemot Spain SL (Spain)
Statutory manager, Guillemot GmbH (Germany)</td><td><u>In France</u>
Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.*
Director, AMA S.A.
Chief Executive Officer, Guillemot Brothers SAS
<u>Outside France</u>
Director, Ubisoft Nordic A/S (Denmark), Ubisoft Emirates FZ LLC (United Arab Emirates)
Alternate director, Ubisoft Entertainment Sweden AB (Sweden), RedLynx Oy (Finland), Ubisoft Fastigheter AB (Sweden)
Director, Playwing Ltd. (United Kingdom), AMA Corporation Ltd. (United Kingdom)
Director and Deputy Chief Executive Officer, Guillemot Brothers Ltd. (United Kingdom)</td></tr>
<tr><th>Expired offices and roles within the Guillemot Corporation Group
(over the past five years)</th><th>Expired offices and roles outside the Guillemot Corporation Group
(over the past five years)</th></tr>
<tr><td>None</td><td><u>In France</u>
Deputy Chief Executive Officer and director, Gameloft SE
<u>Outside France</u>
Director, Gameloft Divertissements Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft Live Développements Inc. (Canada), Gameloft Madrid SL (Spain), Gameloft Iberica SA (Spain), Gameloft Inc. (United States)</td></tr>
</table>

** Listed on Euronext Paris.*

<table>
<tr><th>Michel Guillemot
Director and Deputy Chief Executive Officer with responsibility for strategy</th></tr>
</table>

<table>
<tr><td colspan="4"></td></tr>
<tr><td>Age</td><td>61</td><td colspan="2" rowspan="7">A graduate of the EDHEC business school and holder of a DECS accounting degree, Michel Guillemot co-founded Guillemot Corporation Group (which designs and makes interactive entertainment hardware and accessories under the Hercules and Thrustmaster brands) with his four brothers and serves as Deputy Chief Executive Officer and director of Guillemot Corporation S.A. His 30 years’ experience in the information technology and video games industry, his entrepreneurial spirit and his in-depth knowledge of the mobile industry make him a recognized expert in the field. He also founded mobile video game vendor Gameloft, where he served as Chairman and Chief Executive Officer for 16 years. Under his leadership, Gameloft enjoyed a period of strong and rapid growth from 2001 to 2016, becoming a global leader and one of the biggest developers of mobile games. Michel Guillemot, now based in London, also co-founded the Ubisoft Entertainment Group (which designs and sells interactive PC and console games) in 1986, and serves as Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A. with responsibility for strategic and financial development.</td></tr>
<tr><td>Gender</td><td>M</td></tr>
<tr><td>Independent director</td><td>No</td></tr>
<tr><td>Year first appointed</td><td>1997</td></tr>
<tr><td>Directorship expires</td><td>2022</td></tr>
<tr><td>Number of shares held at Feb 29, 2020</td><td>1,054,059</td></tr>
<tr><td>Correspondence address</td><td>BP 2, 56204 La Gacilly Cedex</td></tr>
<tr><td colspan="3">Offices and roles within Guillemot Corporation Group at Dec 31, 2019</td><td>Offices and roles outside Guillemot Corporation Group at Dec 31, 2019</td></tr>
<tr><td colspan="3"><u>In France</u>
None
<u>Outside France</u>
Director, Guillemot SA (Belgium), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)</td><td><u>In France</u>
Deputy Chief Executive Officer and director, Ubisoft Entertainment S.A.*
Director, AMA S.A.
Chief Executive Officer, Guillemot Brothers SAS
<u>Outside France</u>
Chairman and director, Ariann Finance Inc. (Canada), Divertissements Playwing Inc. (Canada), Laboratoire de recherche sur l’intelligence artificielle (AIRLAB) Inc. (Canada)
Director, Playwing Ltd. (Bulgaria)
Director, Playwing Ltd (United Kingdom), AMA Corporation Ltd (United Kingdom), Artificial Intelligence Research Lab Ltd (United Kingdom)
Director and Deputy Chief Executive Officer, Guillemot Brothers Ltd. (United Kingdom)</td></tr>
<tr><td colspan="3">Expired offices and roles within the Guillemot Corporation Group
(over the past five years)</td><td>Expired offices and roles outside the Guillemot Corporation Group
(over the past five years)</td></tr>
<tr><td colspan="3">None</td><td><u>In France</u>
Chairman and Chief Executive Officer and director, Gameloft SE
Chairman, Gameloft Distribution SAS, Gameloft Partnerships SAS, Ludigames SAS
Statutory manager, Gameloft Rich Games Production France SARL
<u>Outside France</u>
Chairman, Gameloft Srl (Romania), Gameloft Software (Beijing) Company Ltd (China), Gameloft Software (Chengdu) Company Ltd (China), Gameloft Argentina S.A. (Argentina), Gameloft Software (Shenzhen) Company Ltd (China)
Chairman and director, Gameloft Inc (United States), Gameloft Divertissements Inc (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Entertainment Toronto Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft KK (Japan), Gameloft Company Ltd (Vietnam), Gameloft Iberica SA (Spain), Gameloft Private India Ltd (India), Gameloft Co. Ltd. (South Korea), Gameloft Ltd (Hong Kong), Gameloft Philippines Inc. (Philippines), PT Gameloft Indonesia (Indonesia), Gameloft New Zealand Ltd (New Zealand), Gameloft Hungary Software Development and Promotion kft (Hungary), Gameloft SDN BHD (Malaysia), Gameloft FZ-LLC (United Arab Emirates), Gameloft Madrid SL (Spain), Gameloft OY (Finland), Gameloft LLC (Russia), LLC Gameloft (Bielorussia), Gameloft Uruguay SA (Uruguay)
Statutory manager, Gameloft GmbH (Germany), Gameloft Srl (Italy), Gameloft EOOD (Bulgaria), Gameloft S. de R.L. de C.V. (Mexico)
Director, Gameloft Australia Pty Ltd (Australia), Gameloft de Venezuela SA (Venezuela)</td></tr>
</table>

** Listed on Euronext Paris.*

Gérard Guillemot Director and Deputy Chief Executive Officer with responsibility for marketing research	
Age	58
Gender	M
Independent director	No
Year first appointed	1997
Directorship expires	2022
Number of shares held at Feb 29, 2020	983,736
Correspondence address	BP 2, 56204 La Gacilly Cedex

After graduating from the EDHEC business school in Lille, Gérard Guillemot oversaw the establishment of the North American studios of Ubisoft Entertainment Group, specializing in the design and sale of interactive PC and console games, which he founded along with his four brothers in 1986. Since mid-April 2016, he has managed the Cinema division of Ubisoft (Motion Pictures). He is also Deputy Chief Executive Officer and director of Ubisoft Entertainment S.A.
He previously launched Gameloft.com, an online gaming portal whose IPO he subsequently oversaw.
Gérard Guillemot is now based in New York and serves as Chairman of US company Longtail Studios Inc., which he formed in 2003 and which designs educational smartphones and tablets apps.
Gérard Guillemot also co-founded Guillemot Corporation Group (which designs and makes interactive leisure hardware and accessories under the Hercules and Thrustmaster brands) and serves as Deputy Chief Executive Officer and director of Guillemot Corporation S.A.

Offices and roles within Guillemot Corporation Group at Dec 31, 2019	**Offices and roles outside Guillemot Corporation Group at Dec 31, 2019**
<u>In France</u> None <u>Outside France</u> **Director**, Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)	<u>In France</u> **Deputy Chief Executive Officer and director**, Ubisoft Entertainment S.A.* **Director**, AMA S.A. **Chief Executive Officer**, Guillemot Brothers SAS <u>Outside France</u> **Chairman**, Longtail Studios Inc. (United States), Longtail Studios Halifax Inc. (Canada), Longtail Studios PEI Inc. (Canada) **Chairman and director**, Ubisoft L.A. Inc. (United States), Script Movies Inc. (United States) **Director**, Playwing Ltd. (United Kingdom), AMA Corporation Ltd. (United Kingdom) **Director and Deputy Chief Executive Officer**, Guillemot Brothers Ltd. (United Kingdom) **Deputy Chairman**, Dev Team LLC (United States)
Expired offices and roles within the Guillemot Corporation Group (over the past five years)	**Expired offices and roles outside the Guillemot Corporation Group (over the past five years)**
None	<u>In France</u> **Deputy Chief Executive Officer and director**, Gameloft SE <u>Outside France</u> **Chairman**, Studios Longtail Québec Inc. (Canada) **Director**, Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Inc. (United States)

** Listed on Euronext Paris.*

Christian Guillemot

Director and Deputy Chief Executive Officer with responsibility for administration

Age	54	After graduating from the European Business School in London, Christian Guillemot played a driving role in the IPOs of Ubisoft Entertainment (which designs and sells interactive PC and console games), Guillemot Corporation (which designs and makes interactive leisure hardware and accessories under the Hercules and Thrustmaster brands) and Gameloft (a leading global vendor of downloadable video games), each of which he co-founded with his four brothers. As well as serving as Deputy Chief Executive Officer and director of the Guillemot Corporation and Ubisoft Entertainment groups, he is Chairman and Chief Executive Officer of Guillemot Brothers Ltd., the family holding company, and secretary of Longtail Studios Inc. He also runs AMA S.A., which he co-founded with his brothers in 2004 and which specializes in remote medicine and remote assistance with connected glasses, a market that is currently experiencing strong growth. A passionate innovator, Christian Guillemot is also actively involved in developing French tech, having set up three digital accelerators in Brittany, where he has served as a local elected representative since 2014.
Gender	M	
Independent director	No	
Year first appointed	1997	
Directorship expires	2024	
Number of shares held at Feb 29, 2020	1,273,715	
Correspondence address	BP 2, 56204 La Gacilly Cedex	

Offices and roles within Guillemot Corporation Group at Dec 31, 2019	**Offices and roles outside Guillemot Corporation Group at Dec 31, 2019**
<u>In France</u> **Statutory manager**, Guillemot Administration et Logistique SARL <u>Outside France</u> **Director**, Guillemot Corporation (HK) Ltd (Hong Kong), Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada), Guillemot Recherche & Développement Inc. (Canada), Guillemot SA (Belgium)	<u>In France</u> **Deputy Chief Executive Officer and director**, Ubisoft Entertainment S.A.* **Chairman and Chief Executive Officer and director**, AMA S.A. **Chairman**, AMA Opérations SAS, AMA Research and Development SAS, SAS du Corps de Garde, Guillemot Brothers SAS <u>Outside France</u> **Director**, Ubisoft Nordic A/S (Denmark) **Chairman and Chief Executive Officer and director**, AMA L'œil de l'expert Inc. (Canada) **Chairman and Chief Executive Officer and director**, Guillemot Brothers Ltd. (United Kingdom), AMA Corporation Ltd. (United Kingdom), AMA Xperteye Ltd. (United Kingdom), AMA Xperteye Inc. (United States) **Chairman and director**, Playwing Ltd. (United Kingdom) **Chairman and director**, Playwing Entertainment SL (Spain) **Director**, AMA Xperteye Ltd. (Hong Kong), AMA (Shanghai) Co. Ltd. (China) **Chairman**, Playwing Srl (Romania) **Director**, Laboratoire de recherche sur l'intelligence artificielle (AIRLAB) Inc. (Canada), AMA Xperteye Srl (Romania) **Statutory manager**, AMA Xpert Eye GmbH (Germany)
Expired offices and roles within the Guillemot Corporation Group (over the past five years)	**Expired offices and roles outside the Guillemot Corporation Group (over the past five years)**
None	<u>In France</u> **Chairman**, Studio AMA Bretagne SAS **Deputy Chief Executive Officer and director**, Gameloft SE <u>Outside France</u> **Chairman and director**, Advanced Mobile Advertisement Inc. (United States) **Director**, Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada), Gameloft Limited (United Kingdom), Gameloft Inc. (United States)

** Listed on Euronext Paris.*

<table>
<tr><th colspan="3">Marie-Hélène Lair
Director</th></tr>
<tr><td>Age</td><td>73</td><td rowspan="7">After completing advanced accounting studies, Marie-Hélène Lair worked until 1986 for a chartered accounting firm, where she was responsible for a portfolio of clients.
From 1986 to 1999, she ran a production center for temporary employment agency BIS France. She was tasked with managing the center, with particular responsibility for temporary staff payroll, customer credit, accounting, and financial control. During this period (1992 and 1993), Mrs Lair also served as Accounting Director at BIS Group's head office.
From 2000 to 2004, Mrs Lair served as national production manager with the Vedior France group (also in the temporary employment sector), with particular responsibility for temporary staff payroll, production control, accounting, and financial control. She was also a member of Vedior France's Financial Management Committee.</td></tr>
<tr><td>Gender</td><td>F</td></tr>
<tr><td>Independent director</td><td>Yes</td></tr>
<tr><td>Year first appointed</td><td>2011</td></tr>
<tr><td>Directorship expires</td><td>2023</td></tr>
<tr><td>Number of shares held at Feb 29, 2020</td><td>1,000</td></tr>
<tr><td>Correspondence address</td><td>BP 2, 56204 La Gacilly Cedex</td></tr>
<tr><td colspan="2">Offices and roles within Guillemot Corporation Group at Dec 31, 2019</td><td>Offices and roles outside Guillemot Corporation Group at Dec 31, 2019</td></tr>
<tr><td colspan="2">None</td><td>None</td></tr>
<tr><td colspan="2">Expired offices and roles within the Guillemot Corporation Group
(over the past five years)</td><td>Expired offices and roles outside the Guillemot Corporation Group
(over the past five years)</td></tr>
<tr><td colspan="2">None</td><td>None</td></tr>
</table>

<table>
<tr><th colspan="3">Maryvonne Le Roch-Nocera
Director</th></tr>
<tr><td>Age</td><td>61</td><td rowspan="7">After obtaining a DECS accounting degree from the ICS Paris business school, Maryvonne Le Roch-Nocera joined audit firm Edouard Salustro & Associés. She then managed a portfolio of clients at chartered accountants Grégoire et Associés.
In 1986, she moved to Brittany to work for the family holding company, managing supermarkets and real estate companies.
From 2005 to 2007, she ran the Intermarché group's business aviation organization and established Air ITM's public transport operation.
She set up an Intermarché store in Surzur in 2007 and took over the Arzon store in 2011.
From 2006 to 2019, she was a member of the board of Fondation Le Roch – Les Mousquetaires, which she has chaired since November 2019.</td></tr>
<tr><td>Gender</td><td>F</td></tr>
<tr><td>Independent director</td><td>Yes</td></tr>
<tr><td>Year first appointed</td><td>2014</td></tr>
<tr><td>Directorship expires</td><td>2020</td></tr>
<tr><td>Number of shares held at Feb 29, 2020</td><td>100</td></tr>
<tr><td>Correspondence address</td><td>BP 2, 56204 La Gacilly Cedex</td></tr>
<tr><td colspan="2">Offices and roles within Guillemot Corporation Group at Dec 31, 2019</td><td>Offices and roles outside Guillemot Corporation Group at Dec 31, 2019</td></tr>
<tr><td colspan="2">None</td><td><u>In France</u>
Chief Executive Officer and member of the Executive Board, Vanves Distribution S.A.**
Chairman, Nautimar SAS, Franclem SAS, Rochelven SAS, Fondation Le Roch – Les Mousquetaires
Statutory manager, Majimer Sarl, Du Lobreont SCI
<u>Outside France</u>
None</td></tr>
<tr><td colspan="2">Expired offices and roles within the Guillemot Corporation Group
(over the past five years)</td><td>Expired offices and roles outside the Guillemot Corporation Group
(over the past five years)</td></tr>
<tr><td colspan="2">None</td><td>None</td></tr>
</table>

*** Vanves Distribution S.A. is also statutory manager of Du Chantier S.N.C.*

<table>
<tr><th colspan="4">Corinne Le Roy
Director</th></tr>
<tr><td>Age</td><td>56</td><td colspan="2" rowspan="7">Mrs Le Roy established Ubisoft Entertainment Group's Chinese operation in 1996, serving as Chief Executive Officer of its Shanghai subsidiary until 2018. After initially overseeing video game vending, she then took responsibility for video game production in 2000. After 2000, she focused on developing Ubisoft's Shanghai studio – China's first and only world-class video games studio with both design and full production capability. It was ranked among the world's top 100 studios in 2009 (in the Develop 100 ranking), when Tom Clancy's EndWar won the E3 Game Critics award for best strategy game.
In 2009, Mrs Le Roy was awarded the White Magnolia by the Shanghai Municipal Government for her outstanding contribution to Shanghai.
Before joining Ubisoft Entertainment Group, Mrs Le Roy, who is a qualified nurse and medical carer, worked in hospitals and public health, developing and managing projects in Africa, the former USSR and the Middle East.</td></tr>
<tr><td>Gender</td><td>F</td></tr>
<tr><td>Independent director</td><td>No</td></tr>
<tr><td>Year first appointed</td><td>2017</td></tr>
<tr><td>Directorship expires</td><td>2023</td></tr>
<tr><td>Number of shares held at Feb 29, 2020</td><td>1</td></tr>
<tr><td>Correspondence address</td><td>BP 2, 56204 La Gacilly Cedex</td></tr>
<tr><th colspan="3">Offices and roles within Guillemot Corporation Group at Dec 31, 2019</th><th>Offices and roles outside Guillemot Corporation Group at Dec 31, 2019</th></tr>
<tr><td colspan="3">None</td><td><u>In France</u>
None
<u>Outside France</u>
Director, Shanghai Uno Network Technology Co. Ltd (China)</td></tr>
<tr><th colspan="3">Expired offices and roles within the Guillemot Corporation Group
(over the past five years)</th><th>Expired offices and roles outside the Guillemot Corporation Group
(over the past five years)</th></tr>
<tr><td colspan="3">None</td><td><u>In France</u>
None
<u>Outside France</u>
Chief Executive Officer, Shanghai Ubi Computer Software Co. Ltd (China)</td></tr>
</table>

<table>
<tr><th colspan="3">Yves Guillemot
Deputy Chief Executive Officer with responsibility for relations with makers of video game consoles and computers(1)</th></tr>
<tr><td>Age</td><td>59</td><td rowspan="6">On completing his studies at the IPME business school, Yves Guillemot joined with his four brothers to launch out into the video games sector, then at the start of its meteoric expansion. He is currently Deputy Chief Executive Officer of Ubisoft Entertainment Group, which he and his brothers formed in 1986 and which is now one of the world's leading designers, vendors and distributors of video games and interactive services.
Together with his brothers, he is also a co-founder of Guillemot Corporation Group and serves as Deputy Chief Executive Officer of Guillemot Corporation S.A. with responsibility for relations with makers of video game consoles and computers. Yves Guillemot is also a member of the Supervisory Board of Lagardère SCA and of the Board of Directors of Andromède S.A.S.</td></tr>
<tr><td>Gender</td><td>M</td></tr>
<tr><td>Date appointed</td><td>1997</td></tr>
<tr><td>Term of office expires</td><td>Upon expiry of Claude Guillemot's term of office as Chief Executive Officer (and, if Claude Guillemot steps down as Chief Executive Officer, when a new Chief Executive Officer is appointed)</td></tr>
<tr><td>Number of shares held at Feb 29, 2020</td><td>814,573</td></tr>
<tr><td>Correspondence address</td><td>BP 2, 56204 La Gacilly Cedex</td></tr>
</table>

(1) Yves Guillemot stepped down from his duties as a director on August 5, 2016 so as to comply with the provisions laid down in Article L.225-94-1 of the French Commercial Code.

<table>
<tr><th colspan="2">Yves Guillemot (contd.)
Deputy Chief Executive Officer with responsibility for relations with makers of video game consoles and computers</th></tr>
<tr><th>Offices and roles within Guillemot Corporation Group at Dec 31, 2019</th><th>Expired offices and roles within the Guillemot Corporation Group
(over the past five years)</th></tr>
<tr><td><u>In France</u>
None
<u>Outside France</u>
Director, Guillemot Ltd (United Kingdom), Guillemot Inc. (United States), Guillemot Inc. (Canada)</td><td><u>In France</u>
Director, Guillemot Corporation S.A.*</td></tr>
<tr><th>Offices and roles outside Guillemot Corporation Group at Dec 31, 2019</th><th>Expired offices and roles outside the Guillemot Corporation Group
(over the past five years)</th></tr>
<tr><td><u>In France</u>
Chairman and Chief Executive Officer, Ubisoft Entertainment S.A.*
Chairman, Ubisoft Annecy SAS, Ubisoft EMEA SAS, Ubisoft France SAS, Ubisoft International SAS, Ubisoft Montpellier SAS, Ubisoft Motion Pictures Rabbids SAS, Ubisoft Paris SAS, Ubisoft Production Internationale SAS, Nadéo SAS, Owlient SAS, Ubisoft Création SAS, Ivory Tower SAS, Ubisoft Bordeaux SAS, 1492 Studio SAS, Green Panda Games SAS, Puzzle Games Factory SAS, Solitaire Games Studio SAS
Statutory manager, Ubisoft Learning & Development SARL, Ubisoft Motion Pictures SARL, Ubisoft Mobile Games SARL, Ubisoft Paris – Mobile SARL, Ivory Art & Design SARL
Director, AMA SA, Andromède SAS
Member of the Supervisory Board, Lagardère S.A.
Chief Executive Officer, Guillemot Brothers SAS
<u>Outside France</u>
Director and Deputy Chief Executive Officer, Guillemot Brothers Ltd. (United Kingdom)
Statutory manager, Ubisoft Blue Byte GmbH (Germany), Ubisoft GmbH (Germany), Ubisoft EooD (Bulgaria), Ubisoft Studios Srl (Italy), Ubisoft Sarl (Morocco), Blue Mammoth Games LLC (United States), Dev Team LLC (United States), i3D.net LLC (United States)
Chairman, Dev Team LLC (United States)
Chairman and director, Ubisoft Divertissements Inc. (Canada), Ubisoft Éditions Musique Inc. (Canada), Hybride Technologies Inc. (Canada), Ubisoft Toronto Inc. (Canada), Ubisoft Winnipeg Inc. (Canada), Ubisoft Nordic A/S (Denmark), Ubisoft Entertainment India Private Ltd (India), Red Storm Entertainment Inc. (United States), Ubisoft CRC Ltd (United Kingdom)
Deputy Chairman and director, Ubisoft Inc. (United States)
Chief Executive Officer and director, Ubisoft Emirates FZ LLC (United Arab Emirates)
Director, Playwing Ltd. (United Kingdom), AMA Corporation Ltd. (United Kingdom)
Executive director, Shanghai Ubi Computer Software Co. Ltd. (China), Chengdu Ubi Computer Software Co. Ltd. (China)
Director, Ubisoft Pty Ltd. (Australia), Ubisoft SA (Spain), Ubi Studios SL (Spain), Ubisoft Barcelona Mobile SL (Spain), Ubisoft Ltd. (Hong Kong), Ubisoft SpA (Italy), Ubisoft KK (Japan), Ubisoft Osaka KK (Japan), Ubisoft BV (Netherlands), BMG Europe BV (Netherlands), Performance Group BV (Netherlands), i3D.net BV (Netherlands), SmartDC Holding BV (Netherlands), SmartDC BV (Netherlands), SmartDC Heerlen BV (Netherlands), Ubisoft Srl (Romania), Ubisoft Ltd. (United Kingdom), Ubisoft Reflections Ltd. (United Kingdom), Red Storm Entertainment Ltd. (United Kingdom), Ubisoft Singapore Pte. Ltd. (Singapore), Ubisoft Entertainment Sweden A/B (Sweden), RedLynx Oy (Finland), Future</td><td><u>In France</u>
Deputy Chief Executive Officer and director, Gameloft SE
Chairman, Ubisoft Motion Pictures Far Cry SAS, Ubisoft Motion Pictures Ghost Recon SAS, Ubisoft Motion Pictures Assassin’s Creed SAS, Ubisoft Motion Pictures Splinter Cell SAS, Ketchapp SAS, Krysalide SAS
Statutory manager, Script Movie SARL
Director, Rémy Cointreau S.A.*
<u>Outside France</u>
Chairman and director, Ubisoft Musique Inc. (Canada), 9275-8309 Québec Inc. (Canada), Studio Ubisoft Saint-Antoine Inc. (Canada), Ubi Games SA (Switzerland), Ubisoft L.A. Inc. (United States), Script Movie Inc. (United States)
Chairman, Ubisoft LLC (United States)
Director, Gameloft Divertissements Inc. (Canada), Gameloft Live Développements Inc. (Canada)
Statutory manager, Ubisoft Entertainment SARL (Luxembourg)</td></tr>
</table>

Games of London Ltd. (United Kingdom), Ubisoft Fastigheter AB (Sweden), Ubisoft DOO Beograd (Serbia)	

** Listed on Euronext Paris.*

21.2.2 Composition of the Board of Directors

The Board's composition did not change during the fiscal year ended December 31, 2019.

The Board of Directors has seven members, four of them men and three women. Male and female members make up 57.14% and 42.86% of the Board respectively.

The Board has two independent members within the meaning of the Middlenext code: Marie-Hélène Lair and Maryvonne Le Roch-Nocera.

Although she meets all the independence criteria laid down in the Middlenext corporate governance code applied by the Company, Corinne Le Roy is not an independent member due to the hierarchical relationship that exists between Yves Guillemot, Deputy Chief Executive Officer of the Company (who is also Chairman and Chief Executive Officer of Ubisoft Entertainment S.A.) and Corinne Le Roy, former Chief Executive Officer and employee of Shanghai Ubi Computer Software Co. Ltd. (a subsidiary of Ubisoft Entertainment S.A.).

Claude Guillemot, Michel Guillemot, Yves Guillemot, Gérard Guillemot and Christian Guillemot are not independent within the meaning of the aforementioned code since they are also executive directors of the Company and brothers.

No director who also holds executive office (Claude Guillemot, Michel Guillemot, Yves Guillemot, Gérard Guillemot and Christian Guillemot) holds more than two other directorships in listed companies outside of Guillemot Corporation Group.

The Board of Directors does not include a director elected by the employees.

At its meeting of April 29, 2002, the Board of Directors opted to combine the roles of Chairman of the Board of Directors and Chief Executive Officer of the company.

To date, the Board of Directors has not applied any particular limits to the powers of the Chairman and Chief Executive Officer other than those laid down in the Articles of Incorporation and in law.

You are reminded that:

- Article 9 of the Articles of Incorporation stipulates that the Company may be run by a Board of Directors consisting of between three and 18 members.
- Directors serve for a term of six years. However, to enable directors to be replaced on a staggered basis, the shareholders may, at the proposal of the Board of Directors, vote at an ordinary general meeting to appoint or reappoint one or more directors for a period of four or five years.
- Each director must own at least one share and no director may be over 80 years of age.

21.2.3 Diversity policy applied to members of the Board of Directors

21.2.3.1 Goal

The goal of the diversity policy applied to members of the Board of Directors is to enable the Board to effectively discharge its duties, particularly in respect of the following:

- determining the Company's strategic direction and ensuring that it is implemented
- dealing with issues having to do with the smooth running of the Company
- resolving, through its deliberations, affairs concerning the Company
- carrying out any controls and checks it deems appropriate

21.2.3.2 Description

Age:

The aim is for the Board to consist of directors of a wide range of ages, while also taking into consideration each candidate's qualifications and professional experience.

Consequently, the Company's Articles of Incorporation include an open-ended clause as regards age, stipulating only that directors may not be over 80 years of age.

Gender:

The Board of Directors seeks, as far as possible, to achieve balanced gender representation. With 42.86% of serving directors female, it is currently achieving this goal.

Qualifications and professional experience:

The Board of Directors aims to encompass a range of expertise so as to be able to identify and understand international cultural and economic developments.

Of these areas of expertise, current and past directors have or have had at least the following:

- expertise in economics, management, finance or accounting; or
- sound knowledge of the video games sector; or
- experience of running businesses in the interactive entertainment segment; or
- international experience as a result of having studied abroad or having lived or worked in a number of countries or continents

That being the case, within the current Board of Directors:

- Two members have advanced accounting qualifications (Michel Guillemot and Maryvonne Le Roch-Nocera). Another four members also studied accounting and finance as part of their higher education (Claude Guillemot, Gérard Guillemot, Christian Guillemot and Marie-Hélène Lair).
- Five members have worked or continue to work in the video games sector (Claude Guillemot, Michel Guillemot, Gérard Guillemot, Christian Guillemot and Corinne Le Roy).
- Five members have experience running businesses in the interactive entertainment segment (Claude Guillemot, Michel Guillemot, Gérard Guillemot, Christian Guillemot and Corinne Le Roy).
- At least five members have either studied or worked abroad (Claude Guillemot, Michel Guillemot, Gérard Guillemot, Christian Guillemot and Corinne Le Roy). Furthermore, three Board members have lived on more than one continent (Claude Guillemot, Gérard Guillemot and Corinne Le Roy).

21.2.3.3 Results

The members of the Board of Directors meet the aforementioned criteria as regards age, gender, qualifications and professional experience.

21.2.4 Other information about directors and executives

Transactions between directors and executives and the Company, other than normal arm's length transactions, are detailed in the statutory auditor's special report.

No loans or guarantees have been granted or given in favor of directors or executives.

No director or executive has been found guilty of fraud, or implicated or officially publicly sanctioned, at any time in the past five years.

No director or executive has at any time in the past five years been associated with any insolvency, compulsory administration or liquidation, including court-ordered liquidation. Furthermore, no director or executive has at any time in the past five years been stripped by a court of his or her right to serve as a member of an issuer's administrative, management or supervisory body or to be involved in an issuer's management or the conduct of its business.

To the Company's knowledge, there are no potential conflicts of interest between any director's or executive's duties to the Company and that director's or executive's private interests and/or other duties.

There are no arrangements or agreements in place with the Company's principal shareholders, customers, suppliers or other persons under which any director or executive has been selected to serve as a member of an administrative or management body or of senior management.

There are no service agreements between directors or executives and the Company or any of its subsidiaries under which benefits are or may become due.

There are no restrictions on the disposal of directors' or executives' holdings of shares in the Company apart from the following:

- For Claude Guillemot, Michel Guillemot, Yves Guillemot and Christian Guillemot, the collective undertaking to hold shares referred to in Section 12.1.6 of the management report, and
- For share subscription options allotted since January 1, 2007, the commitment to hold, in registered form, 5% of shares arising from the exercise of options until the holders' terms of office expire

No free shares having been awarded, the Board of Directors has to date not laid down any conditions on the retention of shares by the executive directors in the event of a free share award.

Furthermore, the rules of procedure of the Board of Directors stipulate that all directors must refrain from trading in any securities of the Company whatsoever, whenever they are aware of information of any kind that might influence the price of such securities. Directors must also refrain from trading in any securities of the Company whatsoever:

- during the 30 calendar days preceding publication of the annual and interim financial results;
- during the 15 calendar days preceding publication of quarterly or interim financial information or financial statements.

21.2.5 Potential material impacts on corporate governance

None.

21.3 Preparation and organization of the Board's work

21.3.1 Role and operation of the Board of Directors

The Board of Directors determines the Company's business strategy and ensures that it is implemented. It exercises its powers within the confines of the corporate purpose and subject to those powers expressly attributed by law to the shareholders.

The Chairman of the Board of Directors organizes and oversees the work of the Board, reports on it to the shareholders and implements decisions made at shareholders' general meetings. He or she represents the Board of Directors in its dealings with third parties. He or she oversees the smooth running of the Company's official bodies and ensures that the directors are able to perform their duties.

At its meeting of October 31, 2007, the Board of Directors approved draft Board rules of procedure proposed by the Chairman. These rules were subsequently amended by the Board of Directors.

They include sections on the following: role, composition and operation of the Board of Directors; information provided to Board members; members' duties (multiple directorships, training, confidentiality, loyalty, non-compete commitments, trading in shares, etc.); conflicts of interest; committees; rules for determining Board members' compensation; arrangements for protecting corporate officers; and succession planning for the CEO and key individuals.

The Board's rules of procedure are available from the Company's website (www.guillemot.com) under "Corporate governance", which can be accessed by clicking on "Financial and regulated information" and then "This year".

In October 2019, the directors were asked to give their opinion on the operation of the Board and the preparation of its work in 2019. The directors were given the opportunity to express their opinions through a questionnaire mainly covering the composition and operation of the Board, frequency of Board meetings, subjects covered, quality of debate, provision of information to directors, and balance between supervisory and executive power. The outcome was a positive assessment of the Board's ability to perform its duties.

21.3.2 Board meetings

The Board meets as often as the Company's interests require.

Board meetings are held either at the Company's headquarters or at any other place stated in the notice of meeting. For the purposes of calculating quorum and majority, directors participating in Board meetings via videoconferencing or other means of telecommunication are deemed to be in attendance, where authorized by law.

The Board of Directors met nine times during the fiscal year ended December 31, 2019.

Attendance rates at Board meetings were as follows:

	Director						
	Claude Guillemot	**Michel Guillemot**	**Gérard Guillemot**	**Christian Guillemot**	**Marie-Hélène Lair**	**Maryvonne Le Roch-Nocera**	**Corinne Leroy**
Number of meetings	9/9	6/9	7/9	7/9	9/9	6/9	8/9
Individual attendance rate	100%	66.7%	77.8%	77.8%	100%	66.7%	88.9%
Average attendance rate	82.5%						

The Board's deliberations covered the following topics:

- Presentation of consolidated annual turnover
- Executive compensation policy
- Presentation by the statutory auditors of their supplementary report to the audit committee
- Sign-off of the consolidated and parent company financial statements for the fiscal year ended December 31, 2018
- Proposed appropriation of parent company earnings for the fiscal year ended December 31, 2018
- Letter of support to be sent to the statutory auditors of the Chinese subsidiary
- Review of regulated agreements entered into and authorized during prior years and remaining in force during the fiscal year ended December 31, 2018
- Preparation and convening of the annual general meeting
- Presentation of consolidated quarterly turnover
- Approval of projected management accounts as referred to in Article L.232-2 of the French Commercial Code and preparation of reports on those accounts
- Guarantee to be given to UK subsidiary Guillemot Limited
- Letter of support in favor of UK subsidiary Guillemot Limited
- Implementation of the share buyback program
- Review and approval of the summary interim consolidated financial statements for the period from January 1 to June 30, 2019
- Debate on the Company's policy on gender equality and equal pay
- Self-assessment of the operation of the Board of Directors and the preparation of its work
- Review of risk mapping

The directors may, if they so wish, hold discussions in the absence of the Chairman and Chief Executive Officer after each Board meeting.

21.3.3 Convening Board meetings

Article 10 of the Articles of Incorporation stipulates that Board meetings may be convened by any means, including orally. During the fiscal year ended December 31, 2019, all Board meetings were convened by e-mail.

21.3.4 Provision of information to the directors

All documents and information needed by the directors to perform their duties were provided or made available to them before the relevant meeting, or were handed to them during the meeting in question.

21.3.5 Specialized committees

To date, no committees have been formed by the Board of Directors, the majority of whose members do not consider it necessary to form any committees for the time being.

At its meeting of July 16, 2009, the Board of Directors decided, under the exemption provided for in the fourth paragraph of Article L.823-20 of the French Commercial Code, that it would itself perform the duties of the committee tasked with monitoring matters relating to the preparation and oversight of accounting and financial information (i.e. audit committee), since, at that date, the Board consisted solely of members serving in an executive capacity and did not have any independent members.

In November 2011 and May 2014, two new directors were appointed, both of whom have particular expertise in finance or accounting and are independent within the meaning of the Middlenext corporate governance code.

Without prejudice to the competence of the Board of Directors, the audit committee has particular responsibility for the following:

- Monitoring the process of producing financial reporting and, where applicable, drawing up recommendations to ensure the integrity thereof.
- Monitoring the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit, as regards procedures for preparing and processing accounting and financial information, without impinging on the independence of such information.
- Issuing recommendations on statutory auditors proposed for appointment to the shareholders. Such recommendations are made in accordance with regulations; the committee also makes a recommendation to the Board whenever regulations call for one or more new statutory auditors to be appointed.
- Monitoring performance of the statutory auditors' duties and taking into account any observations and findings of the Haut conseil du commissariat aux comptes (France's supervisory authority for auditors) subsequent to audits carried out in accordance with regulations.
- Ensuring that the statutory auditors meet the independence criteria laid down in regulations.
- Approving the provision of services other than certification of the financial statements, in compliance with applicable regulations.

The Board of Directors meeting as an audit committee is convened under the same rules as the Board of Directors.

In fiscal year 2019, the two meetings of the Board of Directors when it met as an audit committee were chaired by independent director Marie-Hélène Lair. Claude Guillemot, Chairman and Chief Executive Officer, attended these meetings with the aim of promoting and fostering immediate and direct discussion.

During the fiscal year ended December 31, 2019, when the financial statements for the fiscal year ended December 31, 2018 were certified, the audit committee received the statutory auditors' annual declaration of independence.

No statutory auditors were appointed or reappointed during the fiscal year ended December 31, 2019.

Before the financial statements for the fiscal year ended December 31, 2019 were signed off, the statutory auditors presented their draft report to the Board meeting as an audit committee, thus facilitating direct dialogue between the statutory auditors and the audit committee.

21.3.6 Meeting minutes

Minutes of Board meetings are drawn up following each meeting.

21.4 Assessment of agreements relating to routine arm's length transactions

21.4.1 Assessment procedure put in place by the Board of Directors

This procedure was established by the Board of Directors at its meeting of January 29, 2020 to ensure that Guillemot Corporation S.A. ("the Company") complies with the "PACTE" Act of May 22, 2019 on business growth and transformation. This Act requires listed companies to implement procedures to regularly assess whether agreements relating to routine arm's length transactions meet the necessary criteria.

Where an agreement relates to a transaction that is both routine and entered into at arm's length, the procedure for regulated agreements laid down in Article L.225-38 of the French Commercial Code requiring prior authorization by the Board of Directors does not apply.

Routine transactions are those entered into by the Company in the usual course of business, notably within the scope of its corporate purpose, and reflect usual practice among companies in a similar situation. For example, the following transactions are generally considered routine: intragroup billing of administrative or management services or functional tasks (notably in the areas of human resources, accounting, finance, internal control, general organization, management, staff training, communications, marketing, legal, IT, logistics, insurance, purchasing, sales, etc.); tax consolidation agreements; cash management agreements and transactions; cash pooling agreements, whether automated or otherwise; intragroup loan agreements (not including interest-free loans); current account agreements; assistance agreements in respect of financing; trademark royalty agreements and any other agreements in respect of intellectual property rights; routine purchases and sales falling within the scope of the Company's corporate purpose or carried out in the usual course of business; provision of services usually associated with various processes falling within the Company's corporate purpose; etc.

When assessing whether a transaction is routine, consideration is also given to the nature, legal significance, financial consequences and recurrence of that transaction.

A transaction is considered arm's length if the associated conditions are similar to those that usually apply to transactions of the same type or to transactions usually entered into or agreed to by the Company in its relations with third parties. When assessing whether a transaction is entered into at arm's length, one of the key factors taken into consideration is the price (the market price or the price generally applicable in the sector in question, or, for intragroup transactions, the rebilled cost price, sometimes with a reasonable mark-up to cover unallocated indirect costs). The amounts involved are also taken into consideration.

Aside from financial aspects, the legal terms must be reviewed to ensure that they are balanced or standard for the type of transaction in question.

Whether a transaction is routine and whether it is entered into at arm's length are considered together: if one or the other does not apply, the agreement in question will be subject to the procedure governing regulated agreements.

These criteria are assessed on a case-by-case basis by the Group's Chief Operating Office in conjunction with its Legal department.

The Group's Chief Operating Office will assess agreements in relation to routine arm's length transactions at least once a year to determine whether they still qualify as such.

No person directly or indirectly affected by such an agreement may take part in this assessment.

The Group's Chief Operating Office must present a report on its assessment to the Board of Directors no later than the meeting held to sign off the annual financial statements.

A description of this assessment procedure must be included in the report on corporate governance.

This procedure will be updated by the Board of Directors as necessary.

21.4.2 Implementation of the assessment procedure

In March 2020, the Group's Chief Operating Office assessed agreements in relation to routine arm's length transactions undertaken during the fiscal year ended December 31, 2019 to determine whether they still qualified as such.

A report on this assessment was presented to the Board of Directors at its meeting of March 24, 2020.

21.5 Agreements covered by Article L.225-37-4 of the French Commercial Code

No agreements covered by the second paragraph of Article L.225-37-4 of the French Commercial Code (agreements entered into, whether directly or via an intermediary, between a corporate officer or a shareholder holding more than 10% of the voting rights in a company and another company controlled by that company as defined in Article L.233-3, excluding agreements relating to routine arm's length transactions) were entered into during the fiscal year ended December 31, 2019.

21.6 Directors' and executives' compensation

21.6.1 Compensation paid by Guillemot Corporation S.A. during the fiscal year ended December 31, 2019

In the course of the fiscal year ended December 31, 2019, the Company paid Board members a total of €96,000 in respect of their activities.

The total amount of gross fixed compensation paid by the Company to the executive directors in respect of their executive duties during the fiscal year ended December 31, 2019 was €220,440.

The executive directors do not have employment contracts with the Company.

Furthermore, in the fiscal year ended December 31, 2019, variable compensation was paid to the Chairman and Chief Executive Officer and to each of the Deputy Chief Executive Officers in the amounts of €38,220 and €4,773.60 respectively. This variable compensation had been allotted in respect of the fiscal year ended December 31, 2018 and approved at the shareholders' general meeting of May 23, 2019.

During the fiscal year ended December 31, 2019:

- No exceptional compensation was paid to the executive directors.
- No stock options were allotted to the executive directors by Guillemot Corporation S.A. or other companies belonging to Guillemot Corporation Group, nor were any such options purchased or exercised by the executive directors.
- No free shares were awarded to the executive directors by Guillemot Corporation S.A. or any other company belonging to Guillemot Corporation Group.
- No benefits, including in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the company or of companies referred to in Articles L.228-13 and L.228-93 of the Commercial Code, were paid in the fiscal year.
- The Company did not enter into any commitment in favor of its corporate officers with regard to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits.
- No compensation was paid under a profit-sharing or bonus plan.
- No specific pension scheme was put in place for the corporate officers.

The corporate officers of Guillemot Corporation S.A. did not receive any compensation from other Guillemot Corporation Group companies in the fiscal year.

Any section not mentioned in the table below is deemed not applicable.

Schedule of compensation received by non-executive directors (Figures in €)			
Marie-Hélène Lair	**Fiscal year 2019**	**Fiscal year 2018**	**Fiscal year 2017**
Director	Amounts paid	Amounts paid	Amounts paid
Compensation (excl. directors' fees)	15,000	15,000	15,000
O/w fixed component	*10,000*	*10,000*	*10,000*
O/w variable component	*5,000*	*5,000*	*5,000*
TOTAL	**15,000**	**15,000**	**15,000**
Maryvonne Le Roch-Nocera	**Fiscal year 2019**	**Fiscal year 2018**	**Fiscal year 2017**
Director	Amounts paid	Amounts paid	Amounts paid
Compensation (excl. directors' fees)	12,000	12,000	12,000
O/w fixed component	*10,000*	*10,000*	*10,000*
O/w variable component	*2,000*	*2,000*	*2,000*
TOTAL	**12,000**	**12,000**	**12,000**
Corinne Le Roy (1)	**Fiscal year 2019**	**Fiscal year 2018**	**Fiscal year 2017**
Director	Amounts paid	Amounts paid	Amounts paid
Compensation (excl. directors' fees)	12,000	15,000	6,041.10
O/w fixed component	*10,000*	*10,000*	*6,041.10*
O/w variable component	*2,000*	*5,000*	*0.00*
TOTAL	**12,000**	**15,000**	**6,041.10**

(1) Corinne Le Roy was appointed a director at the shareholders' general meeting of May 24, 2017.

<u>Any section not mentioned in the tables below is deemed not applicable.</u>

Summary schedule of compensation paid to each executive director (Figures in €)						
Claude Guillemot	**Fiscal year 2019**		**Fiscal year 2018**		**Fiscal year 2017**	
Chairman and CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	147,000	147,000	147,000	147,000	147,000	147,000
Annual variable compensation	0	38,220	38,220	58,800	58,800	0
Compensation in respect of duties as a director (excl. directors' fees)	15,000	15,000	15,000	15,000	15,000	15,000
O/w fixed component	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
O/w variable component	*5,000*	*5,000*	*5,000*	*5,000*	*5,000*	*5,000*
TOTAL	162,000	200,220	200,220	220,800	220,800	162,000
Michel Guillemot	**Fiscal year 2019**		**Fiscal year 2018**		**Fiscal year 2017**	
Deputy CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Annual variable compensation	0	4,774	4,774	7,344	7,344	0
Compensation in respect of duties as a director (excl. directors' fees)	12,000	15,000	15,000	12,000	12,000	15,000
O/w fixed component	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
O/w variable component	*2,000*	*5,000*	*5,000*	*2,000*	*2,000*	*5,000*
TOTAL	30,360	38,134	38,134	37,704	37,704	33,360
Yves Guillemot (1)	**Fiscal year 2019**		**Fiscal year 2018**		**Fiscal year 2017**	
Deputy CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Annual variable compensation	0	4,774	4,774	7,344	7,344	0
TOTAL	18,360	23,134	23,134	25,704	25,704	18,360
Gérard Guillemot	**Fiscal year 2019**		**Fiscal year 2018**		**Fiscal year 2017**	
Deputy CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Annual variable compensation	0	4,774	4,774	7,344	7,344	0
Compensation in respect of duties as a director (excl. directors' fees)	15,000	12,000	12,000	10,000	10,000	10,000
O/w fixed component	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
O/w variable component	*5,000*	*2,000*	*2,000*	*0*	*0*	*0*
TOTAL	33,360	35,134	35,134	35,704	35,704	28,360
Christian Guillemot	**Fiscal year 2019**		**Fiscal year 2018**		**Fiscal year 2017**	
Deputy CEO	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	18,360	18,360	18,360	18,360	18,360	18,360
Annual variable compensation	0	4,774	4,774	7,344	7,344	0
Compensation in respect of duties as a director (excl. directors' fees)	15,000	15,000	15,000	15,000	15,000	15,000
O/w fixed component	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*	*10,000*
O/w variable component	*5,000*	*5,000*	*5,000*	*5,000*	*5,000*	*5,000*
TOTAL	33,360	38,134	38,134	40,704	40,704	33,360
GRAND TOTAL	**277,440**	**334,754**	**334,754**	**360,616**	**360,616**	**275,440**

(1) Yves Guillemot stepped down from his duties as a director on August 5, 2016 so as to comply with the provisions laid down in Article L.225-94-1 of the French Commercial Code.

Summary schedule of allowances and benefits granted to executive directors					
Executive director		**Employment contract**		**Supplementary pension plan**	
		YES	NO	YES	NO
Claude Guillemot **Chairman and CEO**	Date appointed: 1997 Term of office expires: 2024		X		X
Michel Guillemot **Deputy CEO**	Date appointed: 1997 Term of office expires: 2022		X		X
Yves Guillemot **Deputy CEO**	Date appointed: 1997 Term of office expires: 2024		X		X
Gérard Guillemot **Deputy CEO**	Date appointed: 1997 Term of office expires: 2022		X		X
Christian Guillemot **Deputy CEO**	Date appointed: 1997 Term of office expires: 2024		X		X

21.6.3 Components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to executive directors (via an individual ex post vote)

(Resolutions 6, 7, 8, 9 and 10 submitted for approval at the shareholders' general meeting of June 4, 2020)

In accordance with the provisions of section III of Article L.225-100 of the French Commercial Code, set out below for each of the executive directors are the fixed, variable and exceptional components making up total compensation and benefits of any kind paid during or allotted in respect of the fiscal year ended December 31, 2019 by virtue of the offices held.

These components comply with the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019.

- Claude Guillemot, Chairman and Chief Executive Officer (Resolution 6)

<table>
<tr><th></th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>147,000</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Compensation in respect of duties as a director*
(excl. directors' fees)</td><td>15,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td rowspan="7">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities that meet the characteristics of the schemes referred to in Article L.137-11 of the French Social Security Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

- Michel Guillemot, Deputy CEO (Resolution 7)

<table>
<tr><th></th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Compensation in respect of duties as a director*
(excl. directors' fees)</td><td>12,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td rowspan="7">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities that meet the characteristics of the schemes referred to in Article L.137-11 of the French Social Security Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

- Yves Guillemot, Deputy CEO (Resolution 8)

<table>
<tr><th></th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Compensation in respect of duties as a director (excl. directors' fees)</td><td>None</td><td>Yves Guillemot is not a member of the Board of Directors.</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td rowspan="7">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities that meet the characteristics of the schemes referred to in Article L.137-11 of the French Social Security Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td></tr>
</table>

- <u>Gérard Guillemot, Deputy CEO (Resolution 9)</u>

<table>
<tr><th></th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Compensation in respect of duties as a director*
(excl. directors' fees)</td><td>15,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td rowspan="6">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities that meet the characteristics of the schemes referred to in Article L.137-11 of the French Social Security Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td><td></td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

- Christian Guillemot, Deputy CEO (Resolution 10)

<table>
<tr><th></th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table>
</td></tr>
<tr><td>Compensation in respect of duties as a director* (excl. directors' fees)</td><td>15,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Multi-year variable compensation</td><td>None</td><td rowspan="7">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Compensation, allowances or benefits that are or may become due as a result of taking up office</td><td>None</td></tr>
<tr><td>Components of compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or defined benefit pension liabilities that meet the characteristics of the schemes referred to in Article L.137-11 of the French Social Security Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

21.6.4 Information about compensation paid to all corporate officers subject to approval at the shareholders' general meeting (via an aggregate ex post vote)

(Resolution 11 submitted for approval at the shareholders' general meeting of June 4, 2020)

In accordance with the provisions of section II of Article L.225-100 of the French Commercial Code, the information referred to in section I of Article L.225-37-3 of the French Commercial Code is set out below for each of the corporate officers.

Claude Guillemot, Chairman and Chief Executive Officer and director

<table>
<tr><th rowspan="11">1.</th><th colspan="3">Components of compensation paid during the fiscal year ended December 31, 2019 or allotted in respect of that fiscal year
(by virtue of the office held)</th></tr>
<tr><th></th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>147,000</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table><tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr><tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr><tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr></table></td></tr>
<tr><td>Compensation in respect of duties as a director*
(excl. directors' fees)</td><td>15,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Other variable compensation</td><td>None</td><td rowspan="6">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the Company or of companies referred to in Articles L.228-13 and L.228-93 of the French Commercial Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

Claude Guillemot, Chairman and Chief Executive Officer and director *(contd.)*

2.	Relative proportions of fixed and variable compensation	In respect of duties as Chairman and CEO: Fixed compensation: 100% Variable compensation: 0% In respect of duties as a director: Fixed compensation: 66.67% Variable compensation: 33.33%
3.	Use of the option to claw back variable compensation	N/A during the fiscal year ended December 31, 2019
4.	Commitments of any kind entered into by the Company corresponding to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits, stating, in accordance with terms and conditions established by decree, exactly how those commitments are determined and estimating the amounts liable to be paid out in this regard	None
5.	Compensation paid or allotted by a company falling within the scope of consolidation as defined in Article L.233-16 of the French Commercial Code	None
6.	Ratio of executive compensation to: - Mean compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers; - Median compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers.	N/A: Guillemot Corporation S.A. has no salaried employees.
7.	Annual change in compensation, performance of the Company, mean compensation on a full time equivalent basis paid to employees of the Company other than the executive directors, and the ratios referred to in point 6 above, over at least the past five years, presented together in such a way as to allow for comparison.	N/A: Guillemot Corporation S.A. has no salaried employees.
8.	Explanation of how total compensation is in keeping with the compensation policy in force, including how it contributes to the Company's long-term performance, and how performance criteria were applied	Compensation is in line with the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as approved by the shareholders at the shareholders' general meeting of May 23, 2019, consisting of the following: - Gross annual fixed compensation in respect of duties as Chairman and Chief Executive Officer - Fixed compensation in respect of duties as a director - Variable compensation in respect of duties as a director in proportion to attendance at Board meetings The criteria for annual variable compensation in respect of duties as Chairman and CEO were not met; accordingly, no annual variable compensation was allotted in respect of the fiscal year ended December 31, 2019.
9.	How the vote at the last ordinary shareholders' general meeting laid down in section II of Article L.225-100 of the French Commercial Code was taken into account	N/A during the fiscal year ended December 31, 2019
10.	Any divergence from the procedure for implementing compensation policy and any exemption applied in accordance with the second paragraph of section III of Article L.225-37-2 of the French Commercial Code, including an explanation of the nature of any exceptional circumstances and an indication of specific requirements from which the Company is exempt	N/A during the fiscal year ended December 31, 2019
11.	Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code	During the fiscal year ended December 31, 2019, payment to the director of the amount due in respect of his/her service was not suspended, since the proportion of directors of each gender was over 40% over the course of the year.

Michel Guillemot, Deputy Chief Executive Officer and director

<table>
<tr><td rowspan="11">1.</td><td colspan="3">Components of compensation paid during the fiscal year ended December 31, 2019 or allotted in respect of that fiscal year
(by virtue of the office held)</td></tr>
<tr><td></td><td>Amount (€)</td><td>Comments</td></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table>
<tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr>
<tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr>
<tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr>
</table></td></tr>
<tr><td>Compensation in respect of duties as a director*
(excl. directors' fees)</td><td>12,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Other variable compensation</td><td>None</td><td rowspan="6">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the Company or of companies referred to in Articles L.228-13 and L.228-93 of the French Commercial Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

Michel Guillemot, Deputy Chief Executive Officer and director *(contd.)*

2.	Relative proportions of fixed and variable compensation	In respect of duties as Deputy CEO: Fixed compensation: 100% Variable compensation: 0% In respect of duties as a director: Fixed compensation: 83.34% Variable compensation: 16.66%
3.	Use of the option to claw back variable compensation	N/A during the fiscal year ended December 31, 2019
4.	Commitments of any kind entered into by the Company corresponding to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits, stating, in accordance with terms and conditions established by decree, exactly how those commitments are determined and estimating the amounts liable to be paid out in this regard	None
5.	Compensation paid or allotted by a company falling within the scope of consolidation as defined in Article L.233-16 of the French Commercial Code	None
6.	Ratio of executive compensation to: - Mean compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers; - Median compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers.	N/A: Guillemot Corporation S.A. has no salaried employees.
7.	Annual change in compensation, performance of the Company, mean compensation on a full time equivalent basis paid to employees of the Company other than the executive directors, and the ratios referred to in point 6 above, over at least the past five years, presented together in such a way as to allow for comparison.	N/A: Guillemot Corporation S.A. has no salaried employees.
8.	Explanation of how total compensation is in keeping with the compensation policy in force, including how it contributes to the Company's long-term performance, and how performance criteria were applied	Compensation is in line with the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as approved by the shareholders at the shareholders' general meeting of May 23, 2019, consisting of the following: - gross annual fixed compensation in respect of duties as Deputy CEO - Fixed compensation in respect of duties as a director - Variable compensation in respect of duties as a director in proportion to attendance at Board meetings The criteria for annual variable compensation in respect of duties as Chairman and CEO were not met; accordingly, no annual variable compensation was allotted in respect of the fiscal year ended December 31, 2019.
9.	How the vote at the last ordinary shareholders' general meeting laid down in section II of Article L.225-100 of the French Commercial Code was taken into account	N/A during the fiscal year ended December 31, 2019
10.	Any divergence from the procedure for implementing compensation policy and any exemption applied in accordance with the second paragraph of section III of Article L.225-37-2 of the French Commercial Code, including an explanation of the nature of any exceptional circumstances and an indication of specific requirements from which the Company is exempt	N/A during the fiscal year ended December 31, 2019
11.	Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code	During the fiscal year ended December 31, 2019, payment to the director of the amount due in respect of his/her service was not suspended, since the proportion of directors of each gender was over 40% over the course of the year.

Yves Guillemot, Deputy Chief Executive Officer

<table>
<tr><th rowspan="10">1.</th><th colspan="3">Components of compensation paid during the fiscal year ended December 31, 2019 or allotted in respect of that fiscal year
(by virtue of the office held)</th></tr>
<tr><th></th><th>Amount (€)</th><th>Comments</th></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table><tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr><tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr><tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr></table></td></tr>
<tr><td>Compensation in respect of duties as a director (excl. directors' fees)</td><td>None</td><td>Yves Guillemot is not a member of the Board of Directors.</td></tr>
<tr><td>Other variable compensation</td><td>None</td><td rowspan="6">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the Company or of companies referred to in Articles L.228-13 and L.228-93 of the French Commercial Code</td><td>None</td></tr>
<tr><td></td><td>Benefits in kind</td><td>None</td></tr>
</table>

Yves Guillemot, Deputy Chief Executive Officer *(contd.)*

2.	Relative proportions of fixed and variable compensation	In respect of duties as Deputy CEO: Fixed compensation: 100% Variable compensation: 0%
3.	Use of the option to claw back variable compensation	N/A during the fiscal year ended December 31, 2019
4.	Commitments of any kind entered into by the Company corresponding to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits, stating, in accordance with terms and conditions established by decree, exactly how those commitments are determined and estimating the amounts liable to be paid out in this regard	None
5.	Compensation paid or allotted by a company falling within the scope of consolidation as defined in Article L.233-16 of the French Commercial Code	None
6.	Ratio of executive compensation to: - Mean compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers; - Median compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers.	N/A: Guillemot Corporation S.A. has no salaried employees.
7.	Annual change in compensation, performance of the Company, mean compensation on a full time equivalent basis paid to employees of the Company other than the executive directors, and the ratios referred to in point 6 above, over at least the past five years, presented together in such a way as to allow for comparison.	N/A: Guillemot Corporation S.A. has no salaried employees.
8.	Explanation of how total compensation is in keeping with the compensation policy in force, including how it contributes to the Company's long-term performance, and how performance criteria were applied	Compensation is in line with the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as approved by the shareholders at the shareholders' general meeting of May 23, 2019, consisting of the following: - Gross annual fixed compensation in respect of duties as Deputy CEO The criteria for annual variable compensation in respect of duties as Chairman and CEO were not met; accordingly, no annual variable compensation was allotted in respect of the fiscal year ended December 31, 2019.
9.	How the vote at the last ordinary shareholders' general meeting laid down in section II of Article L.225-100 of the French Commercial Code was taken into account	N/A during the fiscal year ended December 31, 2019
10.	Any divergence from the procedure for implementing compensation policy and any exemption applied in accordance with the second paragraph of section III of Article L.225-37-2 of the French Commercial Code, including an explanation of the nature of any exceptional circumstances and an indication of specific requirements from which the Company is exempt	N/A during the fiscal year ended December 31, 2019
11.	Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code	N/A: Yves Guillemot is not a member of the Board of Directors.

Gérard Guillemot, Deputy Chief Executive Officer and director

<table>
<tr><td rowspan="11">1.</td><td colspan="3">Components of compensation paid during the fiscal year ended December 31, 2019 or allotted in respect of that fiscal year
(by virtue of the office held)</td></tr>
<tr><td></td><td>Amount (€)</td><td>Comments</td></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table><tr><th>Quantitative criteria</th><th>% of variable</th><th>Target</th><th>Maxi-mum</th></tr><tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr><tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr></table></td></tr>
<tr><td>Compensation in respect of duties as a director*
(excl. directors' fees)</td><td>15,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Other variable compensation</td><td>None</td><td rowspan="6">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the Company or of companies referred to in Articles L.228-13 and L.228-93 of the French Commercial Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

Gérard Guillemot, Deputy Chief Executive Officer and director *(contd.)*

2.	Relative proportions of fixed and variable compensation	In respect of duties as Deputy CEO: Fixed compensation: 100% Variable compensation: 0% In respect of duties as a director: Fixed compensation: 66.67% Variable compensation: 33.33%
3.	Use of the option to claw back variable compensation	N/A during the fiscal year ended December 31, 2019
4.	Commitments of any kind entered into by the Company corresponding to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits, stating, in accordance with terms and conditions established by decree, exactly how those commitments are determined and estimating the amounts liable to be paid out in this regard	None
5.	Compensation paid or allotted by a company falling within the scope of consolidation as defined in Article L.233-16 of the French Commercial Code	None
6.	Ratio of executive compensation to: - Mean compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers; - Median compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers.	N/A: Guillemot Corporation S.A. has no salaried employees.
7.	Annual change in compensation, performance of the Company, mean compensation on a full time equivalent basis paid to employees of the Company other than the executive directors, and the ratios referred to in point 6 above, over at least the past five years, presented together in such a way as to allow for comparison.	N/A: Guillemot Corporation S.A. has no salaried employees.
8.	Explanation of how total compensation is in keeping with the compensation policy in force, including how it contributes to the Company's long-term performance, and how performance criteria were applied	Compensation is in line with the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as approved by the shareholders at the shareholders' general meeting of May 23, 2019, consisting of the following: - Gross annual fixed compensation in respect of duties as Deputy CEO - Fixed compensation in respect of duties as a director - Variable compensation in respect of duties as a director in proportion to attendance at Board meetings The criteria for annual variable compensation in respect of duties as Chairman and CEO were not met; accordingly, no annual variable compensation was allotted in respect of the fiscal year ended December 31, 2019.
9.	How the vote at the last ordinary shareholders' general meeting laid down in section II of Article L.225-100 of the French Commercial Code was taken into account	N/A during the fiscal year ended December 31, 2019
10.	Any divergence from the procedure for implementing compensation policy and any exemption applied in accordance with the second paragraph of section III of Article L.225-37-2 of the French Commercial Code, including an explanation of the nature of any exceptional circumstances and an indication of specific requirements from which the Company is exempt	N/A during the fiscal year ended December 31, 2019
11.	Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code	During the fiscal year ended December 31, 2019, payment to the director of the amount due in respect of his/her service was not suspended, since the proportion of directors of each gender was over 40% over the course of the year.

Christian Guillemot, Deputy Chief Executive Officer and director

<table>
<tr><td rowspan="11">1.</td><td colspan="3">Components of compensation paid during the fiscal year ended December 31, 2019 or allotted in respect of that fiscal year
(by virtue of the office held)</td></tr>
<tr><td></td><td>Amount (€)</td><td>Comments</td></tr>
<tr><td>Gross annual fixed compensation</td><td>18,360</td><td>Compensation set by the Board of Directors on May 24, 2018 and unchanged since 2012</td></tr>
<tr><td>Annual variable compensation</td><td>0</td><td>Target: 20% of fixed compensation (and, if performance targets are exceeded, up to a maximum of 40% of fixed compensation). This annual bonus is based on the following internal quantitative criteria:
<table><tr><td>Quantitative criteria</td><td>% of variable</td><td>Target</td><td>Maxi-mum</td></tr><tr><td>Growth in consolidated turnover</td><td>35%</td><td>5%</td><td>10%</td></tr><tr><td>Ratio of consolidated net income from ordinary activities to consolidated turnover</td><td>65%</td><td>3%</td><td>5%</td></tr></table></td></tr>
<tr><td>Compensation in respect of duties as a director*
(excl. directors’ fees)</td><td>15,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors’ attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Other variable compensation</td><td>None</td><td rowspan="6">The principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as submitted to and approved by the shareholders at the shareholders’ general meeting of May 23, 2019, did not include compensation of this type.</td></tr>
<tr><td>Exceptional compensation</td><td>None</td></tr>
<tr><td>Stock options</td><td>None</td></tr>
<tr><td>Free share awards</td><td>None</td></tr>
<tr><td>Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the Company or of companies referred to in Articles L.228-13 and L.228-93 of the French Commercial Code</td><td>None</td></tr>
<tr><td>Benefits in kind</td><td>None</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

Christian Guillemot, Deputy Chief Executive Officer and director *(contd.)*

2.	Relative proportions of fixed and variable compensation	In respect of duties as Deputy CEO: Fixed compensation: 100% Variable compensation: 0% In respect of duties as a director: Fixed compensation: 66.67% Variable compensation: 33.33%
3.	Use of the option to claw back variable compensation	N/A during the fiscal year ended December 31, 2019
4.	Commitments of any kind entered into by the Company corresponding to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits, stating, in accordance with terms and conditions established by decree, exactly how those commitments are determined and estimating the amounts liable to be paid out in this regard	None
5.	Compensation paid or allotted by a company falling within the scope of consolidation as defined in Article L.233-16 of the French Commercial Code	None
6.	Ratio of executive compensation to: - Mean compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers; - Median compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers.	N/A: Guillemot Corporation S.A. has no salaried employees.
7.	Annual change in compensation, performance of the Company, mean compensation on a full time equivalent basis paid to employees of the Company other than the executive directors, and the ratios referred to in point 6 above, over at least the past five years, presented together in such a way as to allow for comparison.	N/A: Guillemot Corporation S.A. has no salaried employees.
8.	Explanation of how total compensation is in keeping with the compensation policy in force, including how it contributes to the Company's long-term performance, and how performance criteria were applied	Compensation is in line with the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable to the executive directors in respect of their office, as approved by the shareholders at the shareholders' general meeting of May 23, 2019, consisting of the following: - Gross annual fixed compensation in respect of duties as Deputy CEO - Fixed compensation in respect of duties as a director - Variable compensation in respect of duties as a director in proportion to attendance at Board meetings The criteria for annual variable compensation in respect of duties as Chairman and CEO were not met; accordingly, no annual variable compensation was allotted in respect of the fiscal year ended December 31, 2019.
9.	How the vote at the last ordinary shareholders' general meeting laid down in section II of Article L.225-100 of the French Commercial Code was taken into account	N/A during the fiscal year ended December 31, 2019
10.	Any divergence from the procedure for implementing compensation policy and any exemption applied in accordance with the second paragraph of section III of Article L.225-37-2 of the French Commercial Code, including an explanation of the nature of any exceptional circumstances and an indication of specific requirements from which the Company is exempt	N/A during the fiscal year ended December 31, 2019
11.	Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code	During the fiscal year ended December 31, 2019, payment to the director of the amount due in respect of his/her service was not suspended, since the proportion of directors of each gender was over 40% over the course of the year.

Marie-Hélène Lair, director

1.	**Components of compensation paid during the fiscal year ended December 31, 2019 or allotted in respect of that fiscal year (by virtue of the office held)**		
		Amount (€)	**Comments**
	Compensation in respect of duties as a director* (excl. directors' fees)	15,000	Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since: • Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and • Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year: - Directors attending 50% or fewer Board meetings: no payment - Directors attending between 50% and 75% of Board meetings: €2,000 - Directors attending 75% or more Board meetings: €5,000
	Gross annual fixed compensation	N/A	Marie-Hélène Lair serves as a director. In accordance with Article L.225-37-2 of the French Commercial Code (as it stood before being amended by Ordinance 2019-1234 of November 27, 2019), the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, only concerned the executive directors (not directors).
	Annual variable compensation	N/A	
	Other variable compensation	N/A	
	Exceptional compensation	N/A	
	Stock options	N/A	
	Free share awards	N/A	
	Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the Company or of companies referred to in Articles L.228-13 and L.228-93 of the French Commercial Code	N/A	
	Benefits in kind	N/A	

* Attendance rates are set out in section 21.3.2.

Marie-Hélène Lair, director *(contd.)*

2.	Relative proportions of fixed and variable compensation	In respect of duties as a director: Fixed compensation: 66.67% Variable compensation: 33.33%
3.	Use of the option to claw back variable compensation	N/A during the fiscal year ended December 31, 2019
4.	Commitments of any kind entered into by the Company corresponding to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits, stating, in accordance with terms and conditions established by decree, exactly how those commitments are determined and estimating the amounts liable to be paid out in this regard	None
5.	Compensation paid or allotted by a company falling within the scope of consolidation as defined in Article L.233-16 of the French Commercial Code	None
6.	Ratio of executive compensation to: - Mean compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers; - Median compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers.	N/A: Marie-Hélène Lair is a director, not an executive director.
7.	Annual change in compensation, performance of the Company, mean compensation on a full time equivalent basis paid to employees of the Company other than the executive directors, and the ratios referred to in point 6 above, over at least the past five years, presented together in such a way as to allow for comparison.	N/A: Guillemot Corporation S.A. has no salaried employees.
8.	Explanation of how total compensation is in keeping with the compensation policy in force, including how it contributes to the Company's long-term performance, and how performance criteria were applied	Marie-Hélène Lair serves as a director. In accordance with Article L.225-37-2 of the French Commercial Code (as it stood before being amended by Ordinance 2019-1234 of November 27, 2019), the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable, as approved by the shareholders at the shareholders' general meeting of May 23, 2019, only concerned the executive directors (not directors).
9.	How the vote at the last ordinary shareholders' general meeting laid down in section II of Article L.225-100 of the French Commercial Code was taken into account	N/A during the fiscal year ended December 31, 2019
10.	Any divergence from the procedure for implementing compensation policy and any exemption applied in accordance with the second paragraph of section III of Article L.225-37-2 of the French Commercial Code, including an explanation of the nature of any exceptional circumstances and an indication of specific requirements from which the Company is exempt	N/A during the fiscal year ended December 31, 2019
11.	Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code	During the fiscal year ended December 31, 2019, payment to the director of the amount due in respect of his/her service was not suspended, since the proportion of directors of each gender was over 40% over the course of the year.

Maryvonne Le Roch-Nocera, director

<table>
<tr><td rowspan="11">1.</td><td colspan="3">Components of compensation paid during the fiscal year ended December 31, 2019 or allotted in respect of that fiscal year
(by virtue of the office held)</td></tr>
<tr><td></td><td>Amount (€)</td><td>Comments</td></tr>
<tr><td>Compensation in respect of duties as a director* (excl. directors' fees)</td><td>12,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Gross annual fixed compensation</td><td>N/A</td><td rowspan="8">Maryvonne Le Roch-Nocera serves as a director.

In accordance with Article L.225-37-2 of the French Commercial Code (as it stood before being amended by Ordinance 2019-1234 of November 27, 2019), the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, only concerned the executive directors (not directors).</td></tr>
<tr><td>Annual variable compensation</td><td>N/A</td></tr>
<tr><td>Other variable compensation</td><td>N/A</td></tr>
<tr><td>Exceptional compensation</td><td>N/A</td></tr>
<tr><td>Stock options</td><td>N/A</td></tr>
<tr><td>Free share awards</td><td>N/A</td></tr>
<tr><td>Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the Company or of companies referred to in Articles L.228-13 and L.228-93 of the French Commercial Code</td><td>N/A</td></tr>
<tr><td>Benefits in kind</td><td>N/A</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

Maryvonne Le Roch-Nocera, director *(contd.)*

2.	Relative proportions of fixed and variable compensation	In respect of duties as a director: Fixed compensation: 83.34% Variable compensation: 16.66%
3.	Use of the option to claw back variable compensation	N/A during the fiscal year ended December 31, 2019
4.	Commitments of any kind entered into by the Company corresponding to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits, stating, in accordance with terms and conditions established by decree, exactly how those commitments are determined and estimating the amounts liable to be paid out in this regard	None
5.	Compensation paid or allotted by a company falling within the scope of consolidation as defined in Article L.233-16 of the French Commercial Code	None
6.	Ratio of executive compensation to: - Mean compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers; - Median compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers.	N/A: Maryvonne Le Roch-Nocera is a director, not an executive director.
7.	Annual change in compensation, performance of the Company, mean compensation on a full time equivalent basis paid to employees of the Company other than the executive directors, and the ratios referred to in point 6 above, over at least the past five years, presented together in such a way as to allow for comparison.	N/A: Guillemot Corporation S.A. has no salaried employees.
8.	Explanation of how total compensation is in keeping with the compensation policy in force, including how it contributes to the Company's long-term performance, and how performance criteria were applied	Maryvonne Le Roch-Nocera serves as a director. In accordance with Article L.225-37-2 of the French Commercial Code (as it stood before being amended by Ordinance 2019-1234 of November 27, 2019), the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable, as approved by the shareholders at the shareholders' general meeting of May 23, 2019, only concerned the executive directors (not directors).
9.	How the vote at the last ordinary shareholders' general meeting laid down in section II of Article L.225-100 of the French Commercial Code was taken into account	N/A during the fiscal year ended December 31, 2019
10.	Any divergence from the procedure for implementing compensation policy and any exemption applied in accordance with the second paragraph of section III of Article L.225-37-2 of the French Commercial Code, including an explanation of the nature of any exceptional circumstances and an indication of specific requirements from which the Company is exempt	N/A during the fiscal year ended December 31, 2019
11.	Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code	During the fiscal year ended December 31, 2019, payment to the director of the amount due in respect of his/her service was not suspended, since the proportion of directors of each gender was over 40% over the course of the year.

Corinne Le Roy, director

<table>
<tr><td rowspan="10">1.</td><td colspan="3">Components of compensation paid during the fiscal year ended December 31, 2019 or allotted in respect of that fiscal year
(by virtue of the office held)</td></tr>
<tr><td></td><td>Amount (€)</td><td>Comments</td></tr>
<tr><td>Compensation in respect of duties as a director* (excl. directors' fees)</td><td>15,000</td><td>Breakdown agreed by the Board of Directors on August 26, 2011 and unchanged since:
• Fixed component of €10,000 paid half in January (in respect of the period January-June) and half in July (in respect of the period July-December); and
• Variable component in proportion to directors' attendance at meetings of the Board of Directors held between December 1 and December 31 of the year under review, paid during the first three months of the following year:
- Directors attending 50% or fewer Board meetings: no payment
- Directors attending between 50% and 75% of Board meetings: €2,000
- Directors attending 75% or more Board meetings: €5,000</td></tr>
<tr><td>Gross annual fixed compensation</td><td>N/A</td><td rowspan="8">Corinne Le Roy serves as a director.

In accordance with Article L.225-37-2 of the French Commercial Code (as it stood before being amended by Ordinance 2019-1234 of November 27, 2019), the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable, as submitted to and approved by the shareholders at the shareholders' general meeting of May 23, 2019, only concerned the executive directors (not directors).</td></tr>
<tr><td>Annual variable compensation</td><td>N/A</td></tr>
<tr><td>Other variable compensation</td><td>N/A</td></tr>
<tr><td>Exceptional compensation</td><td>N/A</td></tr>
<tr><td>Stock options</td><td>N/A</td></tr>
<tr><td>Free share awards</td><td>N/A</td></tr>
<tr><td>Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments of the Company or of companies referred to in Articles L.228-13 and L.228-93 of the French Commercial Code</td><td>N/A</td></tr>
<tr><td></td><td>Benefits in kind</td><td>N/A</td></tr>
</table>

* Attendance rates are set out in section 21.3.2.

Corinne Le Roy, director *(contd.)*		
2.	Relative proportions of fixed and variable compensation	In respect of duties as a director: Fixed compensation: 66.67% Variable compensation: 33.33%
3.	Use of the option to claw back variable compensation	N/A during the fiscal year ended December 31, 2019
4.	Commitments of any kind entered into by the Company corresponding to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, including in particular pension liabilities and other lifetime benefits, stating, in accordance with terms and conditions established by decree, exactly how those commitments are determined and estimating the amounts liable to be paid out in this regard	None
5.	Compensation paid or allotted by a company falling within the scope of consolidation as defined in Article L.233-16 of the French Commercial Code	None
6.	Ratio of executive compensation to: - Mean compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers; - Median compensation on a full time equivalent basis paid to employees of the Company other than the corporate officers.	N/A: Corinne Le Roy is a director, not an executive director.
7.	Annual change in compensation, performance of the Company, mean compensation on a full time equivalent basis paid to employees of the Company other than the executive directors, and the ratios referred to in point 6 above, over at least the past five years, presented together in such a way as to allow for comparison.	N/A: Guillemot Corporation S.A. has no salaried employees.
8.	Explanation of how total compensation is in keeping with the compensation policy in force, including how it contributes to the Company's long-term performance, and how performance criteria were applied	Corinne Le Roy serves as a director. In accordance with Article L.225-37-2 of the French Commercial Code (as it stood before being amended by Ordinance 2019-1234 of November 27, 2019), the principles and criteria used to determine, apportion and allot the fixed, variable and exceptional components making up total compensation and benefits of any kind attributable, as approved by the shareholders at the shareholders' general meeting of May 23, 2019, only concerned the executive directors (not directors).
9.	How the vote at the last ordinary shareholders' general meeting laid down in section II of Article L.225-100 of the French Commercial Code was taken into account	N/A during the fiscal year ended December 31, 2019
10.	Any divergence from the procedure for implementing compensation policy and any exemption applied in accordance with the second paragraph of section III of Article L.225-37-2 of the French Commercial Code, including an explanation of the nature of any exceptional circumstances and an indication of specific requirements from which the Company is exempt	N/A during the fiscal year ended December 31, 2019
11.	Application of the provisions of the second paragraph of Article L.225-45 of the French Commercial Code	During the fiscal year ended December 31, 2019, payment to the director of the amount due in respect of his/her service was not suspended, since the proportion of directors of each gender was over 40% over the course of the year.

21.6.5 *Executive compensation policy subject to approval at a shareholders' general meeting (via an ex ante vote)*

(Resolution 12 submitted for approval at the shareholders' general meeting of June 4, 2020)

In accordance with the provisions of section II of Article L.225-37-2 of the French Commercial Code, the compensation policy applicable to corporate officers established by the Board of Directors at its meeting of February 28, 2020 is set out below.

21.6.5.1 *Information concerning all corporate officers*

The compensation policy applicable to corporate officers mainly takes into account the level of responsibility associated with each corporate officer's duties, together with development of the Group's business, the Group's performance and the achievement of targets designed to contribute to the Group's long-term success.

Compensation paid to the Company's executive directors thus consists of an annual variable component designed to incentivize them to develop the Company's business and contribute to its performance within the confines of the corporate purpose and in keeping with the interests of its shareholders.

Furthermore, compensation allotted to members of the Board of Directors consists of a variable component that takes into account attendance at Board meetings, thus incentivizing directors to be more involved in determining the Company's business strategy and ensuring that it is implemented, and participating in decisions that are helpful or beneficial to the Company.

- Determination, revision and implementation of compensation policy

The compensation policy applicable to corporate officers is established by the Board of Directors. It is determined not only on the basis of the level of responsibility assumed and results achieved but also in light of practices observed at similar companies and compensation paid to employees of the Group.

In establishing this policy, the Board of Directors is mindful of the recommendations laid down in the Middlenext corporate governance code, which the Company applies.

As regards the members of the Board of Directors, the Board freely apportions among the directors the annual fixed amount allotted by the shareholders in respect of their duties, in accordance with rules established by the Board, taking into account not only the performance of their duties as directors but also their attendance at Board meetings.

As regards the executive directors (Chairman and CEO and Deputy CEOs), the Board of Directors determines their compensation in keeping with the following principles:

- Exhaustiveness: the method used to determine executive directors' compensation must be exhaustive.
- Balance between components of compensation: each component of compensation must be justified and aligned with the general interests of the Company.
- Benchmarking: compensation must as far as possible be assessed by reference to a benchmark business area and market and must be proportionate to the Company's position while being mindful of any inflationary effects.
- Consistency: compensation paid to executive directors must be consistent with that paid to other executives and employees of the Company.
- Clarity of rules: rules must be simple and transparent; performance criteria used to establish variable compensation or, where applicable, to allot stock options or free shares, must be linked to the Company's performance, must correspond to its objectives, and must be demanding, explainable and, as far as possible, sustainable over the long term. They must be detailed, though without jeopardizing confidentiality where warranted.
- Measurement: compensation and awards of stock options and free shares must be determined in such a way as to strike a fair balance and reflect the general interests of the Company, market practice and executive performance.
- Transparency: the shareholders are notified annually of all compensation and benefits received by executives, in accordance with applicable regulations.

Furthermore, when establishing and revising performance criteria, consideration is given to past targets, the potential for the Group to expand, including geographically, and the degree of international competition.

Lastly, to avoid conflicts of interest, whenever the Board of Directors makes a decision about a component of compensation or a commitment in favor of its Chairman and CEO or one of its Deputy CEOs, the interested parties are not involved in either the debate or the corresponding vote(s).

- Variable compensation – assessment of performance criteria

Achievement of performance criteria shall be assessed on the basis of the consolidated annual financial statements, as signed off by the Board of Directors and audited by the statutory auditors, and information included in the management report.

- Newly appointed and reappointed corporate officers

When a corporate officer is newly appointed or reappointed, the components of his or her compensation shall be determined on the basis of those existing within the Company for a similar position, in proportion to actual hours worked over the fiscal year in question; the variable component shall also be determined on the basis of performance achieved against each of the criteria originally established by the Board of Directors for a similar position.

- Exemptions to compensation policy

Should the roles of Chairman of the Board of Directors and Chief Executive Officer be separated, the Board of Directors may diverge from the compensation policy applicable to the Chairman and Chief Executive Officer and separately determine the components of compensation applicable to each of the two distinct roles of Chairman of the Board of Directors and Chief Executive Officer. In such an eventuality, the Board of Directors shall submit a draft revised compensation policy for approval at the next shareholders' general meeting, including components of compensation specific to each of the two distinct roles of Chairman of the Board of Directors and Chief Executive Officer.

21.6.5.2 Items applicable to each corporate officer

- Members of the Board of Directors

Should a new director be appointed, those components of compensation laid down in the compensation policy applicable to members of the Board of Directors would also apply to that new director.

Compensation in respect of duties (excluding directors' fees):

The shareholders determine the fixed annual amount to be allotted to the directors in respect of their duties. The Board of Directors then freely apportions that amount among the directors in accordance with rules established by the Board; such apportionment must take into account not only the performance of their duties but also their attendance at Board meetings.

Compensation allotted to the directors in respect of their duties consists of a fixed component and a variable component; the variable component varies in proportion to attendance at Board meetings and may equate to up to 50% of the fixed component.

Should a director step down in the course of a fiscal year, the amount of compensation payable to that director in respect of that fiscal year shall be determined in proportion to actual hours worked during that year.

For variable compensation, the compensation policy allows neither for any deferral period nor for the option of clawing back variable compensation.

Exceptional compensation:

Exceptional compensation may be allotted to some directors when the Board of Directors entrusts them with specific temporary duties that fall outside the normal duties of a director. The amount of such exceptional compensation shall be determined by the Board of Directors.

Term of office and removal from office:

Directors serve for a term of six years.

To enable directors to be replaced or reappointed on a staggered basis, the shareholders may, at the proposal of the Board of Directors, vote at an ordinary general meeting to appoint or reappoint one or more directors for a period of four or five years.

However, where a director is appointed to replace another director, he or she shall only serve out his or her predecessor's remaining term of office.

There is no limit to the number of times a director may be re-elected. However, directors may not be over 80 years of age.

Directors' terms of office expire at the end of the ordinary general meeting held to approve the financial statements for the previous fiscal year, held in the year during which their term of office expires.

Directors may be removed from office at any time by vote of the shareholders at an ordinary general meeting.

- Chairman and Chief Executive Officer

The Board of Directors determines the Chairman and Chief Executive Officer's compensation, which is over and above that allotted in respect of his or her duties as a director.

Should a new Chairman and Chief Executive Officer be appointed, those components of compensation laid down in the compensation policy applicable to the Chairman and Chief Executive Officer would also apply to that new Chairman and Chief Executive Officer.

Fixed compensation:

The Chairman and Chief Executive Officer's compensation includes a component of gross annual fixed compensation.

Should the Chairman and Chief Executive Officer step down in the course of a fiscal year, the amount of fixed compensation payable to him or her in respect of that fiscal year shall be determined in proportion to actual hours worked during that year.

Variable compensation:

The Chairman and Chief Executive Officer's compensation also includes target annual variable compensation representing 20% of his or her fixed compensation, rising to a maximum of 40% of his or her fixed compensation if performance targets are exceeded.

The Chairman and Chief Executive Officer's annual variable compensation is based on a number of criteria including two financial and one non-financial criteria.

These criteria relate to the Group's consolidated turnover, the ratio of consolidated net income from ordinary activities to consolidated turnover and the total number of hours' training delivered to employees of the Group by accredited training organizations.

Quantitative criteria	% of variable	Target	Maximum
Growth in consolidated turnover	20%	5%	10%
Ratio of consolidated net income from ordinary activities to consolidated turnover	60%	3%	5%
Increase in total number of hours' training delivered to employees of the Group by accredited training organizations	20%	5%	10%

The performance criteria on which the Chairman and Chief Executive Officer's variable compensation is based are designed to contribute to the Company's long-term viability and business strategy, within the confines of its corporate interests, as follows:

- Growth in consolidated turnover: growing the Company's market share and continuing its international expansion
- Growth in profitability: funding investment, including in research and development, thus contributing to the Company's long-term viability
- Increasing the number of hours' training delivered to employees of the Group: ensuring that the Group has a high-performing workforce able to adapt to changes in the markets in which the Group operates (such as the digitalization of relationships and new techniques in marketing, search engine optimization and sales tracking) and technological advances in product design

Should the Chairman and Chief Executive Officer step down in the course of a fiscal year, the amount of variable compensation payable to him or her in respect of that fiscal year shall be determined in proportion to actual hours worked during that year and on the basis of performance achieved against each of the criteria originally established.

Similarly, should a new Chairman and Chief Executive Officer be appointed in the course of a fiscal year, the amount of variable compensation payable to him or her in respect of that fiscal year shall be determined in proportion to actual hours worked during that year and on the basis of performance achieved against each of the criteria originally established.

In any event, payment of annual variable compensation is conditional upon its approval by the shareholders as laid down in the first paragraph of section II of Article L.225-100 of the French Commercial Code.

For variable compensation, the compensation policy allows neither for any deferral period nor for the option of clawing back variable compensation.

Other compensation:

The compensation policy does not provide for the following compensation mechanisms:

- Multi-year variable compensation
- Exceptional compensation
- Stock options
- Free share awards
- Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments
- Compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or conditional rights granted in respect of pension liabilities and other lifetime benefits
- Benefits in kind

Term of office and removal from office:

The Board of Directors shall appoint one of its individual members as Chairman and shall determine the Chairman's term of office, which may not exceed his or her term of office as a director or the age limit laid down in the Articles of Incorporation.

The Chairman is eligible for reappointment. He or she may be removed from office by the Board of Directors at any time.

However, the Chief Executive Officer may not be over 70 years of age.

The Chief Executive Officer may be removed from office by the Board of Directors at any time.

- Deputy Chief Executive Officers

The Board of Directors determines compensation payable to each of the Deputy Chief Executive Officers. Where the Deputy Chief Executive Officers are also directors, this compensation is over and above that allotted in respect of their duties as directors.

Should one or more new Deputy Chief Executive Officers be appointed, those components of compensation laid down in the compensation policy applicable to the Deputy Chief Executive Officers would also apply to those new Deputy Chief Executive Officers.

Fixed compensation:

Compensation payable to each of the Deputy Chief Executive Officers includes a component of gross annual fixed compensation.

Should a Deputy Chief Executive Officer step down in the course of a fiscal year, the amount of fixed compensation payable to him or her in respect of that fiscal year shall be determined in proportion to actual hours worked during that year.

Variable compensation:

Compensation payable to each of the Deputy Chief Executive Officers also includes target annual variable compensation representing 20% of his or her fixed compensation, rising to a maximum of 40% of his or her fixed compensation if performance targets are exceeded.

Annual variable compensation payable to each of the Deputy Chief Executive Officers is based on a number of criteria including two financial criteria and one non-financial criterion.
These criteria relate to the Group's consolidated turnover, the ratio of consolidated net income from ordinary activities to consolidated turnover and the total number of hours' training delivered to employees of the Group by accredited training organizations.

Quantitative criteria	% of variable	Target	Maximum
Growth in consolidated turnover	20%	5%	10%
Ratio of consolidated net income from ordinary activities to consolidated turnover	60%	3%	5%
Increase in total number of hours' training delivered to employees of the Group by accredited training organizations	20%	5%	10%

The performance criteria on which Deputy Chief Executive Officers' variable compensation is based are designed to contribute to the Company's long-term viability and business strategy, within the confines of its corporate interests, as follows:

- Growth in consolidated turnover: growing the Company's market share and continuing its international expansion
- Growth in profitability: funding investment, including in research and development, thus contributing to the Company's long-term viability
- Increasing the number of hours' training delivered to employees of the Group: ensuring that the Group has a high-performing workforce able to adapt to changes in the markets in which the Group operates (such as the digitalization of relationships and new techniques in marketing, search engine optimization and sales tracking) and technological advances in product design

Should a Deputy Chief Executive Officer step down in the course of a fiscal year, the amount of variable compensation payable to him or her in respect of that fiscal year shall be determined in proportion to actual hours worked during that year and on the basis of performance achieved against each of the criteria originally established.

Similarly, should one or more new Deputy Chief Executive Officers be appointed in the course of a fiscal year, the amount of variable compensation payable to him or her in respect of that fiscal year shall be determined in proportion to actual hours worked during that year and on the basis of performance achieved against each of the criteria originally established.

In any event, payment of annual variable compensation is conditional upon its approval by the shareholders as laid down in the first paragraph of section II of Article L.225-100 of the French Commercial Code.

For variable compensation, the compensation policy allows neither for any deferral period nor for the option of clawing back variable compensation.

Other compensation:

The compensation policy does not provide for the following compensation mechanisms:

- Multi-year variable compensation
- Exceptional compensation
- Stock options
- Free share awards
- Compensation in the form of shares of stock, debt instruments or securities giving access to equity or entitling the holder to receive debt instruments
- Compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties or a change in duties, or conditional rights granted in respect of pension liabilities and other lifetime benefits
- Benefits in kind

Term of office and removal from office:

Where a Deputy Chief Executive Officer is a director, his or her term as Deputy Chief Executive Officer may not exceed his or her term as a director.

Where he or she is not a director, his or her term as a Deputy Chief Executive Officer shall expire at the date on which a new Chief Executive Officer is appointed.

Deputy Chief Executive Officers may not be over 70 years of age.

Deputy Chief Executive Officers may be removed from office by the Board of Directors at any time, at the proposal of the Chief Executive Officer.

21.7 Powers in force in respect of increases in the share capital

The following table summarizes authorities and powers in force in respect of increases in the share capital. These authorities and powers have been granted to the Board of Directors by the shareholders of Guillemot Corporation S.A. pursuant to Articles L.225-129-1 and L.225-129-2 of the French Commercial Code.

Date power granted	Purpose of power	Maximum amount (1)	Duration of power	Use during fiscal year ended Dec 31, 2019
May 23, 2019	1 - Power granted to the Board of Directors to issue ordinary shares, equity securities giving access to other equity securities or to the allotment of debt instruments, or securities giving access to equity securities yet to be issued, with pre-emptive subscription rights	Maximum nominal amount of increases in the share capital that may be undertaken: €8 million Maximum nominal amount of debt instruments giving access to equity securities that may be issued: €15 million	26 months, i.e. until Jul 22, 2021	None
May 23, 2019	2 - Power granted to the Board of Directors to issue ordinary shares, equity securities giving access to other equity securities or to the allotment of debt instruments, or securities giving access to equity securities yet to be issued, without pre-emptive subscription rights, through one or more public offerings	Maximum nominal amount of increases in the share capital that may be undertaken: €8 million Maximum nominal amount of debt instruments giving access to equity securities that may be issued: €15 million	26 months, i.e. until Jul 22, 2021	None
May 23, 2019	3 - Power granted to the Board of Directors to issue ordinary shares, equity securities giving access to other equity securities or to the allotment of debt instruments, or securities giving access to equity securities yet to be issued, without pre-emptive subscription rights, through one or more offerings referred to in the second paragraph of Article L.411-2 of the French Monetary and Financial Code	Maximum nominal amount of increases in the share capital that may be undertaken: €8 million Maximum nominal amount of debt instruments giving access to equity securities that may be issued: €15 million	26 months, i.e. until Jul 22, 2021	None
May 23, 2019	4 - Authorization granted to the Board of Directors to establish, for up to a maximum of 10% of the share capital each year, the issue price of equity securities to be issued through one or more public offerings referred to in the second paragraph of Article L.411-2 of the French Monetary and Financial Code	Up to 10% of the share capital each year	26 months, i.e. until Jul 22, 2021	None
May 23, 2019	5 - Authorization granted to the Board of Directors to increase the amount of any issues that might be agreed by the Board of Directors (under powers 1, 2 and 3 above) in the event that they are oversubscribed	In compliance with the provisions of Article R.225-118 of the French Commercial Code (i.e. up to 15% of the initial issue)	26 months, i.e. until Jul 22, 2021	None
May 23, 2019	6 - Power granted to the Board of Directors to increase the share capital as consideration for contributions in kind granted to the Company and consisting of equity securities or securities giving access to equity	Up to 10% of the Company's share capital	26 months, i.e. until Jul 22, 2021	None
May 23, 2019	7 - Power granted to the Board of Directors to carry out increases in the share capital reserved for the members of a Company or group savings plan	Up to 2% of the company's share capital	26 months, i.e. until Jul 22, 2021	None

Date power granted	Purpose of power	Maximum amount (1)	Duration of power	Use during fiscal year ended Dec 31, 2019
May 23, 2019	8 - Authorization granted to the Board of Directors to issue shares free of charge to employees and/or executive directors of the Company and/or affiliated companies	Maximum percentage of the share capital that may be allotted: 2%	38 months, i.e. until Jul 22, 2022	None
May 23, 2019	9 - Authorization granted to the Board of Directors to award stock options to employees and/or executive directors of the Company and/or affiliated companies	Up to a total nominal amount of €800,000	38 months, i.e. until Jul 22, 2022	None

(1) At the general meeting of May 23, 2019, the shareholders voted to limit any increases in the share capital that might be carried out under the powers and authorities set out in the above table to a maximum total nominal amount of €8 million.

21.8 Shareholder relations

To date, no major shareholder in the Company has expressed a desire to meet with the Chairman and Chief Executive Officer outside of a shareholders' general meeting; that being the case, the Chairman and Chief Executive Officer held no discussion sessions with major shareholders in 2019. It should be noted that the Company's major shareholders are also its executive directors (namely Claude, Michel, Yves, Gérard and Christian Guillemot) and that, at December 31, 2019, they together directly and indirectly held 49.63% of the share capital and 56.26% of voting rights exercisable at shareholders' general meetings.

21.9 Shareholder participation in shareholders' general meetings

The terms under which shareholders may participate in shareholders' general meetings are set out in Article 14 of the Articles of Incorporation, excerpts from which are set out below:

"Shareholders' general meetings include all shareholders of Guillemot Corporation other than the Company itself. They are convened and held under the conditions laid down in applicable legislation and regulations."

"All shareholders have the right, upon proving their identity, to participate in shareholders' general meetings, whether by attending them in person, submitting a completed postal ballot form or appointing a proxy.

The right to participate in shareholders' general meetings is justified by registering securities in the name of the shareholder or the intermediary registered on the shareholder's behalf pursuant to Article L.228-1 of the French Commercial Code, at midnight Paris time two business days prior to the meeting, either in registered securities accounts maintained by the Company or in the register of bearer securities maintained by an authorized intermediary. For bearer securities, registration of securities in the register of bearer securities maintained by the authorized intermediary is evidenced by a shareholding certification issued by the latter."

A shareholder may be represented at a shareholders' general meeting by another shareholder, his/her spouse, his/her civil partner or any other natural or legal person of his/her choice (Article L.225-106 of the French Commercial Code).

21.10 Factors liable to have an impact on any public tender offer price (Article L.225-37-5 of the French Commercial Code)

21.10.1 Capital structure and direct and indirect holdings of the Company's capital

This information is set out in section 12.1 of the Management Report.

21.10.2 Voting rights exercised and transfers of shares

The Company's Articles of Incorporation place no restrictions on the exercise of voting rights attached to the Company's shares and the Company is not aware of any agreement entered into between shareholders placing restrictions on the exercise of voting rights attached to such shares.

The Company's Articles of Incorporation place no restrictions on transfers of shares of the Company and the Company is not aware of any agreement entered into between the shareholders placing restrictions on transfers of shares of the Company (with the exception, for Claude Guillemot, Michel Guillemot, Yves Guillemot, Christian Guillemot and the company Guillemot Brothers Ltd., of the collective undertaking to hold shares referred to in section 12.1.6 of the Management Report).

Furthermore, the Company is not aware of any agreements providing for the disposal or acquisition of shares at preferential terms.

21.10.3 Holders of shares with special control rights

There are no shares with special control rights.

21.10.4 Control mechanisms forming part of any employee share ownership scheme

Since the Company has no employee share ownership scheme, no such control mechanisms are currently in place.

21.10.5 Rules on appointing and replacing members of the Board of Directors

The Company's Articles of Incorporation include no specific rules on the appointment or replacement of members of the Board of Directors. Consequently, the rules that apply in this area are those laid down in legislation.

21.10.6 Rules on amending the Articles of Incorporation

The Company's Articles of Incorporation may only be amended by vote at an extraordinary general meeting. However, the shareholders may, in certain cases, delegate authority or powers to the Board of Directors in accordance with legislation and regulations.

21.10.7 Powers of the Board of Directors, particularly as regards the issuance or buyback of shares

Powers and authorities delegated to the Board of Directors in respect of increases in the share capital are set out in section 21.7 of the Management Report.

The Board of Directors was also authorized at the shareholders' general meeting of May 23, 2019 to undertake share buybacks.

The characteristics of the share buyback program, together with information on share buybacks undertaken during the fiscal year ended December 31, 2019, are set out in section 12.1.5.1 of the Management Report.

21.10.8 Agreements providing for allowances for members of the Board of Directors or employees

There are no agreements in place under which allowances might be payable to members of the Board of Directors or employees if they resign or are dismissed without real and serious cause or if their employment is terminated as a result of a public offer for the Company's shares.

Rennes, April 8, 2020

The Board of Directors

➢ CONSOLIDATED FINANCIAL STATEMENTS TO DECEMBER 31, 2019

All figures are in thousands of euros (€k).

1 CONSOLIDATED BALANCE SHEET

ASSETS (€k)	Notes	Dec 31, 2019	Dec 31, 2018
Goodwill on acquisitions	5.7.1	0	0
Intangible assets	5.7.2	11,401	11,115
Property, plant and equipment	5.7.3	4,598	2,607
Financial assets	5.7.4	268	393
Tax assets	5.7.9	880	674
Deferred tax assets	5.7.15	1,149	873
Non-current assets		**18,296**	**15,662**
Inventories	5.7.5	21,390	24,925
Trade receivables	5.7.6	19,579	23,779
Other receivables	5.7.7	1,644	1,442
Financial assets	5.7.4	27,334	31,284
Current tax assets	5.7.9	955	0
Cash and cash equivalents	5.7.8	5,851	4,010
Current assets		**76,753**	**85,440**
Total assets		**95,049**	**101,102**

LIABILITIES AND EQUITY (€k)	Notes	Dec 31, 2019	Dec 31, 2018
Capital (1)		11,771	11,771
Premiums (1)		10,551	10,551
Reserves and consolidated income (2)		27,440	35,887
Currency translation adjustments		580	56
Group shareholders' equity	5.7.10	50,342	58,265
Minority interests		0	0
Consolidated shareholders' equity		**50,342**	**58,265**
Employee benefit liabilities	5.7.12	1,208	998
Borrowings	5.7.13	8,007	2,532
Other liabilities	5.7.14	0	0
Deferred tax liabilities	5.7.15	0	0
Non-current liabilities		**9,215**	**3,530**
Trade payables		16,409	18,878
Short-term borrowings	5.7.13	8,027	9,337
Taxes payable		427	1,135
Other liabilities	5.7.14	10,587	9,921
Provisions	5.7.11	42	36
Current liabilities		**35,492**	**39,307**
Total liabilities and equity		**95,049**	**101,102**

(1) Of the consolidating parent company.
(2) Including net income for the period: -€6,414k.

The notes to the financial statements set out in section 5 form an integral part of the consolidated financial statements.

2 STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

- Consolidated statement of profit or loss

(€k)	Notes	Dec 31, 2019	Dec 31, 2018
Net turnover	5.6	**60,875**	**81,222**
Purchases	5.8.1	-28,782	-57,132
External expenses	5.8.1	-13,150	-15,729
Employee expenses	5.8.1	-9,777	-9,354
Taxes and duties		-346	-443
Additions to amortization and depreciation	5.8.2	-3,424	-3,126
Additions to provisions	5.8.2	-1,140	-1,573
Change in inventories	5.8.3	-3,198	18,713
Other income from ordinary activities	5.8.4	397	250
Other expenses from ordinary activities	5.8.4	-4,045	-5,937
Net income from ordinary activities		**-2,590**	**6,891**
Other operating income	5.8.5	0	0
Other operating expenses	5.8.5	0	0
Net operating income		**-2,590**	**6,891**
Income from cash and cash equivalents		16	23
Cost of gross financial debt		391	157
Cost of net financial debt	5.8.6	**-375**	**-134**
Other financial income	5.8.6	0	3,199
Other financial expenses	5.8.6	-4,262	-1
Corporate income tax	5.8.7	813	2,196
Net income before minority interests		**-6,414**	**12,151**
O/w net income from discontinued operations	5.8.8	0	0
Attributable to minority interests		0	0
Net income attributable to equity holders of the parent		**-6,414**	**12,151**
Basic earnings per share	5.8.9	-0.42	0.80
Diluted earnings per share	5.8.9	-0.42	0.80

- Statement of comprehensive income

(€k)	Dec 31, 2019	Dec 31, 2018
Net income attributable to equity holders of the parent	**-6,414**	**12,151**
Recyclable items of other comprehensive income		
Currency translation adjustments	524	-225
Revaluation of hedging derivatives	0	0
Revaluation of available-for-sale financial assets	0	0
Non-recyclable items of other comprehensive income		
Revaluation of fixed assets	0	0
Actuarial gains and losses on defined benefit plans	44	-93
Share of other comprehensive income of equity-accounted companies	0	0
Total other comprehensive income attributable to controlling interests	**568**	**-318**
Net income and other comprehensive income attributable to controlling interests	-5,846	11,833
Net income and other comprehensive income attributable to minority interests	0	0

The notes to the financial statements set out in section 5 form an integral part of the consolidated financial statements.

3 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(€k)	Notes	Capital	Premiums	Consolidated reserves	Net income for the period	Currency translation adjustments	Total shareholders' equity
Position at Jan 1, 2018		**11,554**	**10,472**	**5,620**	**17,542**	**281**	**45,469**
Comprehensive income to Dec 31, 2018	5.8				12,151	-225	11,926
Appropriated income at Dec 31, 2017				17,542	-17,542		0
Stock options	5.7.10	362	536				898
Reductions in capital – treasury shares		-145	-457	602			0
Shares of the consolidating company	5.7.10			103			103
Gains and losses on treasury shares	5.7.10			-38			-38
Other	5.7.12			-93			-93
Position at Dec 31, 2018		**11,771**	**10,551**	**23,736**	**12,151**	**56**	**58,265**
Position at Jan 1, 2019		**11,771**	**10,551**	**23,736**	**12,151**	**56**	**58,265**
Comprehensive income to Dec 31, 2019	5.8				-6,414	524	-5,890
Appropriated income at Dec 31, 2018				12,151	-12,151		0
Stock options	5.7.10						0
Shares of the consolidating company	5.7.10			-53			-53
Gains and losses on treasury shares	5.7.10			-50			-50
Dividends				-1,980			-1,980
Other	5.7.12			50			50
Position at Dec 31, 2019		**11,771**	**10,551**	**33,854**	**-6,414**	**580**	**50,342**

The notes to the financial statements set out in section 5 form an integral part of the consolidated financial statements.

4 CONSOLIDATED STATEMENT OF CASH FLOWS

(€k)	Notes	Dec 31, 2019	Dec 31, 2018
Cash flows from operating activities			
Net income from consolidated companies		-6,414	12,151
+ Additions to amortization, depreciation and provisions (except on current assets)	5.8.2	3,968	3,394
- Reversals of amortization, depreciation and provisions		0	-970
-/+ Unrealized gains and losses arising from changes in fair value	5.8.6	3,950	-2,814
+/- Expenses and income arising from stock options	5.7.10	0	0
-/+ Capital gains and losses on disposals	5.7.4	-3	0
Change in deferred taxes	5.8.7	-275	-3,461
Operating cash flow after cost of net financial debt		**1,226**	**8,300**
Cost of net financial debt	5.8.6	375	134
Operating cash flow before cost of net financial debt		**1,601**	**8,434**
Currency translation adjustment on gross cash flow from operations		-13	-19
Inventories	5.7.5	3,535	-16,558
Trade receivables	5.7.6	4,200	134
Trade payables		-2,473	3,502
Other		-1,320	1,220
Change in working capital requirement		**3,942**	**-11,702**
Net cash flows from operating activities		**5,155**	**-3,421**
Cash flows from investing activities			
Acquisitions of intangible assets	5.7.2	-2,345	-2,191
Acquisitions of property, plant and equipment	5.7.3	-702	-1,284
Disposals of property, plant and equipment and intangible assets	5.7.3	5	16
Acquisitions of non-current financial assets	5.7.4	-7	-60
Disposals of non-current financial assets	5.7.4	32	1
Net cash from acquisitions and disposals of subsidiaries		0	0
Net cash flows from investing activities		**-3,017**	**-3,518**
Cash flows from financing activities			
Increases in capital and cash injections	5.7.10	0	329
Dividends paid		-1,980	0
Borrowings	5.7.13	11,000	133
Repayment of shareholders' current accounts	5.7.14	0	-972
Repayment of borrowings	5.7.13	-4,326	-4,822
Repayment of debt and interest (IFRS 16)		-441	0
Other cash flows from financing activities		0	0
Total cash flows from financing activities		**4,253**	**-5,332**
Impact of foreign currency translation adjustments		**91**	**-13**
Change in cash		**6,482**	**-12,284**
Net cash at the beginning of the period	5.7.8 and 5.7.13	-2,005	10,279
Net cash at the end of the period	5.7.8 and 5.7.13	4,477	-2,005

The notes to the financial statements set out in section 5 form an integral part of the consolidated financial statements.

- **Statement of changes in liabilities arising from financing activities in the cash flow statement**

(€k)	c 31, 2018	Cash flows	Other			Dec 31, 2019
			Purchase	Changes in exchange rates	Changes in fair values	
Long-term borrowings	2,532	5,462	0	0	0	7,994
Short-term borrowings	3,304	3,339	0	0	0	6,643
Lease liabilities	0	0	0	0	0	0
Hedging assets	0	0	0	0	0	0
Total financing activities	**5,836**	**8,801**	**0**	**0**	**0**	**14,637**

5 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 General information

The financial statements were signed off by the Board of Directors on March 24, 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. Active in this market since 1984, the Guillemot Corporation Group currently operates in 11 countries including France, Germany, the United Kingdom, the United States, Canada, Spain, the Netherlands, Italy, Belgium, China, Hong Kong and Romania and distributes its products in over 120 countries. 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*) having its headquarters at Place du Granier, BP 97143, 35 571 Chantepie Cedex, France.

5.2 Significant events in the year

In 2019 the Group generated turnover of €60.9 million, down 25%. The Group posted an operating loss of €2.6 million and a consolidated net loss of €6.4 million.

Thrustmaster's turnover declined 27%, mainly as a result of retailers reducing their inventory, particularly in the fourth quarter in the United States, where a major e-commerce operator wanted 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.

Thrustmaster

Highlights of 2019 included Thrustmaster's strong positioning in the gamepad market, 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.

- **Gamepads**: Thrustmaster unveiled a new range of particularly innovative gamepads, successfully launching its new *ESWAP PRO CONTROLLER* in Europe and Asia (excluding Japan) in the fourth quarter of 2019. This positioning in the gamepad market demonstrates Thrustmaster's desire to become a leading player in this premier class of video game equipment. Thrustmaster has continued to roll out this controller in Asia, with a Japanese launch scheduled for March. The gamepad, officially licensed for 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.

New modules were due to be added to the eSwap ecosystem in the first half of 2020.

- **Joysticks**: 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.

- **Racing wheels**: Thrustmaster is currently preparing to launch a multi-platform magnetic pedal set with a Load Cell brake for ultra-precise in-race braking. The new pedal set will offer racers the thrill of unrivaled realism and the opportunity to improve their race performance.

The Group attended the most recent NAMM show, held 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.

Hercules

Hercules expanded its speaker range, introducing the *DJSpeaker 32 Smart* Bluetooth monitoring speakers for mixing.

At the most recent NAMM show in Anaheim in January 2020, the *Hercules DJStarter Kit* controller won a “NAMM U Best In Show” award in the “Gotta Stock It” (i.e. bestseller) category. The controller was the first DJ product to win since 2017. US sales of Hercules controllers more than doubled over the period thanks to the new range of *DJStarLight* and *DJInpulse 200* and *300* controllers.

5.3 Accounting standards

In accordance with Regulation (EC) 1606/2002 of July 19, 2002, the Guillemot Corporation Group hereby presents its 2019 consolidated financial statements in compliance with IFRS as adopted in the European Union.

The financial statements have been prepared using the historical cost valuation model, with the exception of items measured at fair value (mainly financial assets at fair value through profit or loss).

These international accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations.

5.4 Key accounting policies

5.4.1 New IFRS and interpretations

Application of the following IFRS texts is mandatory for fiscal years beginning on or after January 1, 2019:

- IFRS 16 (Leases)

IFRS 16 (Leases) entered into force on January 1, 2019.

For lessees, IFRS 16 does away with the traditional distinction between operating leases and finance leases.

Under IFRS 16, (almost) all leases are recognized in the lessee’s balance sheet, including both an asset (representing the right to use the leased asset throughout the lease term) and a liability (in respect of the lease payment obligation).

As a result of this change, most leases must now be stated in the balance sheet, together with a corresponding increase in liabilities.

The standard provides for two situations in which lessees are exempt from the requirement to recognize leases: leases relating to low-value assets (valued at less than US$5,000) and leases with a term of 12 months or less with effect from the initial application date and with no option for the lessee to extend the lease beyond 12 months or where it is not reasonably certain that the lessee will exercise such an option.

At the effective date of a lease, the lessee recognizes a liability in respect of future lease payments and an asset representing the right to use the underlying asset throughout the lease term. Lessees must separately recognize debit interest on the lease liability and the amortization expense on the right-of-use asset.

The Group adopted IFRS 16 on leases for the first time with effect from January 1, 2019. In adopting the standard, the Group chose to use the modified retrospective approach, opting to value the right-of-use asset as equal to the amount of the lease liability, adjusted to exclude any advance or deferred lease payments showing in the balance sheet immediately before the date of first-time adoption.

Under the modified retrospective approach, there is no requirement to restate comparative information.

Moreover, the following practical options have been adopted:

- The Group has decided not to avail itself of the exemption from the requirement to recognize leases due to expire within 12 months of the date of first-time adoption where there is no option for the lessee to extend the lease beyond 12 months or it is not reasonably certain that the lessee will exercise such an option.

- Use of hindsight, for example to determine the duration of a lease that includes renewal or termination options.

Lease liabilities at January 1, 2019 may be reconciled with operating lease liabilities at December 31, 2018 as follows:

Operating lease liabilities at December 31, 2018: €1.1 million

Incremental borrowing rate at January 1, 2019: 1.05% – 5.97%

Operating lease liabilities updated at January 1, 2019: €1.1 million

Lease liabilities at January 1, 2019: €2.2 million

The difference mainly arises from leases with three-yearly renewal periods held by French subsidiary Hercules Thrustmaster SAS, for which the off balance sheet commitment at December 31, 2018 was based on a three-year term, while the IFRS 16 lease liability was calculated on the basis of a nine-year term.

Balance sheet impacts:

	Dec 31, 2018	IFRS 16 adjustments	Jan 1, 2019
Property, plant and equipment (including right of use)	2,607	2,154	4,761
Current and non-current borrowings (including lease liability)	11,869	2,154	14,023

First-time adoption of the standard resulted in a €2.2 million increase in property, plant and equipment and borrowings.

The impact on the income statement was -€25k in fiscal year 2019.

- Other applicable standards

Application of the following other texts is mandatory for fiscal years beginning on or after January 1, 2019:

- IFRIC 23: “Uncertainty over income tax treatments”
- Annual improvements (2015-2017 cycle): Annual improvements to IFRS, published December 2017
- Amendments to IAS 28: “Long-term interests in associates and joint ventures”
- Amendments to IAS 19: “Plan amendment, curtailment or settlement”
- Amendment to IFRS 9: “Prepayment features with negative compensation”

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

5.4.2 Consolidation principles

Companies directly or indirectly controlled by the Guillemot Corporation Group within the meaning of IFRS 10 are fully consolidated. IFRS 10 states that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

All consolidated companies prepare their individual financial statements as at December 31.

Subsidiaries' accounting policies are aligned with those used by the Group. Companies over which the Group does not exert significant influence are not consolidated. The Guillemot Corporation Group exercises neither joint control nor significant influence over its other equity investments. The results of consolidated companies are consolidated with effect from the date on which a controlling interest was acquired or the date on which the company in question was formed. Intragroup transactions are eliminated for all Group companies in accordance with the applicable consolidation rules. All significant transactions between consolidated companies, as well as unrealized internal gains and losses included in the non-current assets and inventories of non-consolidated companies, are eliminated.

5.4.3 Intangible assets

Brands

Brands acquired by the Group are considered as having an indefinite life; as such, they are not amortized. Their useful life is reassessed annually and they are tested for impairment at the level of the cash-generating unit to which the intangible asset belongs. Brands are also tested for impairment whenever there is an indicator of impairment.

In the absence of a deep market for brands in the Group's industry sector, the fair value method is not used when measuring brands owned by the Group. 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.

Goodwill on acquisitions

Whenever the Group acquires a controlling interest in a new company, the assets, liabilities and contingent liabilities of the acquired subsidiary are recognized in the consolidated balance sheet at their fair value at that date. The positive difference between the cost of acquiring the interest and the Group's acquired share of the net fair value of identifiable net assets is recognized under "Goodwill on acquisitions". Subsequent to initial recognition, goodwill on acquisitions is measured at cost less accumulated impairment. Goodwill on acquisitions is tested for impairment annually. Impairment losses cannot be reversed. For the purposes of impairment testing, goodwill on acquisitions is allocated to each of the Group's cash-generating units that is likely to benefit from the associated synergies.

Assets acquired by the Group recognized as goodwill, and in particular intangibles (customers, market share, expertise, etc.) that enable the Company to conduct its business and pursue its development, but which do not meet the identification criteria required to present them separately in the balance sheet, are also treated as goodwill on acquisitions.

Research and development costs

Research costs are expensed as incurred.

Development costs are capitalized whenever the relevant conditions are met:

- The technical feasibility of completing the intangible asset before it can be used or sold is established.
- The Company intends to complete the intangible asset and use or sell it.
- The Company is able to use or sell the intangible asset.
- The asset is likely to generate future economic benefits.
- Technical, financial and other resources required to complete the project are or will be available.
- Expenses related to the asset can be reliably measured during the development phase.

Development costs are amortized over the useful life of the asset in question, with the proviso that the amortization period may not in any event exceed five years.

Office software applications

Office software applications are amortized over their real useful life, which is generally between three and five years.

Licenses

Licenses relate to distribution and reproduction rights acquired from third parties. The signature of license agreements may give rise to the payment of guaranteed amounts. Such amounts are recognized in the "Licenses" item under intangible assets provided they fall within the definition of an asset (identifiable, controlled and promising future economic benefits), and are amortized on a straight-line basis in line with the duration of the corresponding agreement.

5.4.4 Property, plant and equipment

Property, plant and equipment is shown in the balance sheet at its acquisition cost or transfer value.

Depreciation is calculated by applying uniform rates across the Group determined on the basis of each asset's expected useful life with reference to the following methods and utilization periods:

Buildings:	20 years (straight line)
Fixtures and fittings:	10 years (straight line)
Plant:	Between 1 and 10 years (straight line)
Transportation equipment:	4 or 5 years (straight line)
Office and IT equipment:	Between 3 and 5 years (straight line)
Furniture:	5 to 10 years (straight line)

Assets' residual values and useful lives are reviewed at each balance sheet date and adjusted where applicable. Subsequent costs are included in an asset's carrying amount or, where applicable, recognized as a separate asset if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

5.4.5 Impairment of non-financial assets

Assets with an indefinite useful life are not amortized or depreciated and are tested for impairment annually. Amortized or depreciated assets are tested for impairment when, as a result of specific events or circumstances that constitute an indicator of impairment, the recoverability of their carrying amount is called into question. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less disposal costs and its going concern value.

Fair value is the value that could be obtained by selling an asset in an arm's length transaction between informed and consenting parties, less costs to sell. 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.

For the purposes of assessing impairment, assets are combined into cash-generating units, which represent the smallest identifiable group of assets whose continuing use generates cash inflows which are largely independent of those generated by other assets or groups of assets. Non-financial assets (other than goodwill) that have been impaired are reviewed at each annual or interim balance sheet date to determine whether the impairment may be reversed.

Brands and goodwill held in France are allocated to the Hercules and Thrustmaster cash-generating units, which constitute the segments used for segment information.

5.4.6 Leases

IFRS 16 (Leases) entered into force on January 1, 2019.

For lessees, IFRS 16 does away with the traditional distinction between operating leases and finance leases. Under IFRS 16, (almost) all leases are recognized in the lessee's balance sheet, including both an asset (representing the right to use the leased asset throughout the lease term) and a liability (in respect of the lease payment obligation).

As a result of this change, most leases must now be stated in the balance sheet, together with a corresponding increase in liabilities.

5.4.7 Financial assets

Classification of financial instruments:

For financial assets other than derivatives, the Group has adopted the classification set out below. This classification depends on the characteristics of contractual cash flows (i.e. whether those cash flows represent interest or repayment of capital) and the accounting treatment selected on initial recognition:

- Financial assets at fair value through other comprehensive income (OCI)
- Financial assets at fair value through profit or loss

These assets mainly consist of listed and unlisted investments in equity instruments not held for trading, where management has not opted to class them as "financial assets at fair value through other comprehensive income" on initial recognition, as well as instruments not meeting the definition of equity instruments. Gains and losses resulting from changes in fair value are recognized directly in income under financial income or expenses. The fair value of financial assets is the last daily price in the last month of the period for listed securities, and the probable trading value for unlisted securities. Where the balance sheet value is lower than purchase cost and there is an objective indicator of impairment, an impairment loss is recognized.

- Financial assets at amortized cost

Financial assets at amortized cost consist of instruments whose contractual cash flows represent interest and capital repayments for the purposes of collecting cash flows. They mainly consist of loans and receivables.

Impairment of financial assets at amortized cost:

Trade receivables are initially recognized for the amount billed to customers. Impairment losses on trade receivables are estimated using the expected loss method to take into account any payment defaults throughout the duration for which the receivables are held. Expected total impairment on all receivables is estimated at each reporting date based on the average expected loss ratio, which is calculated on the basis, *inter alia*, of historical loan loss ratios. This average expected loss ratio may, however, be adjusted if there are indicators of a probable significant deterioration in credit risk. Individual receivables are impaired as soon as there is a known credit risk. The amount of the expected loss is recognized in the balance sheet as a deduction against the total amount of trade receivables. Impairment losses on trade receivables are recognized under Although some trade receivables are past due, a breakdown of historical data at December 31, 2019 and December 31, 2018 shows that losses incurred are negligible.

To limit the Group's foreign exchange risk, Guillemot Corporation may hedge against currency fluctuations by buying currency futures and options. Since such transactions do not meet the criteria for hedge accounting, they are recognized as trading instruments. These derivatives are recognized in the balance sheet under current financial assets or liabilities at their fair value at the transaction date. Any gain or loss resulting from remeasurement at fair value is recognized immediately in net financial income.

IFRS 13, "Fair value measurement", applies to IFRS that require or allow measurement at fair value or the disclosure of information about fair value measurements. As well as providing a framework for fair value measurement, it sets out the information that should be disclosed concerning fair value measurements. The standard defines fair value based on the exit price and uses a fair value hierarchy, giving rise to market-based measurements rather than entity-specific measurements.

The hierarchy categorizes inputs used to measure fair value into three levels. At the highest level are unadjusted quoted prices in active markets for identical assets or liabilities; at the lowest level are unobservable inputs.

If the inputs used to determine fair value fall into different levels of the fair value hierarchy, the overall fair value is categorized at the same level as the lowest-level input that is significant to the fair value measurement in its entirety (using judgment).

5.4.8 Current tax assets

Current and non-current income tax assets are shown separately in the balance sheet.

5.4.9 Inventories and work in progress

Inventories and work in progress for all Group companies are measured on the basis of cost to supply, after eliminating internal margins. They are measured using the FIFO (first in, first out) method.

The initial cost includes the price of components, assembly costs, transportation costs, depreciation of equipment and capitalized R&D costs.

Borrowing costs are always excluded from inventory valuations. An impairment loss is recognized whenever the value of inventory is greater than its probable realizable value less costs to sell. Impairment tests are carried out annually and probable realizable value is calculated on the basis of observed and expected sales performance and market prices.

5.4.10 Advances and progress payments

This item, recognized in other receivables, consists of progress payments paid to suppliers.

5.4.11 Trade receivables

Trade receivables are initially measured at their transaction price, in accordance with IFRS 15. Impairment losses are recognized as necessary based on the expected recoverability of receivables at the balance sheet date. An impairment loss is recognized whenever there is an objective indicator that the Group will be unable to recover the full amount due under the terms initially foreseen at the time of the transaction. Indicators of impairment include significant financial difficulties experienced by the debtor, the likelihood of the debtor's collapse or financial restructuring, and payment default. Furthermore, implementation of IFRS 9 may result in expected credit losses being recognized against receivables from the point at which those receivables are recognized.

Given its small number of customers and systematic use of credit insurance, the Group does not use a provisions matrix but carries out case-by-case analyses.

5.4.12 Other receivables

Other receivables mainly consist of VAT receivables.

5.4.13 Deferred taxes

Deferred taxes, which reflect timing differences between the carrying amounts of assets and liabilities after consolidation adjustments and their tax bases, are recognized using the liability method. Deferred taxes are recognized in the income statement and the balance sheet to reflect current deficits as soon as it becomes likely that they will be applied to future taxable profits within reasonable recovery timescales. Under the liability method, the effect of any changes in the taxation rate on previously recognized deferred taxes is recognized in the year in which those changes become apparent, either in the income statement or in other comprehensive income, using the same method initially used to recognize the corresponding deferred taxes. Deferred tax assets are recognized up to the amount of deferred tax liabilities, taking into account tax rules in force covering, in particular, limits on the use of tax loss carryforwards. They are offset if the taxable entity has a legally enforceable right to offset current tax assets and liabilities and those deferred tax assets and liabilities relate to income taxes levied by the same tax authority.

Deferred taxes are measured using the taxation rate expected to apply over the period during which the asset is realized or the liability is settled, based on taxation rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

5.4.14 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and certificates of deposit (highly liquid investments with maturities of less than three months, which carry no material risk of impairment).

5.4.15 Foreign currency transactions and translation adjustments

The reporting currency is the euro. Transactions in foreign currency are translated into euros using the exchange rate prevailing at the transaction date or, where applicable, the relevant hedging rate. Unhedged foreign currency assets and liabilities are translated into euros at the closing exchange rate. Translation gains and losses are incorporated into consolidated net income in the period to which they relate.

All Group subsidiaries conduct business in their local currency. Foreign currency financial statements of foreign subsidiaries not located in high-inflation regions are translated into euros using the closing rate method, with translation adjustments matched to other items of comprehensive income.

5.4.16 Other liabilities

Other liabilities consist of social security payables, current accounts, prepaid income and sundry payables, including customer-related payables (liabilities relating to returned goods and rebates and discounts).

5.4.17 Provisions for liabilities and charges

A provision is recognized whenever the company has a present obligation (whether legal or implied) resulting from a past event, it is probable that an outflow of resources will be necessary to settle the obligation, and the amount of the obligation can be reliably estimated.

This item includes, in particular, provisions for liabilities related to commercial disputes.

5.4.18 Employee benefits

Upon retirement, employees of the Group must receive an allowance calculated in accordance with the provisions of the applicable collective bargaining agreement. The Group operates a defined benefit post-employment benefits scheme.

The Group has no post-employment benefit schemes other than the statutory scheme laid down in collective bargaining agreements covering its employees.

A provision corresponding to the present value of the obligation is recognized in the balance sheet under “Provisions for retirement benefits”.
Pension liabilities and provisions for retirement benefits are measured annually by estimating the future benefit payable to employees upon retirement.

This measurement depends on employees’ length of service, pay on retirement and likelihood of still being with the Company at that date. The benefit is then spread across fiscal years in proportion to the employee’s length of service. This means the amount of the provision can potentially increase each year.

If an employee leaves the Company earlier, the amount of the provision is reduced accordingly.

In accordance with IAS 19 (revised), actuarial gains and losses are recognized in other comprehensive income rather than in profit and loss.

In France, provisions for paid leave correspond to one-tenth of salary payments received by the employee and may not be less than the salary the employee would have received had he or she been working.

5.4.19 Share-based payments

The Group has put in place compensation plans that pay out in the form of equity instruments (stock options). The fair value of services rendered by employees in return for the granting of options is recognized in expenses. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted, without taking into account the vesting conditions, which are not market conditions. The vesting conditions, which are not market conditions, are factored into assumptions relating to the number of options that may become available for exercise. At each balance sheet date, the Company reassesses the number of options that may become available for exercise. If necessary, the impact of any revision of such estimates is recognized in income, with a corresponding adjustment to shareholders’ equity.

5.4.20 Segment information

Operating segments are set out on the same basis as that 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.

5.4.21 Recognition of income

In accordance with IFRS 15, the Group recognizes revenue in keeping with the following five steps:

Step 1: identify the contract.
Step 2: identify the performance obligations in the contract. Performance obligations serve as a unit of account for recognizing revenue.
Step 3: determine the transaction price and, in particular, any variable consideration and rights of return.
Step 4: allocate the contract price to each performance obligation.
Step 5: recognize revenue when a performance obligation is satisfied. In the case of the Guillemot Corporation Group, customers gain control of assets on delivery of products, in accordance with the incoterms agreed between the parties.

All products sold by the Group are covered by a statutory two-year warranty against defects. In some cases, the warranty obligation is transferred to the customer in exchange for a discounted purchase price. In other cases, the warranty obligation is recognized taking into account a best estimate of costs arising from probable returns (with revenue capped at the highly probable value of products not returned, and a liability recognized in respect of the obligation to issue a credit note and an asset corresponding to an adjustment to the cost of sales representing the right to recover goods – cancelling either the profit margin alone or, if a returned product is unsaleable, the full amount of revenue). This estimate is based on analysis undertaken by the Group taking into account, in particular, the level of sales, the average time taken to return defective products and management judgment.

Furthermore, under its terms and conditions of sale, the Group does not agree to unsold goods being returned. In practice, where such agreement is given, the associated cost is deducted from turnover based on actual product returns agreed. In cases where management expects additional product returns arising from past sales, the obligation to take back returned products is now also recognized against revenue.

5.4.22 Government grants

Grants in the fiscal year are shown in the income statement as deductions against the expenses to which they relate. Any receivables against the government agency that issued the grant are shown in other receivables.

5.4.23 Borrowings

Borrowings are initially recognized in the balance sheet at fair value. They are subsequently measured at amortized cost using the effective interest method. Borrowing costs are expensed as incurred.

5.4.24 Earnings per share

The Group calculates basic earnings per share and diluted earnings per share based on consolidated net income.

Basic earnings per share is calculated by dividing net income by the weighted average number of shares outstanding in the period, after deducting shares held by the Group.

Diluted earnings per share is calculated by taking into account the conversion of all existing dilutive instruments when calculating the weighted average number of shares outstanding.

5.4.25 Uncertainty over valuations

In preparing the financial statements in accordance with IFRS, the Group must make certain critical accounting estimates. Management is also required to exercise judgment when applying the Group's accounting policies. Those areas involving the greatest degree of judgment or complexity, and those requiring assumptions and estimates that are material relative to the consolidated financial statements, are described in the notes to the financial statements and primarily relate to the recoverable amount of intangible assets and inventories, discounts on sales and deferred tax assets relating to tax loss carryforwards).

5.5 Scope of consolidation

5.5.1 Companies included in the Guillemot Corporation Group's consolidated financial statements

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

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

5.5.2 Changes in scope

None.

5.6 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.

5.6.1 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: steering wheels, gamepads, joysticks and gaming headsets.

- Turnover by business segment (€m)

Turnover generated by:	Dec 31, 2019	Dec 31, 2018
Hercules	**4.7**	**4.4**
Digital devices	4.1	3.7
OEM*	0.6	0.7
Thrustmaster	**56.2**	**76.8**
Gaming accessories	56.2	76.8
OEM*	0.0	0.0
TOTAL	**60.9**	**81.2**

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

- Income statement by business segment (€k)

	Dec 31, 2019			Dec 31, 2018		
	Total	**Hercules**	**Thrustmaster**	**Total**	**Hercules**	**Thrustmaster**
Turnover	60,875	4,700	56,175	81,222	4,377	76,845
Additions to amortization and deprec	3,424	906	2,518	3,126	788	2,338
Additions to provisions	1,140	656	484	1,573	780	793
Net income from ordinary activities	-2,590	-1,705	-885	6,891	-2,605	9,496
Net operating income	-2,590	-1,705	-885	6,891	-2,605	9,496

- Balance sheet by business segment (€k)

	Dec 31, 2019			Dec 31, 2018		
	Total	**Hercules**	**Thrustmaster**	**Total**	**Hercules**	**Thrustmaster**
Goodwill on acquisitions	0	-	-			-
Intangible assets	11,401	1,391	10,010	11,115	1,306	9,809
Property, plant and equipment	4,598	1,095	3,503	2,607	1,117	1,490
Inventories	21,390	1,424	19,966	24,925	2,391	22,534
Trade receivables	19,580	1,700	17,880	23,779	1,907	21,872
Unallocated assets	38,080	-	-	46,696	-	-
TOTAL ASSETS	**95,049**	**5,610**	**51,359**	**109,122**	**6,721**	**55,705**
Shareholders' equity	50,342	-	-	66,285	-	-
Provisions	1,250	625	625	1,034	517	517
Trade payables	16,409	1,013	15,396	18,878	1,653	17,225
Unallocated liabilities	27,048	-	-	22,925	-	-
TOTAL LIABILITIES AND EQUITY	**95,049**	**1,638**	**16,021**	**109,122**	**2,170**	**17,742**

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

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

5.6.2 *Segment information by geographical region*

- Turnover by geographical region (€m):

Turnover generated by:	**Dec 31, 2019**	**Dec 31, 2018**
European Union	32.4	40.4
North America	14.1	27.5
Other	14.4	13.3
TOTAL	**60.9**	**81.2**

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

	Dec 31, 2019				Dec 31, 2018			
	Total	EU	North America	Other	Total	EU	North America	Other
Goodwill on acquisitions	0	-	-	-	0	-	-	-
Property, plant and equipment	4,598	4,474	111	13	2,607	2,446	142	19
Financial assets	27,602	27,537	27	38	31,677	31,612	26	39
Deferred tax assets	1,149	1,149			8,894	8,894		
Inventories	21,390	3,508	4,631	13,251	24,925	3,228	2,608	19,089
Trade receivables	19,579	10,479	3,447	5,653	23,779	9,016	10,142	4,621
Other receivables	1,644	1,546	65	33	1,441	1,359	31	51
Cash and cash equivalents	5,851	2,986	2,169	696	4,010	2,311	1,227	472
Tax assets	1,835	1,365	470	-	674	517	157	-
Unallocated assets	11,401	-	-	-	11,115	-	-	-
TOTAL ASSETS	**95,049**	**53,044**	**10,920**	**19,684**	**109,122**	**59,383**	**14,333**	**24,291**

Unallocated assets consist of intangible assets.

The Group's inventories are mainly located in Asia (€13,251k under "Other" in the above table).

5.7 Notes to the balance sheet

5.7.1 Goodwill on acquisitions

Goodwill at December 31, 2019 is broken down as follows:

Changes in goodwill	Gross at Dec 31, 2018	Change	Gross at Dec 31, 2019
Guillemot Ltd. (United Kingdom)	1	-	1
Hercules Thrustmaster SAS (France)	1,299	-	1,299
Guillemot Administration et Logistique SARL (France)	233	-	233
Guillemot S.A. (Belgium)	233	-	233
Guillemot Inc. (United States)	1,034	-	1,034
Guillemot Corporation S.A. (France)	941	-	941
Guillemot Inc. (Canada)	16,894	-	16,894
Guillemot Srl (Italy)	4,392	-	4,392
Total	**25,027**	**0**	**25,027**

Goodwill impairment	Provisions at Dec 31, 2018	Additional impairment from Jan 1, 2019 to Dec 31, 2019	Provisions at Dec 31, 2019
Guillemot Ltd. (United Kingdom)	1	-	1
Hercules Thrustmaster SAS (France)	1,299		1,299
Guillemot Administration et Logistique SARL (France)	233	-	233
Guillemot S.A. (Belgium)	233	-	233
Guillemot Inc. (United States)	1,034	-	1,034
Guillemot Corporation S.A. (France)	941	-	941
Guillemot Inc. (Canada)	16,894	-	16,894
Guillemot Srl (Italy)	4,392	-	4,392
Total	**25,027**	**0**	**25,027**
Net amount **Total**		**0**	**0**

5.7.2 Intangible assets

Intangible assets are broken down as follows:

Gross amounts	Dec 31, 2018	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2019
Brands	10,842					10,842
Development costs	6,314		1,931		-2	8,243
Development costs in progress	1,888		2,263	2,249	-8	1,894
Licenses	2,542		354			2,896
Concessions, patents, etc.	966		73		15	1,054
Other intangible assets	947		54	2	25	1,024
TOTAL	**23,499**	**0**	**4,675**	**2,251**	**30**	**25,953**

Amortn, deprecn & provns	Dec 31, 2018	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2019
Brands	5,110					5,110
Development costs	4,358		1,281	13		5,626
Licenses	1,055		812			1,867
Concessions, patents, etc.	917		45		15	977
Other intangible assets	944		7	2	23	972
TOTAL	**12,384**	**0**	**2,145**	**15**	**38**	**14,552**

Net amounts	Dec 31, 2018	Dec 31, 2019
Brands	5,732	5,732
Development costs	1,956	2,617
Development costs in progress	1,888	1,894
Licenses	1,487	1,029
Concessions, patents, etc.	49	77
Other intangible assets	3	52
TOTAL	**11,115**	**11,401**

Brands:

Brands include the Thrustmaster and Hercules acquired brands. These brands are tested for impairment at each balance sheet date and are measured taking into account future discounted cash flows.

In the absence of a deep market for brands in the Group's industry sector, the fair value method is not used when measuring brands owned by the Group.

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).

Following impairment testing of the Hercules CGU, there was no change in the value of the Hercules brand at December 31, 2019.

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

In accordance with IAS 36, projections are over five years with a terminal value.

The following assumptions are used to test the Hercules CGU for impairment:

- Ratio of operating cash flow to turnover: negative for the next two years, then around 6% positive for the following three years

- Five-year turnover projections taking into account forecast new product launches and the business cycle (turnover rising 50% in 2020 and an average of 25% each in following years)
- Long-term growth rate: 2%
- Discount rate: 12%

Turnover at the Hercules business has declined sharply over the past few years following the successive withdrawal of its ranges of Wi-Fi and CPL products, webcams and, more recently, multimedia and wireless speakers.

The business is continuing to refocus around audio and DJing products; this requires substantial investment in R&D and marketing, thus affecting short-term profitability.

The new range of DJ controllers released in late 2018 received a very warm welcome, with the DJControl Inpulse 300 winning a CES Innovation Honoree Award 2019 at the 2019 Consumer Electronics Show (CES) in Las Vegas. The Hercules DJStarter Kit also received an award in its category at the US NAMM show in January 2020.

Refocusing the business around audio and DJ products supports the Group's assumption of double-digit growth in Hercules' turnover over the next five years.

Discount rate sensitivity test:

A 1% increase in the discount rate would reduce the recoverable amount of the Hercules cash-generating unit by €0.4 million.

A 1% decrease in the discount rate would increase the recoverable amount of the Hercules cash-generating unit by €0.5 million.

Sensitivity test on the ratio of cash flow to turnover:
A 1% increase in the ratio of cash flow to turnover over the period 2022-2024 would increase the recoverable amount of the Hercules cash-generating unit by €0.9 million.

A 1% decrease in the ratio of cash flow to turnover over the period 2022-2024 would reduce the recoverable amount of the Hercules cash-generating unit by €0.9 million.

Thrustmaster:

The Thrustmaster brand is allocated to the Thrustmaster CGU.

Following impairment testing of the Thrustmaster CGU, there was no change in the value of the Thrustmaster brand at December 31, 2019.

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

In accordance with IAS 36, projections are over five years with a terminal value.

The following assumptions are used in calculating discounted future cash flows for the Thrustmaster cash-generating unit:

- Five-year turnover projections taking into account forecast new product launches and the cyclicality of the business (notably game and console releases)
- Discount rate: 12%

The recoverable amount of the Thrustmaster cash-generating unit is not materially different from its carrying amount.

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.

The maximum potential impact on the Group's income statement would be +€4,110k if the impairment loss against the Thrustmaster brand were written back in full over the coming years.

Discount rate sensitivity test:

A 1% increase in the discount rate would reduce the recoverable amount of the Thrustmaster cash-generating unit by €2.5 million.

A 1% decrease in the discount rate would increase the recoverable amount of the Thrustmaster cash-generating unit by €2.9 million.

Sensitivity test on the ratio of cash flow to turnover:

A 1% increase in the ratio of cash flow to turnover would increase the recoverable amount of the Thrustmaster cash-generating unit by €5.1 million.

A 1% decrease in the ratio of cash flow to turnover would reduce the recoverable amount of the Thrustmaster cash-generating unit by €5.1 million.

Development costs:

Development costs on projects meeting the six eligibility criteria laid down in IAS 38 are capitalized.

Project eligibility is reviewed quarterly by the finance and technical departments, in agreement with senior management. Assets are transferred from assets under construction to capitalized development costs when they are released into production (a total of €1,997k in the fiscal year). Scrappage costs and the cost of projects written off totaled €292k in the year, mainly relating to development projects that no longer met the criteria for capitalization. The following Guillemot Corporation Group companies generate development costs: Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS, Guillemot Recherche et Développement Inc., Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs may relate to all Hercules and Thrustmaster product lines.

Development costs in progress increased by €2,263k in the year. These investments are financed from shareholders' equity and through bank loans and authorized overdrafts (see Note 5.7.13).

A geographical breakdown of development costs in progress in 2019 is as follows: France €1,108k; other countries €786k.

Licenses

The "Licenses" item includes guaranteed amounts payable over the life of the contracts in question.

5.7.3 Property, plant and equipment

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

Gross amounts	Dec 31, 2018	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2019
Land	399					399
Buildings	5,743		2,415		3	8,161
Plant	4,201		262	2	17	4,478
Other prop., plant & equipt.	1,611		269	46	11	1,845
Assets under construction	184		604	262		526
TOTAL	**12,138**	**0**	**3,550**	**310**	**31**	**15,409**

Depreciation	Dec 31, 2018	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2019
Buildings	5,160		573		1	5,734
Plant	3,315		522		14	3,851
Other prop., plant & equipt.	1,056		207	45	8	1,226
TOTAL	**9,531**	**0**	**1,302**	**45**	**23**	**10,811**

Net amounts	Dec 31, 2018	Dec 31, 2019
Land	399	399
Buildings	583	2,427
Plant	886	627
Other prop., plant & equipt.	555	619
Assets under construction	184	526
TOTAL	**2,607**	**4,598**

Property, plant and equipment under construction totaling €262k was transferred to the “Plant” item during the year. Property, plant and equipment under construction mainly relates to molds and equipment used in the production of new products.

Investment in property, plant and equipment in the year totaled €711k (excluding the impact of IFRS 16). These investments are financed from shareholders’ equity and through bank loans and authorized overdrafts (see Note 5.7.13).

A geographical breakdown of these investments in 2019 is as follows: France €100k; other countries €611k.

Adoption of IFRS 16 resulted in a €2,114k increase in net property, plant and equipment at December 31, 2019 in respect of the right of use linked to leases.

The impact of first-time adoption of ISFR 16 at December 31, 2019 is as follows:

Gross amounts:
€2,413k increase in the “Buildings” item
€163k increase in the “Other property, plant and equipment” item

Depreciation:
€412k increase in the “Buildings” item
€50k increase in the “Other property, plant and equipment” item

5.7.4 Financial assets

Non-current financial assets are broken down as follows:

Gross amounts	Dec 31, 2018	Changes in scope	Increases	Decreases	Currency translation adjustments	Dec 31, 2019
Other long-term investments	227		0	103		124
Other non-current financial assets	166		7	31	2	144
TOTAL	**393**	**0**	**7**	**134**	**2**	**268**

Movements in other long-term investments relate to the liquidity agreement currently in force. A total of €300k in cash has been allocated to the liquidity agreement since it was first entered into.

Changes in other non-current financial assets relate to security deposits.

Current financial assets include Ubisoft Entertainment shares.

	Net Dec 31, 2018	Disposals Dec 31, 2019	Acquisitions Dec 31, 2019	Translation adjustments Dec 31, 2019	Financial gain/loss Dec 31, 2019	Net Dec 31, 2019
Ubisoft Entertainment shares						
Number	443,874					443,874
Fair value (€k)	31,284				-3,950	27,334
Currency derivatives	0					0
Total value	**31,284**	**0**	**0**	**0**	**-3,950**	**27,334**

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

At December 31, 2019, the Group held 443,874 Ubisoft Entertainment shares representing 0.37% of the company's share capital.

The price used at December 31, 2018 was €70.48 per Ubisoft Entertainment share. The price used to calculate the fair value of shares at December 31, 2019 was €61.58 per Ubisoft Entertainment share. The resulting remeasurement loss recognized at December 31, 2019 was €3,950k.

To limit the Group's foreign exchange risk, Guillemot Corporation hedges against currency fluctuations by buying currency futures and options. Since such transactions do not meet the criteria for hedge accounting, they are recognized as trading instruments.

These derivatives are recognized in the balance sheet under current financial assets or liabilities at their fair value at the transaction date. Any gain or loss resulting from remeasurement at fair value is recognized immediately in net financial income. There were no contracts of this type at December 31, 2019.

The Group reserves the right to use these shares to finance its funding requirements.

5.7.5 Inventories

Inventories	Gross Dec 31, 2018	Change in inventories (result)	Changes in scope	Currency translation adjustments	Gross Dec 31, 2019
Raw materials	3,003	-723		1	2,281
Finished products	23,896	-3,456		274	20,714
TOTAL	**26,899**	**-4,179**	**0**	**275**	**22,995**

Accumulated impairment	Dec 31, 2018	Increases	Decreases	Changes in scope	Currency translation adjustments	Dec 31, 2019
Raw materials	451	181	88			544
Finished products	1,523	458	942		22	1,061
TOTAL	**1,974**	**639**	**1,030**	**0**	**22**	**1,605**
Total net inventories	**24,925**					**21,390**

Inventories consist of electronic components and sub-assemblies as well as finished products. The Group regularly monitors changes in outflows of inventory (run rates, margins, etc.) to identify risks of impairment. An impairment loss is recognized whenever the value of inventory is greater than its probable realizable value.

Although the Group reduced its inventory in the fiscal year, inventory levels were still high at December 31, 2019 due to the large amounts held by distributors and wholesalers' desire to lower inventory.

5.7.6 Trade receivables

Trade receivables	Gross Dec 31,2018	Change	Changes in scope	Currency translation adjustments	Reclassifications	Gross Dec 31, 2019
Trade receivables	24,033	-5,209		951		19,775

The majority of trade receivables were covered by a credit insurance policy at December 31, 2019. Trade receivables totaled €19,580k at December 31, 2019, compared with €23,779k a year earlier.

The Group's top customer accounted for 9% of consolidated turnover.

Accumulated impairment	Dec 31, 2018	Additions	Reversals	Translation adjustments	Reclassifications	Dec 31, 2019
Trade receivables	254	-23	36			195

5.7.7 Other receivables

	Dec 31, 2019	Dec 31, 2018
Advances and progress payments	414	141
VAT receivables	703	667
Trade accounts receivable	14	1
Other	154	327
Prepaid expenses	359	306
TOTAL	**1,644**	**1,442**

5.7.8 Cash and cash equivalents

	Dec 31, 2019	Dec 31, 2018
Cash	5,851	4,010
Cash equivalents		0
TOTAL	**5,851**	**4,010**

5.7.9 Tax assets

The balance sheet shows total current tax assets of €1,835k, consisting of €1,124k in current tax payments on account and carryback receivables, a €217k receivable in respect of the French Employment and Competitiveness Tax Credit (Crédit d'Impôt Compétitivité Emploi) and €494k in receivables in respect of French and Canadian research and innovation tax credits.

5.7.10 Shareholders' equity

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

Guillemot Corporation S.A. holds 100,781 treasury shares. These treasury shares reduce the value of shareholders' equity by €252k.

At December 31, 2019, treasury shares accounted for 0.66% of the total share capital.

Movements in shares of the consolidating company under the liquidity agreement in force had reduced shareholders' equity by €103k in 2019.

The first ten stock option plans have all lapsed.

In accordance with IFRS 2 on share-based payments, stock options are measured at fair value using the Black & Scholes method. No expenses were recognized in 2019, all plans having been amortized.

5.7.11 Provisions for liabilities and charges

Provisions for liabilities and charges are broken down as follows:

	Dec 31, 2018	Increases	Decreases		Currency translation	
			Used	Not used	adjustments	Dec 31, 2019
Product returns	0		0			0
Other	36	6	0			42
TOTAL	**36**	**6**	**0**	**0**	**0**	**42**

5.7.12 Employee benefit liabilities

The Group has no post-employment benefit schemes other than the statutory scheme 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:

- Calculation year: 2019
- Discount rate: 0.77%
- Use of collective bargaining agreements specific to subsidiaries

- Retrospective calculation method for projected credit units
- Insee 2018 mortality table
- 2019 baseline salary, assuming a 2% annual increase until retirement

At December 31, 2019, the amount of the recognized provision stood at €1,208k, compared with €998k at December 31, 2018.

In accordance with IAS 19 revised, all actuarial gains and losses are recognized in other comprehensive income rather than in profit and loss. The impact on Group shareholders' equity in fiscal year 2019 was +€44k.

5.7.13 Borrowings

Borrowings are broken down as follows:

	Dec 31, 2019	Current (due within 1 year)			(due within more than 1		Dec 31, 2018
		0-3 months	3-6 months	6-12 months	> 1 yr	> 5 yrs	
Borrowings from credit institutions	14,637	1,822	1,824	2,997	7,430	564	5,836
Bank overdrafts and foreign currency advances	1,374	1,374					6,014
Sundry	23	10				13	19
TOTAL	**16,034**	3,206	1,824	2,997	7,430	577	**11,869**

The Group has fixed rate borrowings of €14,660k and floating rate borrowings of €1,374k.

Bank overdrafts (at floating rates) totaled €1,374k at December 31, 2019 and there were no foreign currency advances.

Over the period, the Group repaid €4,326k in bank borrowings and took out new borrowings totaling €11,000k. These borrowings are due to be repaid in three years and the applicable interest rate is less than 1%.

At December 31, 2019, the Group had no borrowings covered by acceleration clauses.

At December 31, 2019, the Group had no debt in currencies other than euro.

Net debt	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Borrowings	16,034	11,869	10,564
Shareholders' current accounts	0	0	972
Cash at bank and in hand	5,851	4,010	10,294
Net debt	**10,183**	**7,859**	**1,242**

The Group's net debt at December 31, 2019 stood at €10,183k.

Adoption of IFRS 16 has increased the Group's net debt by €2,126k (€456k short-term and €1,670k non-current).

The Group also has a portfolio of equities worth €27,734k (fair value at December 31, 2019).

5.7.14 Other liabilities

	Dec 31, 2019		Dec 31, 2018
	Ordinary	Non-current	
Social security liabilities	1,596		1,940
Current accounts	0		0
Advances and progress payments	62		40
Prepaid income	608		189
Other	8,321		7,752
TOTAL	**10,587**	**0**	**9,921**

The "Other" item notably consists of accrued expenses relating to licenses (€1,166k), trade payables (€3,227k) and other liabilities relating to returns (€3,897k).

The measurement of the liability relating to returns is based on customer requests known and approved at the reporting date as well as expectations by the Group's sales department (cf. Note 5.4.21).

5.7.15 Deferred taxes

Deferred taxes on the balance sheet at December 31, 2019 totaled €1,149k.

Breakdown of deferred taxes by type:

(€k)	Dec 31, 2019
Recognition of tax loss carryforwards – Guillemot Corporation SA	2,971
Consolidation adjustments	623
Unrealized gains on Ubisoft shares held (deferred tax liability)	-2,445
TOTAL	**1,149**

A deferred tax asset is only recognized insofar as it is probable that the Group will generate future taxable profits against which the deferred tax asset 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.

Given its future outlook, at December 31, 2019 the Group 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 €2,696k were 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.

At December 31, 2019, the amount of tax losses in France available to be carried forward indefinitely and not recognized in the balance sheet totaled €36,301k (giving unrecognized deferred tax asset effects of €9,075k based on a 25% rate).

Breakdown of tax loss carryforwards not recognized:

(€k)	Dec 31, 2019
Guillemot Corporation S.A.	35,678
Hercules Thrustmaster SAS	623
Guillemot GmbH (Germany)	1,405
Guillemot Electronic Technology (Shanghai) Co. Ltd.	577
Guillemot Ltd. (United Kingdom)	300
TOTAL	**38,583**

5.8 Notes to the income statement

5.8.1 Purchases, external expenses and employee expenses

Purchases
Purchases totaled €28,782k in 2019, consisting of purchases of raw materials (electronic components) and finished products.

External expenses
External expenses are broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Subcontracting	401	394
Purchases not held in inventory, equipt. & supplies	218	207
Other external expenses	12,531	15,128
TOTAL	**13,150**	**15,729**

Other external expenses mainly consist of product shipping expenses, advertising, marketing, and uncapitalized external research and development costs.

Employee expenses
Employee expenses consist of employee compensation and social security contributions.

This item totaled €9,777k in 2019, compared with €9,354k in 2018. An amount of €61k corresponding to research tax credits was recognized as a deduction against 2019 employee expenses at the Hercules Thrustmaster SAS subsidiary.

5.8.2 Additions to amortization, depreciation and impairment

Additions to amortization and depreciation are broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Amortization of intangible assets	2,141	2,206
Depreciation of property, plant and equipment	1,283	920
TOTAL	**3,424**	**3,126**

Amortization of intangible assets mainly relates to guaranteed amounts relating to license agreements (€809k) and capitalized research and development costs (€1,281k).
Depreciation of property, plant and equipment mainly relates to buildings (€573k, including €472k in connection with IFRS 16) and plant (€522k).

Impairment is broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Impairment of current assets	-22	201
Impairment in respect of liabilities and charges	262	10
Impairment of inventory	639	1,128
Other impairment charges	261	234
TOTAL	**1,140**	**1,573**

Impairment of inventories relates to products in both the Hercules and Thrustmaster ranges (€458k and €181k respectively).

Other impairment charges include impairment losses on capitalized R&D projects that no longer meet the criteria for capitalization.

5.8.3 Change in inventories

Change in inventories mainly consists of reversals of impairment losses on inventories and increases and decreases in inventories.

5.8.4 Other income and expenses from ordinary activities

The main amounts under the "Licenses" item relate to current partnerships in connection with the Microsoft® Xbox One® and Sony® PlayStation® 4 consoles.

	Dec 31, 2019	Dec 31, 2018
Income		
Write-backs from other current assets	35	89
Other income from ordinary activities	357	145
Proceeds from fixed asset disposals	5	16
Total income	397	250
Expenses		
Licenses	-3,717	-5,629
Book value of fixed assets disposed of	-2	-16
Other expenses from ordinary activities	-326	-292
Total expenses	-4,045	-5,937
TOTAL	**-3,648**	**-5,687**

5.8.5 Other operating income and expenses

None.

5.8.6 Cost of net financial debt and other financial expenses and income

The cost of net financial debt to December 31, 2019 was €375k. 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. Financial expenses relating to leases (IFRS 16) totaled €31k in the fiscal year.

Other financial income and expenses are broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Foreign currency translation adjustments	0	385
Unrealized gain on Ubisoft Entertainment shares	0	2,814
Total other financial income	**0**	**3,199**
Other financial expenses	2	1
Foreign currency translation adjustments	310	-
Unrealized loss on Ubisoft Entertainment shares	3,950	-
Total other financial expenses	**4,262**	**1**

Currency effects arising from the translation of subsidiaries' accounts
All subsidiaries conduct business in their local currency. The impact on shareholders' equity at December 31, 2019 was +€524k.

Financial risks
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 December 31, 2019, the Group's borrowing and bank financing facilities were not fully utilized; net debt stood at €10.9 million.

At December 31, 2019 the fair value of the Group's portfolio of available-for-sale securities stood at €27.7 million. At December 31, 2019, the Group had no borrowings covered by acceleration clauses.

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 course of 2020 (relative to their price at December 31, 2019) would reduce net financial income by €2.7 million.

At March 20, 2020, the closing price of Ubisoft Entertainment shares was €60.64, down 1.53% relative to their price at December 31, 2019. This decrease would give rise to the recognition of a revaluation loss of €417k in the Group's consolidated financial statements at that date.

Interest rate risk: based on the Group's outstanding unhedged floating-rate financial liabilities at December 31, 2019, a 1% annual increase in interest rates would increase financial expenses by €14k.

Foreign exchange risk: a breakdown of the Group's foreign currency assets and liabilities at December 31, 2019 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:

(€k)	USD	GBP
Assets	12,468	1,153
Liabilities	6,601	62
Net position before hedging	5,867	1,091
Off balance sheet position	0	0
Net position after hedging	5,867	1,091

Based on foreign currency values exposed to exchange rate fluctuations at December 31, 2019, a 10% annual increase in US dollar exchange rates would increase financial expenses by €475k.

Based on foreign currency values exposed to exchange rate fluctuations at December 31, 2019, a 10% annual decrease in the sterling exchange rate would increase financial expenses by €117k.

The impact of exchange rate fluctuations on other currencies is not material.

Since all major players in the multimedia industry transact in US dollars, no given 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 particularly 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 effect on the Group's accounting 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.

No hedging contracts were in force at December 31, 2019.

Furthermore, the increase in the Group's US and export sales over the past few years has boosted the Group's natural hedging and significantly reduced its foreign exchange risk.

Credit risk: credit risk is the risk of financial loss if a customer should fail to meet its contractual obligations. The Group manages this risk by taking out credit insurance covering more than 90% of the overall risk. 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.

5.8.7 Corporate income tax

Corporate income tax is broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Deferred taxes	-276	-3,461
Current taxes	-538	1,265
TOTAL	**-814**	**-2,196**

Income tax payable corresponds to total income taxes payable by all Group companies. Deferred tax is calculated on timing differences relating to tax adjustments, consolidation adjustments and tax loss carryforwards.

At December 31, 2019, the Group recognized a portion of its tax loss carryforwards in France. Income from deferred tax assets generated total income of €276k in the fiscal year.

The taxation rate used to calculate deferred taxes takes into account the new arrangements laid down in France's 2020 Budget Act, under which the corporate income tax rate will gradually fall to 25% in the medium term.

Income tax calculation:

(€k)	Dec 31, 2019
Profit (loss) before tax	**-7,227**
Income and expenses not subject to income tax	0
Theoretical tax (31%)	**-2,240**
Temporary and permanent tax differences	123
Tax loss carryforwards	-9
Uncapitalized losses	1,092
Theoretical income tax	**-1,034**
Rate differences	221
Sundry	0
TOTAL	**-813**

5.8.8 Discontinued operations

The Group has not discontinued any operations in recent years.

5.8.9 Earnings per share

Basic earnings per share	Dec 31, 2019	Dec 31, 2018
Earnings	-6,414	12,151
Weighted average no. of shares (thousands)	15,287	15,287
No. of treasury shares (thousands)	-101	-57
Total shares (thousands)	15,186	15,230
Basic earnings per share	-0.42	0.80

Diluted earnings per share	Dec 31, 2019	Dec 31, 2018
Earnings	-6,414	12,151
Weighted average no. of shares (thousands)	15,287	15,287
No. of treasury shares (thousands)	-101	-57
Total shares (thousands)	15,186	15,230
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)	15,186	15,230
Diluted earnings per share	-0.42	0.80

5.8.10 Advances and loans granted to senior executives

No loans or advances were granted to senior executives of the Company, in accordance with Article L.225-43 of the French Commercial Code.

5.8.11 Off balance sheet commitments

Documentary credits: €62k.

5.8.12 Executive compensation

The executive officers (Claude Guillemot, Michel Guillemot, Yves Guillemot, Gérard Guillemot and Christian Guillemot) are compensated for their duties as Chairman and Chief Executive Officer or Deputy Chief Executive Officer. They do not have employment contracts with the Company. The parent company and its subsidiaries paid total gross compensation of €278k to the executive officers in the fiscal year.
The parent company paid €96k to the directors in the fiscal year in consideration of their activities. This amount includes €39k paid to independent directors.

No specific pension scheme was put in place for the corporate officers. The Group has not entered into any commitment with regard to compensation, allowances or benefits that are or may become due by reason of or subsequent to the assumption or cessation of duties. No compensation was paid under any profit-sharing or bonus plan. No stock options were allotted.

5.8.13 Workforce

At December 31, 2019, the Group had 191 employees worldwide, including 82 managers.

European companies accounted for 72% of the total workforce and non-European companies for the remaining 28%.

5.8.14 Information about related companies

The parent company is owned by Guillemot Brothers Ltd. (14.63%), the Guillemot family (58.14%), Guillemot Corporation S.A. (0.66%) and members of the public (26.57%).

The main 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 section 5.5.1) and the Ubisoft Entertainment group, in which members of the Guillemot family hold significant voting rights.

Key totals relating to the Ubisoft Entertainment group are as follows:

(€k)	Dec 31, 2019 Ubisoft Entertainment
Trade receivables	142
Trade payables	0
Revenue	685
Expenses	21

6 SUBSEQUENT EVENTS

Starting in January 2020, an epidemic of the COVID-19 novel coronavirus (formerly known as 2019-nCoV) spread from China.

On March 11, 2020, the World Health Organization classed COVID-19 as a global pandemic; the epidemic was at that point affecting 205 countries across an extended area.

Many countries implemented drastic lockdowns that will have a major impact on the global economy in 2020. Since the beginning of 2020, lockdowns have affected the Group's marketing networks in Asia, particularly in China and South Korea.

The consequences of the coronavirus epidemic for the Guillemot Corporation Group are currently as follows:

- The Group's main subcontractors in China, where its products are manufactured, have pushed back the time frame for resuming operations. Production is currently running at around 60% capacity; the Group estimates a return to normal capacity by the end of May.
  This decline in production will result in some products being out of stock in the first half of 2020.
  However, the Group began the year with relatively comfortable levels of inventory. The impact of delayed production on first-half turnover is estimated at €3 million.
- Furthermore, the Port of Hong Kong is operating normally, with outbound shipping from Hong Kong and logistical warehousing operations unaffected.

The Group's sales in Asia have picked up over the past few weeks.

Impact on consumer sales: based on early observations, the Group has seen a significant increase in online sales in its sector due to closures of bricks-and-mortar stores, and sales in China have grown in the early part of the year.

The accessories sold by the Group are indoor entertainment products, and lockdowns are currently generating increased consumer demand.

The Group is adapting its organization in response to the crisis by prioritizing direct deliveries to e-commerce operators, and is doing everything possible to pave the way for strong year-end sales.
The Group is unable to issue forecasts at the present time.

7 DATA RELATING TO THE PARENT COMPANY, GUILLEMOT CORPORATION S.A.

GUILLEMOT CORPORATION S.A. (€k)	Dec 31, 2019	Dec 31, 2018
Turnover	60,315	77,071
Net operating income (loss)	-1,111	5,648
Profit (loss) before tax	-2,270	6,497
Net profit (loss)	-1,934	5,842

8 AUDITORS' FEES

Fiscal year 2019	PricewaterhouseCoopers Audit		MB Audit	
	Amount excl. taxes	%	Amount excl. taxes	%
Certification of the financial statements	71,339	100%	53,071	100%
Services other than certification of the financial statements		0%		0%
TOTAL	71,339	100%	53,071	100%

Fiscal year 2018	PricewaterhouseCoopers Audit		MB Audit	
	Amount excl. taxes	%	Amount excl. taxes	%
Certification of the financial statements	69,450	100%	51,050	100%
Services other than certification of the financial statements		0%		0%
TOTAL	69,450	100%	51,050	100%

9 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

The Shareholders
Guillemot Corporation
Place du Granier
BP 97143
35571 Chantepie Cedex

Opinion

Pursuant to the engagement entrusted to us at your shareholders' general meeting, we have audited Guillemot Corporation's consolidated financial statements for the fiscal year ended December 31, 2019, as appended to this report. These financial statements were signed off by the Board of Directors on April 8, 2020 on the basis of information available at that date in a changing environment linked to the COVID-19 public health crisis.

We certify that, in light of the IFRS framework as adopted in the European Union, the consolidated financial statements are in order and in good faith, and provide a true and fair view of performance over the past year as well as the financial position and assets of the overall group formed by the companies and entities included within the scope of consolidation.

The opinion set out above is consistent with the content of our report to the audit committee.

Basis for our opinion

Audit standards

We have carried out our audit in accordance with professional standards applicable in France. We consider that the evidence we have collected forms an adequate and appropriate basis for our opinion.

The responsibilities that fall to us by virtue of these standards are indicated in the section of this report titled "Statutory auditors' responsibilities as regards auditing the consolidated financial statements".

Independence

We conducted our audit in compliance with the independence rules applicable to us over the period from January 1, 2019 to the date on which we issued our report. In particular, we did not provide any services prohibited by the first paragraph of Article 5 of Regulation (EU) No. 537/2014 or by the code of ethics for statutory auditors.

Observations

Without calling into question the opinion expressed above, we would like to draw your attention to note 5.4.1 of the notes to the consolidated financial statements, "New IFRS and interpretations", which sets out the impacts of first-time adoption of IFRS 16, "Leases", with effect from January 1, 2019.

Basis for our conclusions and key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the basis for our conclusions, we wish to draw your attention to key points of the audit relating to risks of material misstatement which, in our opinion, were greatest for the audit of the consolidated financial statements for the year, as well as our response to those risks.

Our assessment of these points forms an integral part of our audit of the consolidated financial statements taken as a whole, signed off under the aforementioned circumstances, and thus forms part of the basis for our opinion expressed above. We have no opinion to express on any part of these consolidated financial statements taken on its own.

<table>
<tr><th colspan="2">(1) Measurement of brands</th></tr>
<tr><td>

<u>Risk identified</u>

Brands acquired by the Guillemot Group are considered as having an indefinite life; accordingly, they are not amortized.

At December 31, 2019, brands with an indefinite life were recognized in the balance sheet at a net carrying amount of €5.7 million, or 6% of total assets (gross amount: €10.8 million).

An impairment loss is recognized whenever the recoverable amount of these brands, determined through an annual impairment test given their indefinite life and/or a one-off test if there is an indicator of impairment, falls below their net carrying amount.

The recoverable amount is the higher of fair value less costs to sell and value in use.

In the absence of a deep market for brands in the Group's industry sector, the fair value method is not used. That being the case, value in use is determined on the basis of discounted future cash flow calculations and entails a significant degree of management judgment, notably with regard to factors such as turnover growth rates, ratio of operating cash flow to turnover, and long-term discount and growth rates.

Furthermore, management carried out sensitivity analysis on the brands' recoverable amounts relative to the assumptions used; these are set out in note 5.7.2, "Intangible assets".

Given the complexity of the models used and their sensitivity to changes in the data and assumptions on which estimates are based, including in particular forecast cash flows and the discount rate used, we considered the measurement of the brands' recoverable amount as a key point of our audit.

</td><td>

<u>Audit procedures implemented in response to this risk</u>

In particular, we:

- familiarized ourselves with the processes by which the brands are measured;
- assessed the principles and methods used to determine the brands' value in use;
- corroborated, notably by interviewing members of management, the reasonableness of key data and assumptions on which estimates are based (such as the rate of growth in turnover, the ratio of operating cash flow to turnover, the discount rates and the long-term growth rate);
- familiarized ourselves with the business outlook for each of the brands by interviewing members of management and compared accounting estimates of projected cash flows from prior periods with corresponding actual figures to assess their reliability;
- tested the mathematical accuracy of the measurements adopted by the Group.

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<tr><th colspan="2">(2) Measurement of development costs</th></tr>
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<u>Risk identified</u>

Development costs are recognized in intangible assets whenever the criteria laid down in IAS 38 are met.

At December 31, 2019, capitalized costs came to a net amount of €4.5 million, or 4.7% of total assets, and related to all product lines under the Hercules and Thrustmaster brands.

Project eligibility is reviewed quarterly by the Group’s finance and technical departments, in agreement with senior management.

In the context of our audit, we pay particularly close attention to these development costs, since their capitalization is based on judgment and estimates, notably as regards the following two criteria:

- technical feasibility of completing the intangible asset before it can be used or sold
- the likelihood that the asset will generate future economic benefits

Given the increasing role played by judgment in determining which development costs should be capitalized, we considered the measurement of the net amount of development costs to be a key point of our audit.
</td><td>

<u>Audit procedures implemented in response to this risk</u>

In particular, we:

- Familiarized ourselves with the processes by which development costs are measured.
- Checked the existence and accuracy of the amounts recognized in respect of development costs. In particular, we reconciled the amounts capitalized with internal time-tracking data as well as carrying out sample-based testing of capitalized external expenses.
- Met with the finance department and consulted documentation provided by the technical department to assess the reasonableness of key data and assumptions relied on in determining whether development costs should be capitalized (such as the likelihood of future economic benefits and a project’s technical feasibility).
- Corroborated the various pieces of information obtained through these interviews against current sales generated by capitalized projects.
- Identified any indicator of impairment on these projects that would require an impairment test to be carried out.

We also assessed the appropriateness of the information provided in notes 5.4.3 and 5.7.2 to the consolidated financial statements on intangible assets.
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<tr><th colspan="2">(3) Measurement of inventories of components and finished products</th></tr>
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<u>**Risk identified**</u>

The Group's inventories consist of electronic components and sub-assemblies as well as finished products.

At December 31, 2019, inventories were recognized in the balance sheet at a net carrying amount of €21.4 million, or 22.5% of total assets.

An impairment loss is recognized whenever the acquisition value of inventory is greater than its probable realizable value less costs to sell.

Impairment tests are carried out at each accounting cut-off and probable realizable value is calculated on the basis of observed and expected product sales and market prices.

As part of our audit, we paid particular attention to how this probable realizable value was determined, since it is based not only on observable data such as products' market prices but also on assumptions such as the sales outlook for each product range and management judgment as to expected market trends.

Given the assumptions underpinning estimates, we considered measurement of the probable realizable value of products held in inventory to be a key point of our audit.

</td><td>

<u>**Audit procedures implemented in response to this risk**</u>

We:

- tested the measurement of items in inventory by conducting sample-based comparisons with cost prices;
- familiarized ourselves with processes in place to identify slow-moving items, those at risk of obsolescence and those whose selling prices were lower than their acquisition cost;
- for items at risk of impairment, checked that they had been correctly measured, notably by undertaking sample-based comparisons of the cost of products held in inventory with their last known net selling price;
- took into account work undertaken as part of the review of development costs so as to identify, where applicable, indicators of impairment on certain products held in inventory.

We also assessed the appropriateness of the information provided in the following notes to the consolidated financial statements: note 5.4.9, "Inventories and work in progress", note 5.7.5, "Inventories" and note 5.8.2, "Additions to amortization, depreciation and impairment".

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Specific checks

In accordance with professional standards applicable in France, we have also carried out specific checks required by legislation and regulations on the information about the group set out in the Board's management report dated April 8, 2020. As regards events and information subsequent to the balance sheet date arising from the COVID-19 crisis, management has informed us that these will be communicated at the shareholders' general meeting to be held to approve the financial statements.

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

Information resulting from other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors of Guillemot Corporation at the shareholders' general meetings of May 26, 2004 (PricewaterhouseCoopers Audit) and May 23, 2007 (MB Audit).

At December 31, 2019, PricewaterhouseCoopers Audit was serving for its sixteenth consecutive year and MB Audit for its thirteenth consecutive year, including 16 and 13 years respectively since the Company's shares were admitted to trading on a regulated market.

Responsibility of management and persons charged with corporate governance as regards the consolidated financial statements

It falls to management to draw up consolidated financial statements that provide a true and fair view in accordance with IFRS as adopted within the European Union, as well as to put in place such internal control arrangements as it deems necessary to be able to prepare consolidated financial statements free from material misstatement, whether as a result of fraud or error.

In preparing the consolidated financial statements, it falls to management to assess the Company's ability to continue to operate, to show in its financial statements any required information pertaining to continuity of operations, and to apply the going concern accounting principle, unless it is planned to wind up the Company or cease operations.

It falls to the audit committee to monitor the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit in respect of procedures for preparing and processing accounting and financial information.

The consolidated financial statements were signed off by the Board of Directors.

Statutory auditors' responsibility as regards audit of the consolidated financial statements

Audit objective and approach

It falls to us to draw up a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance means a high level of assurance, though there is no guarantee that an audit carried out in keeping with standards of professional practice will always detect every material misstatement. Misstatements may be the result of fraud or error; they are considered material whenever, taken individually or together, they might reasonably be expected to influence decisions made by the users of the financial statements on the basis of the latter.

As stipulated in Article L.823-10-1 of the French Commercial Code, our duty to certify the financial statements does not consist of guaranteeing either the Company's viability or the quality of its management.

In the case of an audit conducted in accordance with standards of professional practice applicable in France, the statutory auditors must exercise their judgment throughout the audit.
Furthermore:

- They must identify and assess the risk that the financial statements include material misstatements, whether as a result of fraud or error, draw up and implement audit procedures in response to that risk, and gather information they consider a sufficient and appropriate basis for their opinion. The risk of failing to detect a material misstatement resulting from fraud is greater than that of failing to detect a material misstatement resulting from error, since fraud can entail collusion, falsification, deliberate omission, misrepresentation, or the bypassing of internal control.

- They must familiarize themselves with internal control arrangements relevant to the audit so as to be able to define suitable audit procedures (and not so as to express an opinion on the effectiveness of internal control).

- They must assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as information concerning such policies and estimates provided in the consolidated financial statements.

- They must assess the appropriateness of management's use of the going concern accounting principle and, based on the information gathered, determine whether there is significant uncertainty linked to events or circumstances that could call into question the company's ability to continue operations. This assessment is based on information gathered up to the date of the auditor's report; it is important to remember, however, that subsequent circumstances or events could endanger continuity of operation. If the auditors conclude that there is significant uncertainty, they must draw the attention of readers of their report to the information provided in the consolidated financial statements about that uncertainty or, if that information is not provided or is not relevant, issue a qualified certification or refuse to qualify the financial statements.
- They must assess the overall presentation of the consolidated financial statements and determine whether they provide a true and fair view of the underlying transactions and events.

- As regards financial information on persons or entities falling within the scope of consolidation, they must gather whatever information they consider a sufficient and appropriate basis for expressing an opinion on the consolidated financial statements. They are responsible for overseeing, supervising and conducting the audit of the consolidated financial statements, as well as for the opinion expressed on those financial statements.

Report to the audit committee

We submit a report to the audit committee setting out, in particular, the extent of our audit and the program of work carried out, as well as our audit findings. We also advise the audit committee of any significant weaknesses in internal control we may have identified pertaining to procedures for preparing and processing accounting and financial information.

Our report to the audit committee includes information about the risk of material misstatement, which we consider most significant for the audit of the consolidated financial statements for the year and which, consequently, constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration laid down in Article 6 of Regulation (EU) No 537-2014 confirming our independence, within the meaning of rules applicable in France as laid down, in particular, in Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of professional ethics for statutory auditors.
Where applicable, we discuss with the audit committee our independence and the measures put in place to safeguard it.

Rennes and Bruz, April 23, 2020

The statutory auditors

PricewaterhouseCoopers Audit	MB Audit
Jérôme Mouazan	Khadija Roullé

➢ PARENT COMPANY FINANCIAL STATEMENTS TO DECEMBER 31, 2019

All figures are in thousands of euros (€k).

1 PARENT COMPANY BALANCE SHEET

ASSETS	Gross	Amort'n/deprec'n/ impair't	Net	Net
(€k)	**Dec 31, 2019**	**Dec 31, 2019**	**Dec 31, 2019**	**Dec 31, 2018**
Intangible assets	22,680	12,176	10,504	9,741
Property, plant and equipment	7,786	6,287	1,499	1,531
Non-current financial assets	43,879	36,328	7,551	8,130
Non-current assets	**74,345**	**54,791**	**19,554**	**19,402**
Inventories and w ork in progress	17,719	1,594	16,125	21,504
Advances and progress payments	388	0	388	202
Trade receivables	19,124	594	18,530	19,816
Other receivables	2,386	617	1,769	1,122
Investment securities	7,018	7	7,011	6,954
Cash at bank and in hand	2,506	0	2,506	2,034
Current assets	**49,141**	**2,812**	**46,329**	**51,632**
Accrued and deferred items	327	0	327	131
TOTAL ASSETS	**123,813**	**57,603**	**66,210**	**71,165**

LIABILITIES AND EQUITY		
(€k)	**Dec 31, 2019**	**Dec 31, 2018**
Share capital	11,771	11,771
Issue, conversion and merger premiums	10,633	10,633
Reserves	6,754	2,892
Retained earnings	0	0
Net income for the year	-1,934	5,842
Shareholders' equity	**27,224**	**31,138**
Provisions	487	263
Borrow ings	13,949	11,661
Trade payables	17,585	19,117
Taxes and social security payable	97	386
Payables to fixed asset suppliers	324	853
Other liabilities	5,589	6,199
Total liabilities	**37,544**	**38,216**
Accrued and deferred items	955	1,548
TOTAL LIABILITIES AND EQUITY	**66,210**	**71,165**

2 PARENT COMPANY INCOME STATEMENT

(€k)	Dec 31, 2019	Dec 31, 2018
Turnover	60,315	77,071
Production taken into inventory	-5,111	13,038
Self-constructed assets	2,347	2,239
Write-backs of amortization, depreciation and provisions and transfers of expenses	1,543	1,920
Other income from ordinary activities	992	1,469
Total operating income	**60,086**	**95,737**
Purchases	27,531	56,076
Changes in inventory	552	-1,400
External expenses	23,931	23,103
Taxes and duties	95	196
Employee expenses	299	396
Other expenses	5,189	7,963
Additions to amortization and depreciation	1,990	2,241
Impairment and provisions	1,610	1,514
Total operating expenses	**61,197**	**90,089**
Net operating income	**-1,111**	**5,648**
Income from equity interests	0	0
Net income from disposals of investments	10	82
Other interest and related income	37	49
Reversals of provisions and transfers of expenses	48	1,325
Foreign currency translation gains	309	337
Total financial income	**404**	**1,793**
Additions to amort'n, deprec'n & prov'ns on financial items	497	215
Interest and related expenses	373	174
Foreign currency translation losses	342	188
Net expenses on disposals of investment securities	59	120
Total financial expenses	**1,271**	**697**
Net financial income	**-867**	**1,096**
Net income (loss) from ordinary activities	**-1,978**	**6,744**
Net non-recurring income (expense)	**-292**	**-247**
Profit (loss) before tax	-2,270	6,497
Corporate income tax	336	-655
Net profit (loss) for the year	**-1,934**	**5,842**

3 INTERIM MANAGEMENT FIGURES

The main interim management figures are as follows:

(€k)	Dec 31, 2019	Dec 31, 2018
Production in the year	57,551	92,348
Value added	5,537	14,569
Earnings before interest, tax, depreciation and amortization	5,143	13,977
Net operating income (loss)	**-1,111**	**5,648**

4 STATEMENT OF CASH FLOWS

Cash flows from operating activities (€k)	Dec 31, 2019	Dec 31, 2018
Net profit (loss)	-1,934	5,842
Additions to amort'n, deprec'n, impair't and prov'ns (1)	4,388	4,191
Reversals of amort'n, deprec'n, impair't and prov'ns (1)	-1,371	-3,087
Capital gains (losses) on disposals	0	0
Cash generated from operations	**1,083**	**6,946**
Change in operating cash requirement	2,837	-12,957
Change in non-operating cash requirement	-785	1,024
Change in working capital requirement	**2,052**	**-11,933**
Cash flows from investing activities		
Acquisitions of intangible assets	-2,406	-2,242
Acquisitions of property, plant and equipment	-607	-560
Disposals of property, plant and equipment and intangible asset:	0	0
Acquisitions of non-current financial assets	0	-1,189
Disposals of non-current financial assets	103	147
Net cash from acquisitions and disposals of subsidiaries	0	0
Total cash flows from investing activities	**-2,910**	**-3,844**
Cash flows from financing activities		
Increases in capital and capital injections	0	329
Dividends paid	-1,980	0
Borrowings	11,000	0
Repayments of borrowings	-4,192	-4,822
Repayments of shareholders' current accounts	0	0
Total cash flows from financing activities	**4,828**	**-4,493**
Change in cash	**5,053**	**-13,324**
Net cash at the beginning of the period (2)	3,092	16,416
Net cash at the end of the period (2)	8,145	3,092

(3) Excludes additions to and reversals of impairment losses on available-for-sale securities.
(4) Includes net amount of available-for-sale securities.

5 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

The following notes and tables, presented in thousands of euros (€k), form an integral part of the parent company financial statements and constitute the notes to the balance sheet before appropriation of income for the fiscal year ended December 31, 2019. Total assets stood at €66,210k. The income statement showed a loss of €1,934k.

The fiscal year covered the 12-month period from January 1 to December 31, 2019.

5.1 Significant events in the year

In 2019, Guillemot Corporation generated annual turnover of €60,315k, down 22% relative to 2018.

Thrustmaster's turnover declined 23%, mainly due to retailers reducing their inventory.

At the same time, full-year sales of Thrustmaster joysticks to consumers grew 11% in the top five European countries (France, Germany, the United Kingdom, Italy and Spain) *(source: © GFK 2020 – extract at January 2020)*. Consumer sales of Thrustmaster racing wheels declined 4% in Europe *(source: © GFK 2020 – extract at January 2020)*.

Hercules posted growth of 6%, with sales quickening in the North American market.

The Company posted a net financial expense of €867k, compared with net financial income of €1,096k in the prior year. This includes additions to provisions in the amount of €497k.

The Company posted a net non-recurring expense of €292k. This includes exceptional write-downs of development and material costs.

The Company posted a net loss of €1,934k, compared with a net profit of €5,842k a year earlier.

Net debt totaled €6,481k at December 31, 2019, compared with €4,661k a year earlier.

Key events in 2019 are set out below.

Thrustmaster

Highlights of 2019 included Thrustmaster's strong positioning in the gamepad market, 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.

- **Gamepads**: Thrustmaster unveiled a new range of particularly innovative gamepads, successfully launching its new *ESWAP PRO CONTROLLER* in Europe and Asia (excluding Japan) in the fourth quarter of 2019. This positioning in the gamepad market demonstrates Thrustmaster's desire to become a leading player in this premier class of video game equipment. Thrustmaster has continued to roll out this controller in Asia, with a Japanese launch scheduled for March. The gamepad, officially licensed for 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.

New modules were due to be added to the eSwap ecosystem in the first half of 2020.

- **Joysticks**: 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.

- **Racing wheels**: Thrustmaster is currently preparing to launch a multi-platform magnetic pedal set with a Load Cell brake for ultra-precise in-race braking. The new pedal set offers racers the thrill of unrivaled realism and the opportunity to improve their race performance.

The Company attended the most recent NAMM 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.

Hercules

Hercules expanded its speaker range, introducing the *DJSpeaker 32 Smart* Bluetooth monitoring speakers for mixing.

At the most recent NAMM show in Anaheim in January 2020, the *Hercules DJStarter Kit* controller won a "NAMM U Best In Show" award in the "Gotta Stock It" (i.e. bestseller) category. The controller was the first DJ product to win since 2017. US sales of Hercules controllers more than doubled over the period thanks to the new range of *DJStarLight* and *DJInpulse 200* and *300* controllers.

The Company posted a net loss from ordinary activities of €1,111k, compared with net income from ordinary activities of €5,648k in the period to December 31, 2018.

5.2 Accounting principles

The Guillemot Corporation S.A. parent company financial statements have been drawn up in accordance with ANC Regulation 2016-07 of November 4, 2016 amending Regulation 2014-03 of June 5, 2014 on the French general chart of accounts. Property, plant and equipment and intangible assets have been tested for impairment in accordance with the guidelines laid down in Articles 214-15 and 214-19 of the French general chart of accounts.

Generally accepted accounting principles have been applied, in keeping with the principle of prudence, in accordance with the following basic assumptions:

- going concern basis
- consistency of accounting policies from one accounting period to the next
- use of the accruals concept

The accounting principles adopted also comply with general rules governing the preparation and presentation of the annual financial statements.

The basic method used to measure items recognized in the financial statements is the historical cost method.

5.3 Accounting principles and policies

5.3.1 Intangible assets

Goodwill
Goodwill includes all intangible items (customers, market share, expertise, etc.) acquired by the Company enabling it to carry on its business and continue to expand.

The present value of goodwill is reviewed at each balance sheet date by comparing market value with value in use.

Market value is the amount that could be obtained by selling an asset in an arm's length transaction. Value in use is determined on the basis of expected cash flows.

Goodwill is impaired if the carrying amount is greater than the higher of market value and value in use.

Brands
Brands acquired by the Company have an indefinite life.

Brands acquired by the Company are tested for impairment at each balance sheet date. At each balance sheet date, if their net carrying amount is greater than the higher of market value and value in use, an impairment loss is recognized.

In the absence of a deep market for brands in the Company's industry sector, market values are not used. That being the case, the present value of brands increases in line with the present value of future cash flows expected from the asset in question.

Research and development costs
Research costs are expensed as incurred.

Development costs are determined in accordance with the CNC opinion of April 1987, and must also comply with CRC Regulation 2004-06. According to the French general chart of accounts, this means the Company must meet all criteria in relation to the following:

- Technical feasibility of completing the intangible asset before it can be used or sold
- Intention to complete the intangible asset and use or sell it
- Ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits- Availability of adequate technical, financial and other resources to complete the project
- Development and use or sale of the intangible asset
- Ability to reliably measure expenses attributable to the intangible asset during its development

Development costs are amortized over the useful life of the asset in question, with the proviso that the amortization period may not in any event exceed five years.

Patents and software
Patents and software are amortized over their actual useful life.

5.3.2 Property, plant and equipment

Property, plant and equipment are recognized at historical cost. Depreciation rates are based on the probable useful life of each asset, as follows:

- Buildings: 10-20 years on a straight-line basis
- Fixtures: 1-20 years on a straight-line basis
- Plant: 1-10 years on a straight-line basis

5.3.3 Non-current financial assets

Securities in the securities portfolio are measured at cost, excluding incidentals.

The balance sheet value of each investment is assessed on the basis of the share of the Company's net assets and future outlook. Where this value is less than the recorded value, an impairment loss is recognized for the difference.

The fair value of financial assets is the average price over the last month in the period for listed securities. Where balance sheet value is lower than purchase cost, an impairment loss is recognized.

5.3.4 Inventories and work in progress

Inventories and work in progress are measured based on their cost of supply. The gross amount of such inventories includes their purchase price and any incidentals.

Inventory is measured using the FIFO (first in, first out) method.

An impairment loss is recognized whenever the acquisition cost of inventory is greater than its market value.

5.3.5 Advances and progress payments

Advances and progress payments consist of prepayments on orders paid to suppliers.

Licenses relate to distribution and reproduction rights acquired from third parties. The signature of license agreements may give rise to the payment of guaranteed amounts.

These amounts are recognized in a prepayments and accruals account and expensed as and when products are sold. Where amounts are not recognized in full, an off balance sheet liability is recognized for the outstanding amount.

At each balance sheet date, the amount yet to be expensed is compared with prospective sales, and an additional expense is recognized if necessary.

5.3.6 Trade receivables

Trade receivables are measured at nominal value. Receivables are impaired whenever their balance sheet value falls below their carrying amount.

5.3.7 Current account advances

Current account advances to subsidiaries are impaired whenever the subsidiary's net position falls below the balance sheet value of the investment.

5.3.8 Translation of payables and receivables

Foreign currency receivables and payables not hedged using futures or options are translated into euros using the closing exchange rate. The resulting translation adjustment is recognized in a specific balance sheet item. A provision for liabilities is set aside if translation of foreign currency items results in unrealized losses.

The Company applied ANC regulation number 2015-05 (relating to financial futures and hedging transactions) for the first time at the end of its 2017 fiscal year. Foreign currency translation adjustments relating to trade receivables and payables (whether provisioned or actual) are recognized in net income from ordinary activities. Foreign currency translation adjustments relating to financial receivables and payables (whether provisioned or actual) are recognized in net financial income.

5.3.9 Investment securities

Shares are measured at their average market price over the last month in the period.

An impairment loss is recognized in respect of any unrealized losses.

Treasury shares held under a share buyback program in accordance with the provisions of Articles L.225-209ff. of the French Commercial Code are recognized under investment securities.

5.3.10 Cash at bank and in hand

Cash at bank and in hand consists of bank account balances. Foreign currency bank balances are translated into euros at the closing rate and translation adjustments are included in net financial income.

5.3.11 Provisions

Provisions for translation losses on foreign currency trade receivables and payables are recognized in net income from ordinary activities. Provisions on financial receivables and payables are recognized in net financial income (in accordance with ANC Regulation 2015-05).

A provision is recognized whenever the Company has a present obligation (whether legal or implied) resulting from a past event, it is probable that an outflow of resources will be necessary to settle the obligation, and the amount of the obligation can be reliably estimated.

This item also includes provisions for liabilities relating to trade disputes as well as provisions for loss of income on unsold products returned.

5.3.12 Borrowings

Borrowings are initially recognized in the balance sheet at fair value. Borrowing costs are expensed as incurred.

5.3.13 Recognition of income

All turnover is measured at the fair value of the consideration received or due, taking into account the amount of any trade discount or volume rebate granted by the Company. Product sales are recognized and considered permanent at the delivery date, which corresponds to the date on which the associated risks and rewards are transferred to the buyer. All products sold by the Company are covered by a statutory two-year warranty against defects. In some cases, the warranty obligation is transferred to the customer in exchange for a discounted purchase price. In other cases, the warranty obligation is deducted from turnover based on an analysis undertaken by the Company. This analysis takes into account, in particular, sales volumes, the average time taken to return defective products, and management judgment.

Furthermore, under its terms and conditions of sale, the Company does not agree to take back unsold goods. In practice, where such agreement is given, the associated cost is deducted from turnover based on actual product returns accepted at the balance sheet date. In cases where management expects additional product returns relating to past sales, the obligation to take back returned products is recognized in provisions for liabilities and charges in the form of a provision for loss of income.

5.3.14 Segment information

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.

5.4 Notes to the balance sheet

5.4.1 Intangible assets

Intangible assets are broken down as follows:

Gross amounts	Dec 31, 2018	Increases	Decreases	Dec 31, 2019
Research and development costs	6,576	1,997	0	8,573
Brands and goodwill	11,782	0	0	11,782
Concessions, patents, licenses, brands and software	261	103	0	364
Intangible assets under construction	1,946	2,347	2,332	1,961
TOTAL	**20,565**	**4,447**	**2,332**	**22,680**

Accumulated amortization and impairm	Dec 31, 2018	Increases	Decreases	Dec 31, 2019
Research and development costs	4,524	1,333	0	5,857
Brands and goodwill	6,051	0	0	6,051
Concessions, patents, licenses, brands and software	249	19	0	268
TOTAL	**10,824**	**1,352**	**0**	**12,176**

Net amounts	Dec 31, 2018	Dec 31, 2019
Research and development costs	2,052	2,716
Brands and goodwill	5,731	5,731
Concessions, patents, licenses, brands and software	12	96
Intangible assets under construction	1,946	1,961
TOTAL	**9,741**	**10,504**

Development costs

Development costs consist of all work undertaken by the research and development teams to provide the technical components needed for production. These may include employee expenses, external costs such as design, mock-up and prototype costs, samples and workshop testing costs.

Project eligibility is reviewed quarterly by the finance and technical departments, in agreement with senior management. Project development costs are recognized in assets if they meet all six eligibility criteria laid down in CRC Regulation 2004-06. The corresponding expenses are debited to “Intangible assets under construction” and credited to “Self-constructed assets”.

Assets are transferred from assets under construction to development costs when released into production. A total of €1,997k was transferred to development costs in 2019.

The following Guillemot Corporation subsidiaries generate development costs: Hercules Thrustmaster SAS, Guillemot Recherche & Développement Inc., Guillemot Romania Srl and Guillemot Corporation (HK) Ltd. Capitalized costs relate to all Hercules and Thrustmaster product lines. Development costs capitalized over the period totaled €2,347k.

Development costs no longer meeting the six capitalization criteria were removed from assets. Net scrappage costs and the net cost of projects written off totaled €292k in the year.

Development costs are amortized over the useful life of the asset in question, which ranges from one to five years.

Brands

Brands include the Thrustmaster and Hercules acquired brands. These brands are tested for impairment at each balance sheet date and are measured taking into account future discounted cash flows.

In the absence of a deep market for brands in the Company's industry sector, the fair value method is not used when measuring brands owned by the Company.

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 Company's brands.

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

Following impairment testing of the Hercules CGU, there was no change in the value of the Hercules brand at December 31, 2019.

The following assumptions are used to test the Hercules CGU for impairment:

- Ratio of operating cash flow to turnover: negative for the next two years, then positive for the following three years
- Five-year turnover projections taking into account forecast new product launches and the business cycle (turnover rising 50% in 2020 and an average of 25% each in following years)
- Long-term growth rate: 2%
- Discount rate: 12%

The Hercules brand has a net balance sheet value of €431k, compared with a purchase cost of €1,432k.

Turnover at the Hercules business has declined sharply over the past few years following the successive withdrawal of its ranges of Wi-Fi and CPL products, webcams and, more recently, multimedia and wireless speakers.

The business is refocusing around audio and DJing products; this requires substantial investment in R&D and marketing, thus affecting short-term profitability.

The new range of DJ controllers released in late 2018 has received a very warm welcome, with the DJControl Inpulse 300 winning a CES Innovation Honoree Award at the last Consumer Electronics Show (CES) held in Las Vegas in 2019. The Hercules DJStarter Kit also received an award in its category at the US NAMM show in January 2020.

Refocusing the business around audio and DJ products supports the Company's assumption of double-digit growth in Hercules' turnover over the next five years.

Thrustmaster
The Thrustmaster brand is allocated to the Thrustmaster CGU.

Following impairment testing of the Thrustmaster CGU, there was no change in the value of the Thrustmaster brand at December 31, 2019.

The following assumptions are used in calculating discounted future cash flows for the Thrustmaster cash-generating unit:

- Five-year turnover projections taking into account forecast new product launches and the cyclicality of the business (notably game and console releases)
- Discount rate: 12%

The Thrustmaster brand now 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.

5.4.2 Property, plant and equipment

Property, plant and equipment is broken down as follows:

Gross amounts	Dec 31, 2018	Increases	Decreases	Dec 31, 2019
Land	219	0	0	219
Buildings and fixtures	3,103	2	0	3,105
Plant and machinery	3,674	262	0	3,936
Property, plant and equipment under constru	184	604	262	526
TOTAL	**7,180**	**868**	**262**	**7,786**

Depreciation	Dec 31, 2018	Increases	Decreases	Dec 31, 2019
Land	0	0	0	0
Buildings and fixtures	2,804	133	0	2,937
Plant and machinery	2,845	505	0	3,350
TOTAL	**5,649**	**638**	**0**	**6,287**

Net amounts	Dec 31, 2018	Dec 31, 2019
Land	219	219
Buildings and fixtures	299	168
Plant and machinery	829	586
Property, plant and equipment under constru	184	526
TOTAL	**1,531**	**1,499**

Property, plant and equipment under construction consists of production equipment in progress. The reduction in these assets corresponds to a €262k transfer to the “Equipment” item.

Purchases of equipment consist of molds used in production.

5.4.3 Non-current financial assets

Gross non-current financial assets are broken down as follows:

	Dec 31, 2018	Increases	Decreases	Dec 31, 2019
Equity investments	43,751	0	0	43,751
Other non-current financial assets	227	0	103	124
Deposits and guarantees	4	0	0	4
TOTAL	**43,982**	**0**	**103**	**43,879**

Equity investments

Changes in other non-current financial assets concern the liquidity agreement currently in force and a security deposit relating to the collection and recycling of waste electrical and electronic equipment in Germany. The liquidity account had a cash balance of €44k at December 31, 2019.

The security deposit relating to waste processing totals €80k.

Equity investments are investments in subsidiaries of Guillemot Corporation.

Equity investments	Dec 31, 2018	Additions	Reversals	Dec 31, 2019
Investments in subsidiaries				
Gross amount	43,751	0	0	43,751
Impairment	35,852	497	21	36,328
Net	**7,899**	**-497**	**21**	**7,423**

A €36,328k impairment loss has been recognized against equity investments in the Company’s subsidiaries, broken down as follows:

Investments fully impaired:

- Guillemot GmbH (Germany)	€15k

Other investments (impaired for their net amount at Dec 31, 2019):

- Guillemot SA (Belgium)	€181k
- Guillemot Srl (Italy)	€4,842k
- Guillemot Inc (Canada)	€18,885k
- Guillemot Electronic Technology (Shanghai) Co. Ltd.	€198k
- Guillemot Ltd. (United Kingdom)	€12,207k

Schedule of subsidiaries

	Currency	Headquarters	Financial information (€k)					Carrying amount of investment (€k)		Loans and advances granted (€k)	Guarantees given	Dividends received by Guillemot Corporation SA	Obser-vations: impair-ment applied to loans and advances
			Capital	Shareholders' equity other than capital (including earnings)	% ownership	Turnover excl. tax in last fiscal year	Profit (loss) in last fiscal year	Gross	Net				
Hercules Thrustmaster SAS (France)	EUR	Carentoir	279	858	99.42%	5,592	284	288	288	-	-	-	-
Guillemot Administration et Logistique SARL (France)	EUR	Carentoir	222	790	99.96%	3,688	147	222	222	-	-	-	-
Guillemot Ltd. (United Kingdom)	GBP	Surrey	10,051	-10,046	99.99%	133	11	12,211	5	71	-	-	-
Guillemot SA (Belgium)	EUR	Wemmel	175	60	99.93%	0	-3	416	235	-	-	-	-
Guillemot GmbH (Germany)	EUR	Obermichelbach	511	-1,128	99.75%	533	16	15	0	737	-	-	617
Guillemot Corporation (H-K) Ltd. (Hong Kong)	HKD	Hong Kong	1	666	99.50%	1,832	80	23	23	-	-	-	-
Guillemot Recherche & Développement Inc. (Canada)	CAD	Montreal	1,138	612	99.99%	1,059	42	1,257	1,257	-	-	-	-
Guillemot Inc. (United States)	USD	Sausalito	89	95	99.99%	0	-3	8	8	-	-	-	-
Guillemot Inc. (Canada)	CAD	Montreal	32,977	-27,440	74.89%	13,788	-1,068	23,032	4,147	-	-	-	-
Guillemot SRL (Italy)	EUR	Milan	10	71	100.00%	233	16	4,923	81	-	-	-	-
Guillemot Romania Srl (Romania)	RON	Bucharest	15	302	100.00%	723	40	20	20	-	-	-	-
Guillemot Spain SL (Spain)	EUR	Madrid	3	145	100.00%	318	20	3	3	-	-	-	-
Guillemot Electronic Technology (Shanghai) Co. Ltd.	RMB	Shanghai	192	-591	100.00%	2,290	-372	198	0	21	-	-	-
Guillemot Innovation Labs (France)	EUR	Carentoir	1,135	14	100.00%	622	39	1,135	1,135	-	-	-	-

5.4.4 Inventories

Inventories are broken down as follows:

Inventories	Gross Dec 31, 2018	Change in inventories (outcome)	Gross Dec 31, 2019
Packaging materials in inventory	16	3	19
Finished products	20,548	-5,111	15,437
Raw materials and w ork in prog	2,818	-555	2,263
TOTAL	**23,382**	**-5,663**	**17,719**

Impairment	Dec 31, 2018	Increases	Decreases	Dec 31, 2019
Packaging materials in inventory	0	0	0	0
Finished products	1,429	565	943	1,051
Raw materials and w ork in progress	449	181	87	543
TOTAL	**1,878**	**746**	**1,030**	**1,594**

Inventories consist of electronic components and sub-assemblies as well as finished products. An impairment loss is recognized whenever the value of inventory is greater than its market value. Although the Company reduced its inventory in the fiscal year, inventory levels were still high at December 31, 2019 due to the large amounts held by distributors and wholesalers' desire to reduce inventory.

5.4.5 Advances and progress payments

Advances and progress payments consist of prepayments on orders paid to suppliers. Prepayments totaled €388k at the year-end.

5.4.6 Trade receivables

Trade receivables are broken down as follows:

	Gross Dec 31, 2019	Impairment Dec 31, 2019	Net Dec 31, 2019	Net Dec 31, 2018
Trade receivables	19,124	594	18,530	19,816
TOTAL	**19,124**	**594**	**18,530**	**19,816**

The majority of trade receivables were covered by a credit insurance policy at December 31, 2019. Trade receivables totaled €18,530k at December 31, 2019, compared with €19,816k a year earlier.

5.4.7 Receivables and payables

Receivables and payables are broken down as follows:

RECEIVABLES MATURITY SCHEDULE	To Dec 31, 2019 Gross amount	< 1 yr	> 1 yr
Operating receivables			
Trade accounts receivable	97	97	0
Trade receivables	19,124	19,124	0
Government (VAT credits, sundry)	1,482	1,482	0
Group and affiliates	807	0	807
Prepaid expenses	190	190	0
TOTAL	**21,700**	**20,893**	**807**

Current account advances totaling €807k are broken down into €737k for Guillemot GmbH (Germany) and €70k for Guillemot Ltd. (United Kingdom). Government receivables mainly consist of VAT receivables (€547k) and corporate income tax receivables (€809k). The "Trade accounts receivable" item includes €52k in credit notes receivable, including €50k in intra-group credit notes.

PAYABLES MATURITY SCHEDULE	'o Dec 31, 2019 Gross amount	< 1 yr	1-5 yrs
Borrowings from credit institutions	12,521	6,196	6,325
Bond issue	0	0	0
Medium-term bank loans	56	0	56
Bank overdrafts and foreign currency advanc	1,372	1,372	0
Trade payables	17,585	17,585	0
Taxes and social security payable	97	97	0
Other liabilities	3,540	3,540	0
Payables to fixed asset suppliers	324	324	0
Group and affiliates	2,049	0	2,049
TOTAL	**37,544**	**29,114**	**8,430**
Borrowings taken out during the period	11,000		
Reduction in borrowings via conversion of bonds	0		
Reduction in borrowings via repayment	4,192		
Debts owed to individuals	0		

At the year-end, Guillemot Corporation S.A. had fixed-rate borrowings from financial institutions totaling €12,521k.

Over the period, the Company repaid €4,192k in bank borrowings and took out new borrowings totaling €11,000k.

At December 31, 2019, the Company had no bank borrowings in currencies other than euro.

Medium-term bank loans totaling €56k correspond to security deposits in connection with leases.

Current account advances granted by Guillemot Recherche & Développement Inc. (Canada) and Guillemot Innovation Labs SAS (France) total €959k and €1,090k respectively.

	Dec 31, 2019	Dec 31, 2018
Borrowings		
Bond issue	0	0
Borrowings and debts with credit institutions	13,893	11,606
Borrowings and financial liabilities	56	56
Current account advances	2,049	1,987
	15,998	**13,649**
Cash at bank and in hand		
Net investment securities	7,011	6,954
Cash at bank and in hand	2,506	2,034
	9,517	**8,988**
Net debt	**6,481**	**4,661**

The Company has total net debt of €6,481k.

5.4.8 Investment securities

This item includes 100,781 treasury shares with a net value of €244k. The Company also owns 443,874 Ubisoft Entertainment SA shares, representing a 0.37% stake, with a purchase cost of €6,767k.

	Gross Dec 31, 2019	Impairment Dec 31, 2019	Net Dec 31, 2019	Net Dec 31, 2018
Investment securities	6,767	0	6,767	6,767
Treasury shares	251	7	244	187
TOTAL	**7,018**	**7**	**7,011**	**6,954**

The balance sheet value of treasury shares and Ubisoft Entertainment SA shares totaled €245k and €26,269k at the year-end respectively.

5.4.9 Cash at bank and in hand

	Dec 31, 2019	Dec 31, 2018
Cash at bank and in hand	2,506	2,034
Bank loans and overdrafts	-1,372	-5,896
Net bank balance	**1,134**	**-3,862**

5.4.10 Accrued and deferred items

Assets

	Dec 31, 2019	Dec 31, 2018
Prepaid expenses	190	111
Deferred expenses	0	0
Bond redemption premiums	0	0
Foreign currency translation losses	137	20
TOTAL	**327**	**131**

Foreign currency translation losses mainly arise when calculating the present value of foreign currency payables at the closing exchange rate. A provision for unrealized losses has been set aside.

Liabilities

	Dec 31, 2019	Dec 31, 2018
Prepaid income	791	1,425
Foreign currency translation gains	164	123
TOTAL	**955**	**1,548**

Prepaid income consists of products not shipped at December 31, 2019.
Foreign currency translation gains mainly arise when calculating the present value of foreign currency receivables.

5.4.11 Accrued income

	Dec 31, 2019	Dec 31, 2018
Credit notes receivable from suppliers	52	135
Unbilled revenue from customers	1	2
TOTAL	**53**	**137**

5.4.12 Accrued expenses

	Dec 31, 2019	Dec 31, 2018
Interest on borrowings and financial liabilit	35	28
Accrued customer invoices	8,906	10,916
Accrued supplier credit notes	2,166	2,590
Taxes and social security payable	34	211
Accrued expenses	1,345	1,555
TOTAL	**12,486**	**15,300**

5.4.13 Information about related companies

Equity investments	€43,751k
Gross current assets	
Trade receivables	€8,988k
Advances and progress payments	€21k
Current account advances	€807k
Gross payables	
Trade payables	€3,858k
Current account advances	€2,049k
Financial income	€25k
Financial expenses	€21k

5.4.14 Provisions and impairment

Provisions	At Dec 31, 2018	Increases	Decreases Used	Decreases Not used	At Dec 31, 2019
For foreign exchange risk	21	137	21	0	137
For product returns	242	350	242	0	350
Total	**263**	**487**	**263**	**0**	**487**

Provisions for exchange rate risk arise when updating foreign currency receivables and payables using the year-end exchange rate. The increase in the provision for product returns was the result of updating estimates of the number of products returned.

Accumulated impairment	At Dec 31, 2018	Increases	Decreases	At Dec 31, 2019
Non-current financial assets	35,852	497	21	36,328
Other non-current financial assets	0	0	0	0
Inventories	1,878	746	1,030	1,594
Trade receivables	254	376	36	594
Intangible assets	6,051	0	0	6,051
Other impairment	651	0	27	624
Total	**44,686**	**1,619**	**1,114**	**45,191**

Impairment of inventories relates to products in both the Hercules and Thrustmaster ranges. The Company has recognized impairment losses against its subsidiaries for the amount of their net positions and taking into consideration the prospect of recovering those assets (€36,328k in equity investments and €617k in current account advances).

Impairment of non-group trade receivables totals €196k and relates to doubtful receivables.

The company has recognized impairment of €1,000k against the Hercules brand, €4,110k against the Thrustmaster brand and €941k against goodwill.

5.4.15 Share capital

	Number of shares	Par value	Amount
At Dec 31, 2018	15,287,480	0.77	11,771,359.60
Exercise of stock options	0	0.77	0.00
Reduction in capital through retirement of treasury shares	0	0.77	0.00
At Dec 31, 2019	**15,287,480**	0.77	**11,771,359.60**

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

Treasury shares account for 0.66% of the total share capital.

The first ten stock option plans have all lapsed.

Statement of changes in equity

(€k)	Balance before appropriation of income for fiscal year to Dec 31, 2018	Appropriation of income for fiscal year to Dec 31, 2018	After appropriation of income for fiscal year to Dec 31, 2018	Dividends paid	Earnings in fiscal year to Dec 31, 2019	Balance at Dec 31, 2019
Share capital	11,771	0	11,771	0	0	11,771
Issue and conversion premiums	10,514	0	10,514	0	0	10,514
Merger premiums	119	0	119	0	0	119
Legal reserve	353	292	645	0	0	645
Other reserves	2,539	3,570	6,109	0	0	6,109
Retained earnings	0	0	0	0	0	0
Associates – dividends payable	0	1,980	1,980	-1,980	0	0
Earnings	5,842	-5,842	0	0	-1,934	-1,934
TOTAL	**31,138**	**0**	**31,138**	**-1,980**	**-1,934**	**27,224**

5.4.16 Advances and loans granted to senior executives

No loans or advances were granted to senior executives of the Company, in accordance with Article L.225-43 of the French Commercial Code.

5.5 Notes to the income statement

5.5.1 Breakdown of turnover

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: steering wheels, gamepads, joysticks and gaming headsets.

By geographical region (€k)	Dec 31, 2019	Dec 31, 2018
European Union	32,887	40,754
North America	14,474	23,925
Other	12,954	12,392
TOTAL	**60,315**	**77,071**

By segment (€k)	Dec 31, 2019	Dec 31, 2018
Thrustmaster	55,393	72,436
Hercules	4,922	4,635
TOTAL	**60,315**	**77,071**

5.5.2 Production taken into inventory

Production taken into inventory is broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Production taken into inventory	-5,111	13,038
Total	**-5,111**	**13,038**

5.5.3 Self-constructed assets

Self-constructed assets are broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Self-constructed assets	2,347	2,239
Total	**2,347**	**2,239**

Costs linked to projects meeting the specified capitalization criteria are capitalized. Transfers from expenditure to “Intangible assets under construction” with effect from the date on which the capitalization criteria are met gave rise to operating income from ordinary activities totaling €2,347k in the fiscal year.

5.5.4 Other operating income from ordinary activities

	Dec 31, 2019	Dec 31, 2018
Reversals of impairment and provisions	1,328	1,762
Transfers of expenses	215	158
Other income	992	1,469
Total	**2,535**	**3,389**

Reversals of impairment and provisions mainly consist of €1,030k in inventories, the reversal of a €242k provision for product returns and the reversal of a €21k provision for unrealized foreign exchange losses on trade receivables and payables. Transfers of expenses totaling €215k consist of expenses rebilled to third parties, subsidiaries (€75k) and insurance benefits received (€103k).
Other income mainly consists of revenue from property leases (€224k) and foreign exchange gains on trade receivables and payables (€518k).

5.5.5 Purchases consumed

	Dec 31, 2019	Dec 31, 2018
Purchases of goods for resale	0	0
Purchases of raw materials	27,531	56,076
Changes in inventory	552	-1,400
Total	**28,083**	**54,676**

5.5.6 Other expenses from ordinary activities

Other expenses from ordinary activities are broken down as follows:

	Dec 31, 2019	Dec 31, 2018
Other purchases and external expenses	23,931	23,103
Other expenses	5,189	7,963
Total	**29,120**	**31,066**

Other external expenses mainly consist of the following:

- Transportation services totaling €1,047k
- Subsidiaries’ subcontracting services totaling €12,452k
- Marketing and advertising expenses totaling €3,187k
- Development costs not meeting capitalization criteria, permanently recognized in expenses for a total of €3,230k in respect of 2019

Other expenses from ordinary activities mainly consist of licensing fees totaling €4,526k, compared with €6,383k in the year to December 31, 2018. Operating licenses are expensed as and when the licensed products are sold. The main amounts under the "Licenses" item relate to current partnerships in connection with the Microsoft® Xbox One® and Sony® PlayStation® 4 consoles.

Foreign exchange losses on trade receivables and payables total €437k.

The Company paid €99k to the directors in the fiscal year in consideration of their activities.

5.5.7 Employee expenses

	Dec 31, 2019	Dec 31, 2018
Wages and salaries	221	278
Social security contributions	78	118
Total	**299**	**396**

At December 31, 2019, the workforce consisted solely of the executive officers, whose total gross compensation in respect of their executive duties came to €278k.

5.5.8 Additions to amortization, depreciation, impairment and provisions

	Dec 31, 2019	Dec 31, 2018
Amortization of intangible assets	1,352	1,476
Depreciation of property, plant and equipment	638	765
Impairment of current assets	1,123	1,251
Provisions for liabilities and charges	487	263
Total	**3,600**	**3,755**

Amortization of intangible assets mainly relates to development costs capitalized from the date of production of the asset in question, totaling €1,333k.

Depreciation of property, plant and equipment mainly consists of €119k in depreciation of buildings and €503k in depreciation of molds used in production.

Impairment of inventories totaling €746k relates to products in both the Hercules and Thrustmaster ranges. Additions to impairment on trade receivables totaled €377k, including €362k in respect of the Guillemot Electronic Technology (Shanghai) Co. Ltd. subsidiary.

Provisions for liabilities and charges consist of €350k in respect of product returns and €137k in respect of unrealized foreign exchange losses.

5.5.9 Net financial income

	Dec 31, 2019	Dec 31, 2018
Income from equity interests	0	0
Total other financial income	**0**	**0**
Reversals of provisions and transfers of expenses	48	1,325
Additions to amort'n, deprec'n & prov'ns on financial items	497	215
Total additions to and reversals from prov'ns	**-449**	**1,110**
Translation gains	309	337
Translation losses	342	188
Total translation adjustments	**-33**	**149**
Net income from disposals of investment securities	10	82
Net expenses on disposals of investment securities	59	120
Income from disposals of investment securities	**-49**	**-38**
Other interest and related income	37	49
Interest and related expenses	373	174
Total interest income and expenses	**-336**	**-125**
TOTAL	**-867**	**1,096**

Financial risks are as follows:

- Liquidity risk: at December 31, 2019, the Company's borrowing and bank financing facilities were not fully utilized; net debt stood at €6,481k.

At December 31, 2019, based on the average price in December, the fair value of the Company's portfolio of available-for-sale securities stood at €26,513k.

- Market risk: fluctuations in the market price of shareholdings affect the Company's earnings. Over 2019, a 10% decrease in the price of the Company's shares (relative to their price at December 31, 2019) would have reduced net financial income by €24k.

At March 20, 2020, the closing price of Ubisoft Entertainment shares was €60.64, up 2.47% relative to their price at December 31, 2019.

- Interest rate risk: based on the Company's outstanding unhedged floating-rate financial liabilities at December 31, 2019, a 1% annual increase in interest rates would increase financial expenses by €14k.

- Foreign exchange risk: a breakdown of the Company's foreign currency assets and liabilities at December 31, 2019 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:

(€k)	USD	GBP	CAD
Assets	12,859	1,213	0
Liabilities	6,695	62	2,089
Net position before hedging	6,164	1,151	-2,089
Off balance sheet position	0	0	0
Net position after hedging	6,164	1,151	-2,089

Based on foreign currency values exposed to exchange rate fluctuations at December 31, 2019, a 10% annual decrease in US dollar exchange rates would increase operating expenses from ordinary activities by €582k and reduce financial expenses by €34k.

Based on foreign currency amounts exposed to exchange rate fluctuations at December 31, 2019, a 10% annual decrease in the value of sterling would increase operating expenses from ordinary activities by €122k and financial expenses by €14k.

Based on foreign currency amounts exposed to exchange rate fluctuations at December 31, 2019, a 10% annual increase in the value of the Canadian dollar would increase operating expenses from ordinary activities by €47k and financial expenses by €96k.

The impact of exchange rate fluctuations on other currencies is not material.

For all major players in the multimedia industry transacting in US dollars, no given 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 Company 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 Company'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 Company 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 Company's gross margin. However, to limit the Company's foreign exchange risk, Guillemot Corporation S.A. hedges against currency fluctuations by buying spot currency and currency futures and options.

No such contracts were in force at December 31, 2019.

Furthermore, growth in the Company's export sales over the past few years has boosted its natural hedging and significantly lowered its foreign exchange risk.

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

Reversals and impairment of financial assets
Due to financial difficulties experienced by the subsidiaries of Guillemot Corporation S.A., the Company has recognized impairment losses against some of its subsidiaries in the course of previous fiscal years. Impairment losses have been recognized or reversed against the net position of equity investments or current account advances at December 31, 2019.

With respect to equity investments, the Company has recognized the following:

- A €494k addition to impairment in respect of its investment in Guillemot Inc. (Canada)
- A €3k addition to impairment in respect of its investment in Guillemot S.A. (Belgium)
- A €5k reversal of impairment in respect of its investment in Guillemot Ltd. (United Kingdom)
- A €16k reversal of impairment in respect of its investment in Guillemot SRL (Italy)

With respect to current account advances, the Company has recognized the following:

- A €6k reversal of impairment on current account advances granted to Guillemot Ltd. (United Kingdom)
- A €16k reversal of impairment on current account advances granted to Guillemot GmbH (Germany)

Net income and expenses on disposals of investment securities
Guillemot Corporation S.A. posted a €49k loss on the disposal of treasury shares under the liquidity agreement in force.

Interest income and expenses
Interest income mainly consists of interest on current account advances to subsidiaries.

Financial income also includes €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 being waived by the parent company in 2004.

Interest expenses on borrowings and bank loans totaled €352k.

Interest expenses on current accounts totaled €21k.

5.5.10 Net non-recurring income

Net non-recurring income includes extraordinary items and items that are unusual by virtue of their amount or their impact on day-to-day business.

	Dec 31, 2019	Dec 31, 2018
Non-recurring income from management activities	0	0
Non-recurring income from capital transactions	0	0
Reversals of provisions and transfers of expenses	0	0
Total non-recurring income	**0**	**0**
Non-recurring expenses on management activities	0	1
Non-recurring expenses on capital transactions	0	13
Exceptional additions to amort'n, deprec'n & prov'ns	292	233
Total non-recurring expenses	**292**	**247**
TOTAL	**-292**	**-247**

Development costs no longer meeting the six capitalization criteria have been removed from assets and the corresponding equipment scrapped. Consequently, the Company recognized an exceptional depreciation charge of €292k in the year ended December 31, 2019.

5.5.11 Corporate income tax

Profit to Dec 31, 2019		Ordinary	Exceptional	Net
Tax basis		-1,268	-291	-1559
Losses carried back		1,000	0	1,000
Tax loss carryforwards		268	291	559
Tax due	28.00%	0	0	0
Tax due	31.00%	0	0	0
Receivable arising from losses carried back		-333	0	-333
Tax credits		-3	0	-3

Increases and decreases in future taxes payable consist of expenses that are temporarily non deductible (to be deducted the following year):
- Currency fluctuations: €301k
- Impairment in respect of product returns: €350k

The Company carried back the 2019 loss against 2018 profits, generating a €333k receivable.

Schedule of tax loss carryforwards

Period	Tax loss carryforwards
2002	24,465
2003	7,690
2004	7,006
2005	9,171
2006	1,229
2009	565
2011	2,410
2012	357
2013	1,425
2014	1,272
2016	1,892
2019	559
TOTAL	**58,041**

5.5.12 Average workforce

	Total	Management	Non-management
Dec 31, 2019	5	5	0

At December 31, 2019, the workforce consisted solely of the executive officers.

5.5.13 Financial commitments

Letters of intent
Letter of support in favor of Guillemot GmbH (Germany), Guillemot Ltd. (United Kingdom) and Guillemot Electronic Technology (Shanghai) Co. Ltd. as owner, confirming the Company's confidence in both companies' continued operation.

Discounted bills not yet due
None.

Documentary credits outstanding
€62k.

Lump sum retirement allowances
Since the workforce consists solely of the executive officers, no lump sum retirement allowances are due.

Guaranteed amounts in respect of licenses
€850k.

Commitments received
Guillemot Corporation S.A. has waived €6,000k in current account advances to its subsidiary Guillemot GmbH (Germany).

This waiver is accompanied by a clawback provision whereby repayments by the subsidiary may not exceed 50% of its annual net profit once it has returned to profit. Since Guillemot GmbH (Germany) made a profit in 2019, and taking into account the repayment terms, Guillemot Corporation S.A. added back a total of €16k to balance sheet assets. The remaining €5,615k will be gradually repaid in future years at a rate of 50% of annual net profit.

Commitments received in respect of operating activities: bank guarantees totaling €1,117k.

5.5.14 Executive compensation

The executive officers (Claude Guillemot, Michel Guillemot, Yves Guillemot, Gérard Guillemot and Christian Guillemot) are compensated for their duties as Chairman and Chief Executive Officer or Deputy Chief Executive Officer. They do not have employment contracts with the Company. The Company paid total gross compensation of €278k to the executive officers in the fiscal year.

The Company paid €96k to the directors in the fiscal year in consideration of their activities. This amount includes €39k paid to independent directors.

No specific pension scheme was put in place for the corporate officers. The Company has not entered into any commitment with regard to compensation, allowances or benefits that are or may be due by reason of or subsequent to the assumption or cessation of duties. No compensation was paid under any profit-sharing or bonus plan. No stock options were allotted.

5.5.15 Parent company

Guillemot Corporation S.A.
Place du Granier, BP 97143, 35571 CHANTEPIE Cedex, France

5.6 Subsequent events

Starting in January 2020, an epidemic of the COVID-19 novel coronavirus (formerly known as 2019-nCoV) spread from China.

On March 11, 2020, the World Health Organization classed COVID-19 as a global pandemic; the epidemic was at that point affecting 205 countries across an extended area.

Many countries implemented drastic lockdowns that will have a major impact on the global economy in 2020. Since the beginning of 2020, lockdowns have affected the Company's marketing networks in Asia, particularly in China and South Korea.

The consequences of the coronavirus epidemic for Guillemot Corporation are currently as follows:

- The Company's main subcontractors in China, where its products are manufactured, have pushed back the time frame for resuming operations. Production is currently running at around 60% capacity; the Company estimates a return to normal capacity by the end of May.
  This decline in production will result in some products being out of stock in the first half of 2020. However, the Company began the year with relatively comfortable levels of inventory. The impact of delayed production on first-half turnover is estimated at €3 million.
- Furthermore, the Port of Hong Kong is operating normally, with outbound shipping from Hong Kong and logistical warehousing operations unaffected.

The Company's sales in Asia have picked up over the past few weeks.

Impact on consumer sales: based on early observations, the Company has seen a significant increase in online sales in its sector due to closures of bricks-and-mortar stores, and sales in China have grown in the early part of the year.

The accessories sold by the Company are indoor entertainment products, and lockdowns are currently generating increased consumer demand.

The Company is adapting its organization in response to the crisis by prioritizing direct deliveries to e-commerce operators, and is doing everything possible to pave the way for strong year-end sales.
The Company is unable to issue forecasts at the present time.

5.7 Proposed appropriation of income

		(€)	(€)
Sources			
Retained earnings brought forward			
Earnings for fiscal year ended Dec 31, 2019			-1,933,763.93
O/w net income from ordinary activities after tax:	*-1,642,459.80*		
Deduction from reserves			
Appropriations			
Appropriations to reserves:			
- Statutory reserve			
- Special reserve for long-term capital gains			
- Other reserves			
Dividends			
Other appropriations:			
- To issue premiums			
- To contribution premiums			
- To conversion premiums			
Accumulated deficit		-1,933,763.93	
TOTAL		**-1,933,763.93**	**-1,933,763.93**

5.8 Auditors' fees

Fiscal year 2019	**PricewaterhouseCoopers Audit**		**MB Audit**	
	Amount excl. taxes	%	Amount excl. taxes	%
Certification of the financial statements	64,413	100%	49,571	100%
Services other than certification of the financial statements	0	0%	0	0%
TOTAL	64,413	100%	49,571	100%

Fiscal year 2018	**PricewaterhouseCoopers Audit**		**MB Audit**	
	Amount excl. taxes	%	Amount excl. taxes	%
Certification of the financial statements	63,450	100%	47,550	100%
Services other than certification of the financial statements	0	0%	0	0%
TOTAL	63,450	100%	47,550	100%

6 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

The Shareholders
Guillemot Corporation
Place du Granier
BP 97143
35571 Chantepie Cedex

Opinion

Pursuant to the engagement entrusted to us at your shareholders' general meeting, we have audited Guillemot Corporation's parent company financial statements for the fiscal year ended December 31, 2019, as appended to this report. These financial statements were signed off by the Board of Directors on April 8, 2020 on the basis of information available at that date in a changing environment linked to the COVID-19 public health crisis.

We certify that, in light of French generally accepted accounting principles, the parent company financial statements are in order and in good faith, and provide a true and fair view of performance over the past year as well as the financial position and assets of the company at the year-end.

The opinion set out above is consistent with the content of our report to the audit committee.

Basis for our opinion

Audit standards

We have carried out our audit in accordance with professional standards applicable in France. We consider that the evidence we have collected forms an adequate and appropriate basis for our opinion.

The responsibilities that fall to us by virtue of these standards are set out in the section of this report titled "Statutory auditors' responsibilities as regards auditing the parent company financial statements".

Independence

We conducted our audit in compliance with the independence rules applicable to us over the period from January 1, 2019 to the date on which we issued our report. In particular, we did not provide any services prohibited by the first paragraph of Article 5 of Regulation (EU) No. 537/2014 or by the code of ethics for statutory auditors.

Basis for our conclusions and key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code on the basis for our conclusions, we wish to draw your attention to key points of the audit relating to the risks of material misstatement which, in our opinion, were greatest for the audit of the parent company financial statements for the year, as well as our response to those risks.

Our assessment of these points forms an integral part of our audit of the parent company financial statements taken as a whole, signed off under the aforementioned circumstances, and thus forms part of the basis for our opinion expressed above. We have no opinion to express on any part of these parent company financial statements taken on its own.

<table>
<tr><th colspan="2">(1) Measurement of brands</th></tr>
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<u>**Risk identified**</u>

Brands acquired by Guillemot Corporation are considered as having an indefinite life; accordingly, they are not amortized.

At December 31, 2019, brands with an indefinite life were recognized in the balance sheet at a net carrying amount of €5.7 million, or 9% of total assets (gross amount: €10.8 million).

An impairment loss is recognized whenever the present value of these brands, determined through an annual impairment test and/or a one-off test if there is an indicator of impairment, falls below their net carrying amount.

Present value is an estimated value and represents the higher of market value and value in use.

In the absence of a deep market for the brands in the Company's industry sector, the market value method is not used. That being the case, value in use is determined on the basis of discounted future cash flow calculations and entails a significant degree of management judgment, notably with regard to items such as turnover growth rates, ratio of operating cash flow to turnover, and long-term discount and growth rates.

Given the complexity of the models used and their sensitivity to changes in the data and assumptions on which estimates are based, including in particular forecast cash flows and the discount rate used, we considered the measurement of the brands' present value as a key point of our audit.

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<u>**Audit procedures implemented in response to this risk**</u>

In particular, we:

- familiarized ourselves with the processes by which the brands are measured;
- assessed the principles and methods used to determine the brands' value in use;
- corroborated, notably by interviewing members of management, the reasonableness of key data and assumptions on which estimates are based (such as the rate of growth in turnover, the ratio of operating cash flow to turnover, the discount rates and the long-term growth rate);
- familiarized ourselves with the business outlook for each of the brands by interviewing members of management and compared accounting estimates of projected cash flows from prior periods with corresponding actual figures to assess their reliability;
- tested the mathematical accuracy of the measurements adopted by the Company.

We also assessed the appropriateness of the information provided in notes 5.3.1 and 5.4.1 to the parent company financial statements, "Intangible assets".

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(2) Measurement of development costs	
<u>Risk identified</u> Development costs are recognized in intangible assets whenever the criteria laid down in CRC Regulation 2004-06 are met. At December 31, 2019, net capitalized costs totaled €4.7 million, or 7% of total assets. Project eligibility is reviewed quarterly by the Company's finance and technical departments, in agreement with senior management. In the context of our audit, we pay particularly close attention to these development costs, since their capitalization is based on judgment and estimates, notably as regards the following two criteria: - technical feasibility of completing the intangible asset before it can be used or sold - how the intangible asset will generate probable future economic benefits Given the increasing role played by judgment in determining which development costs should be capitalized, we considered the measurement of the net amount of development costs to be a key point of our audit.	**<u>Audit procedures implemented in response to this risk</u>** In particular, we: - Familiarized ourselves with the processes by which development costs are measured. - Checked the existence and accuracy of the amounts recognized in respect of development costs. In particular, we reconciled the amounts capitalized with internal time-tracking data as well as carrying out sample-based testing of capitalized external expenses. - Met with the finance department and consulted documentation provided by the technical department to assess the reasonableness of key data and assumptions relied on in determining whether development costs should be capitalized (such as the likelihood of future economic benefits and a project's technical feasibility). - Corroborated the various pieces of information obtained through these interviews against current sales generated by capitalized projects. - Identified any indicator of impairment on these projects that would require an impairment test to be carried out. We also assessed the appropriateness of the information provided in note 5.4.1 to the parent company financial statements, "Intangible assets".

(3) Measurement of inventories of components and finished products	
<u>Risk identified</u> The Company's inventories consist of electronic components and sub-assemblies as well as finished products. At December 31, 2019, inventories were recognized in the balance sheet at a net carrying amount of €16.1 million, or 24% of total assets. Impairment tests are carried out at the end of each accounting period and an impairment loss is recognized whenever the acquisition cost of inventory is greater than its market value. As part of our audit, we paid particular attention to how this market value was determined, since it is based not only on observable data such as products' market prices but also on assumptions such as the sales outlook for each product range and management judgment as to expected market trends. Given the assumptions underpinning estimates, we considered measurement of the market value of	**<u>Audit procedures implemented in response to this risk</u>** We: - tested the measurement of items in inventory by conducting sample-based comparisons with cost prices; - familiarized ourselves with processes in place to identify slow-moving items, those at risk of obsolescence and those whose selling prices were lower than their acquisition cost; - for items at risk of impairment, checked that they had been correctly measured, notably by carrying out sample-based comparisons of the cost of products held in inventory with their last known net selling price; - took into account work undertaken as part of the review of development costs so as to identify, where applicable, indicators of impairment on certain products held in inventory. We also assessed the appropriateness of the information provided in the following notes to the parent company financial statements: note 5.3.4,

products held in inventory to be a key point of our audit.	"Inventories and work in progress", note 5.4.4, "Inventories", note 5.4.14, "Provisions and impairment" and note 5.5.8, "Additions to amortization, depreciation and impairment".

Specific checks

In accordance with professional standards applicable in France, we also carried out specific checks required by legislation and regulations.

Information provided in the management report and other documents addressed to shareholders on the Company's financial position and the parent company financial statements

We have no comments as to the accuracy of the parent company financial statements or their consistency with the information given in the management report by the Board of Directors dated April 8, 2020 and other documents addressed to the shareholders concerning the Company's financial position and the parent company financial statements. As regards events and information subsequent to the balance sheet date arising from the COVID-19 crisis, management has informed us that these will be communicated at the shareholders' general meeting to be held to approve the financial statements.

We confirm that the information about payment terms, as laid down in Article D.441-4 of the French Commercial Code, is accurate and consistent with the parent company financial statements.

Information about corporate governance

We confirm that the corporate governance section of the management report by the Board of Directors includes the information required by Articles L.225-37-3 and L.225-37-4 of the French Commercial Code.

As regards the information provided pursuant to the provisions of Article L.225-37-3 of the French Commercial Code on compensation and benefits paid or allotted to executive officers and commitments given to the latter, we have checked that these are consistent with the financial statements or with data used to prepare the financial statements and, as the case may be, with information gathered by the Company from consolidated companies it controls. Based on this work, we confirm that this information is accurate and true.

As regards information that the Company considers might have an impact in the event of a takeover bid or public exchange offer, provided in accordance with Article L.225-37-5 of the French Commercial Code, we have checked the consistency of this information with the documents from which it is taken and that were provided to us. On the basis of this work, we have no comments on this information.

Other information

In accordance with the law, we have satisfied ourselves that the various pieces of information concerning the identity of the holders of equity or voting rights have been provided to you in the management report.

Information resulting from other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors of Guillemot Corporation at the shareholders' general meetings of May 26, 2004 (PricewaterhouseCoopers Audit) and May 23, 2007 (MB Audit).

At December 31, 2019, PricewaterhouseCoopers Audit was serving for its sixteenth consecutive year and MB Audit for its thirteenth consecutive year, including 16 and 13 years respectively since the Company's shares were admitted to trading on a regulated market.

Responsibility of management and persons charged with corporate governance as regards the parent company financial statements

It falls to management to draw up parent company financial statements that provide a true and fair view in accordance with French generally accepted accounting principles, as well as to put in place such internal control arrangements as it deems necessary to be able to prepare parent company financial statements free from material misstatement, whether as a result of fraud or error.

In preparing the parent company financial statements, it falls to management to assess the Company's ability to continue to operate, to show in its financial statements any required information pertaining to continuity of operations, and to apply the going concern accounting principle, unless it is planned to wind up the Company or cease operations.

It falls to the audit committee to monitor the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as, where applicable, internal audit in respect of procedures for preparing and processing accounting and financial information.

The parent company financial statements have been signed off by the Board of Directors.

Statutory auditors' responsibilities as regards audit of the parent company financial statements

Audit objective and approach

It falls to us to draw up a report on the parent company financial statements. Our objective is to obtain reasonable assurance that the parent company financial statements taken as a whole are free from material misstatement. Reasonable assurance means a high level of assurance, though there is no guarantee that an audit carried out in keeping with standards of professional practice will always detect every material misstatement. Misstatements may be the result of fraud or error; they are considered material whenever, taken individually or together, they might reasonably be expected to influence decisions made by the users of the financial statements on the basis of the latter.

As stipulated in Article L.823-10-1 of the French Commercial Code, our duty to certify the financial statements does not consist of guaranteeing either the Company's viability or the quality of its management.

In the case of an audit conducted in accordance with standards of professional practice applicable in France, the statutory auditors must exercise their judgment throughout the audit.
Furthermore:

- They must identify and assess the risk that the parent company financial statements include material misstatements, whether as a result of fraud or error, draw up and implement audit procedures in response to that risk, and gather information they consider a sufficient and appropriate basis for their opinion. The risk of failing to detect a material misstatement resulting from fraud is greater than that of failing to detect a material misstatement resulting from error, since fraud can entail collusion, falsification, deliberate omission, misrepresentation, or the bypassing of internal control.

- They must familiarize themselves with internal control arrangements relevant to the audit so as to be able to define suitable audit procedures (and not so as to express an opinion on the effectiveness of internal control).

- They must assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as information concerning such policies and estimates provided in the parent company financial statements.

- They must assess the appropriateness of management's use of the going concern accounting principle and, based on the information gathered, determine whether there is significant uncertainty linked to events or circumstances that could call into question the company's ability to continue operations. This assessment is based on information gathered up to the date of the auditor's report; it is important to remember, however, that subsequent circumstances or events could endanger continuity of operation. If the auditors conclude that there is significant uncertainty, they must draw the attention of readers of their report to the information provided in the parent company financial statements about that uncertainty or, if that information is not provided or is not relevant, issue a qualified certification or else refuse to qualify the financial statements.

- They must assess the overall presentation of the parent company financial statements and determine whether they provide a true and fair view of the underlying transactions and events.

Report to the audit committee

We submit a report to the audit committee setting out, in particular, the extent of our audit and the program of work carried out, as well as our audit findings. We also advise the audit committee of any significant weaknesses in internal control we may have identified pertaining to procedures for preparing and processing accounting and financial information.

Our report to the audit committee includes information about the risk of material misstatement, which we consider most significant for the audit of the parent company financial statements for the year and which, as such, constitute the key points of the audit, which it is our responsibility to describe in this report.

We also provide the audit committee with the declaration laid down in Article 6 of Regulation (EU) No 537-2014 confirming our independence, within the meaning of rules applicable in France as laid down, in particular, in Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of professional ethics for statutory auditors. Where applicable, we discuss with the audit committee our independence and the measures put in place to safeguard it.

Rennes and Bruz, April 23, 2020

The statutory auditors

PricewaterhouseCoopers Audit	MB Audit
Jérôme Mouazan	Khadija Roullé

➢ INFORMATION ABOUT KEY MARKETS

The market in which the Group operates mainly consists of consoles (hardware), games (software) and PC and console gaming accessories.

1 GLOBAL VIDEO GAME AND CONSOLE MARKET

Video gaming is becoming an increasingly widespread and diverse pastime and is a well-established feature of day-to-day life. While this represents a huge opportunity, it also means game developers and makers of consoles and gaming accessories must constantly reinvent themselves in response to ever-evolving behaviors. Video games have developed significantly, becoming genuine audiovisual works of art that harness the very latest in technological innovation.

Thanks to a huge surge in casual gaming and the advent of increasingly intuitive interfaces, the rapidly expanding video games sector is becoming a dominant market. It must, however, be acknowledged that the attitudes of gamers and the trade press towards video games have become increasingly demanding in recent years.

Video game developers now need more time and substantial financial resources to design optimum-quality games. The imminent arrival of the ninth generation of consoles, due in 2020, will see numerous new games released.

The video game industry had a record year in 2019, with revenue totaling no less than $120.1 billion, up 4% year on year (source: www.jeuxvideo.com/news/1166651/les-jeux-video-et-les-medias-interactifs-generent-120-1-milliards-de-dollars-en-2019.htm, January 2, 2020). Market growth was boosted by the success of mobile games, which generated $64.4 billion of revenue in the year. Thanks to next-gen consoles and continued promising growth in mobile gaming, SuperData is forecasting that revenue from video gaming and interactive media could grow a further 4% to $124.8 billion in 2020 (source: www.jeuxvideo.com/news/1166651/les-jeux-video-et-les-medias-interactifs-generent-120-1-milliards-de-dollars-en-2019.htm, January 2, 2020).

Market analysis firm DFC Intelligence estimates that the video game software market is set to grow from $118 billion in 2018 to around $164 billion in 2023 (source: *Multimédia à la Une*, issue 261, August 2019). Spending on games consoles and PC gaming hardware is set to grow to over $80 billion a year by 2023. This rapid growth is driven not only by mobile gaming and emerging markets but also by increasing numbers of high-end gamers looking for powerful gaming systems like the forthcoming next-generation consoles due to be released in 2020.

Nearly two billion people play console, PC or smartphone games on a daily basis. Buoyed by technological progress, video gaming has established itself as the twenty-first century's most powerful cultural industry (source: www.afjv.com/news/9968_le-un-quand-les-jeux-video-prennent-le-pouvoir.htm, December 3, 2019).

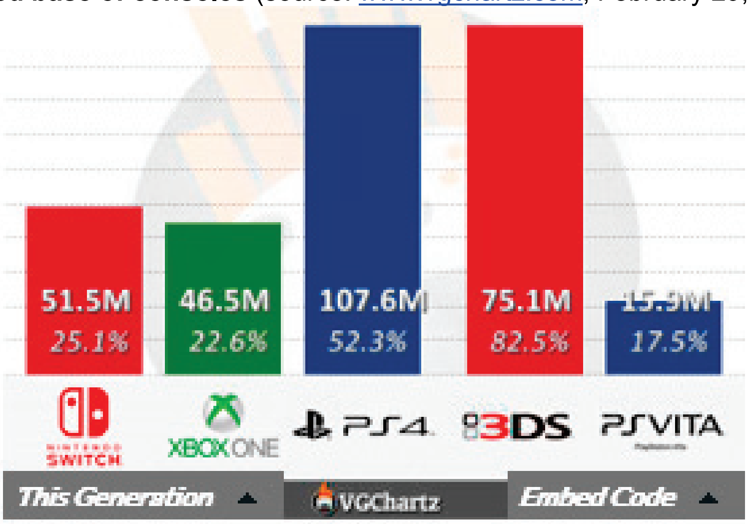
US spending on video game hardware and software totaled $14.6 billion in 2019, down 13% year on year, according to research by NPD (source: www.cbnews.fr, January 19, 2020).

The Chinese mobile gaming market is currently still the number one source of funding for developers (source: www.zdnet.fr/actualites/le-marche-chinois-du-jeu-mobile-fait-toujours-tourner-toutes-les-tetes, September 20, 2019).

In the UK, Europe's biggest video games market, sales fell 3.4% in 2019, though still generating revenue of £602.5 million (source: www.gamalive.com, January 6, 2020).

The installed base of consoles continues to expand: with 296.6 million consoles at February 29, 2020, including 107.6 million PlayStation®4, 51.5 million Nintendo Switch and 46.5 million Xbox One® consoles, the console market continues to grow steadily (source: www.vgchartz.com, February 29, 2020).

Installed base of consoles (source: www.vgchartz.com, February 29, 2020)



To be able to take advantage of the latest video games, consoles need to be increasingly powerful.

Total console sales and market shares

Console	2018	2019	2020	Lifetime
PS4	18,277,267	14,271,493	911,872	**106,989,259**
	44.1%	*37.0%*	*31.7%*	*52.5%*
XBOX ONE	6,829,443	4,962,479	259,100	**46,357,702**
	16.5%	*12.9%*	*9.0%*	*22.7%*
	16,339,594	19,348,308	1,708,526	**50,512,696**
	39.4%	*50.1%*	*59.3%*	*24.8%*
Total	**41,446,304**	**38,582,280**	**2,879,498**	**203,859,657**

(Source: www.vgchartz.com, February 1, 2020)

The video game console market consists of two segments: home consoles and portable consoles. According to a survey by website VGChartz, consoles are no longer the only flagship product driving the video games market. Market research firm Newzoo estimates that the console market will account for 59% of the video games market in 2021 (source: *Journal du Net*, June 25, 2019).

The ninth generation of consoles is set to expand the console ecosystem with the forthcoming release of the Sony PlayStation®5, slated for November 2020, and the Microsoft Xbox® Series X, scheduled for December 2020. Manufacturers are actively working on their marketing plans to boost the console segment. These two consoles are set to represent an interim stage between the old business model and the next major shift in the video games industry.

Each manufacturer (Sony, Microsoft, Nintendo and others) is offering never-before-seen functionality to help its console stand out from the crowd. Ever since the 1990s, the history of video games has been one of manufacturers fighting it out between themselves. The latest revolution is cloud gaming, which is gaining increasingly significant market share.

Video gaming is set to enter a new era in 2020 as new trends emerge with the arrival of next-generation consoles offering new technical capabilities (more power, more options, etc.), backward compatibility for consoles, shorter charging times, etc.

The advent of cloud gaming, a new type of gaming that relies on streaming instead of a physical console, will open up new horizons for video gaming.

The arrival of the new Sony PlayStation®5 and Microsoft Xbox® Series X consoles will serve as a catalyst and growth driver for all the Group's brands.

2 PC MARKET

According to DFC Intelligence, the fundamentals of the PC gaming market remain robust. Worldwide dedicated spending was set to reach $48 billion in 2019, rising to $70 billion by 2023. The fastest-growing category in the entire PC market will be gaming laptops, set to grow 137% between 2018 and 2023 (source: *Multimédia à la Une*, issue 261, August 2019).

After declining for eight years, the PC market finally stabilized and even picked up in 2019, with IDC and Gartner putting worldwide PC sales at between 261.2 million and 266.7 million.

Both IDC and Gartner are banking on the advent of 5G for PCs as well as new formats (PCs with dual screens or a folding screen) to continue support the growth seen in 2019 (source: www.01net.com, January 14, 2020).

Video games continue to be a powerful driver for the PC sector. Overall, while desktop PCs slowed 4%, gaming laptops grew a further 12%, generating $3.5 billion in revenue in the first half of 2019 (source: *Multimédia à la Une*, issue 263, October 2019).

Geographically speaking, demand differs significantly by region. The EMEA region saw moderate growth (1%) in the first half of 2019. Meanwhile, demand declined in Europe, with revenue in falling 9% in Germany to $112 million and 4% in France to $144 million. Conversely, the APAC region and China posted strong double-digit growth (source: *Multimédia à la Une*, issue 263, October 2019).

Prévisions du marché du Gaming PC hardware en volume 2019 / 2023

Catégorie	Equipement 2019*	Parts de marché 2019	Equipement 2023	Parts de marché 2023	Evolution annuelle 2019 / 2023
PC Fixe	15,6	36,40%	16,8	30,40%	1,80%
PC Portable	19,4	45,30%	26,8	48,60%	8,40%
Ecran	7,8	18,30%	11,6	21%	10,30%
Total	42,8	100%	55,2	100%	6,50%

**En millions de dollars*
Source : IDC

3 PC AND CONSOLE ACCESSORIES MARKET

The gaming accessories market notably covers racing wheels, joysticks, gamepads and connected gaming headsets.

In the top five European countries (France, Germany, the United Kingdom, Italy and Spain), the gaming accessories market grew 6% by value and volume in 2019 (source: © GFK – extract at January 2020).

3.1 Racing wheels

In the US in 2019, the total market for PC and console racing wheels grew 21.8% by value (to $42,947,464) and 30.2% by volume, with 308,421 units sold (*source: © 2019 The NPD Group Inc., all rights reserved; proprietary and confidential property of NPD and its affiliates; licensed for use by NPD clients only, 2019; extract at January 2020; excludes wheel shells compatible with Nintendo Switch*).

In the United States in 2019, sales of Thrustmaster racing wheels to consumers:

- declined 4.4% by value *(source: © 2019 The NPD Group, Inc., all rights reserved; proprietary and confidential property of NPD and its affiliates; licensed for use by NPD clients only; 2019 – extract at January 2020);*
- grew 14% by volume *(source: © 2019 The NPD Group, Inc., all rights reserved; proprietary and confidential property of NPD and its affiliates; licensed for use by NPD clients only; 2019 – extract at January 2020).*

Thrustmaster's market share in the top five European countries (France, Germany, the United Kingdom, Italy and Spain) fell from 30.4% to 27.9% by value *(source: © GFK 2019 – extract at January 2020)*.

3.2 Joysticks

Some PC and console video games can only be fully appreciated using a joystick.

In 2019, in a US market that grew 6.6% by value, Thrustmaster saw 19.2% year-on-year growth in US joystick sales by value. Thrustmaster has a 73.2% share of the US joystick market, up 7.8 percentage points relative to 2018 (*source: © 2019 The NPD Group, Inc., all rights reserved; proprietary and confidential property of NPD and its affiliates; licensed for use by NPD clients only; 2019 – extract at January 2020).*

In the top five European countries (France, Germany, the United Kingdom, Italy and Spain), the joystick market grew 11% by value in full-year 2019 (source: © GFK – extract at January 2020).

3.3 Gamepads

The gamepad market remains very buoyant.

The US gamepad market grew 3.8% by value in 2019. Sales of gamepads costing less than $100 were up 64% by value *(source: © 2019 The NPD Group, Inc., all rights reserved; proprietary and confidential property of NPD and its affiliates; licensed for use by NPD clients only; extract at January 2020; excludes wheel shells compatible with Nintendo Switch).*

In the top five European countries (France, Germany, the United Kingdom, Italy and Spain), the gamepad market totaled €495 million in 2019, up 7% by value and 6% by volume *(source: © 2020 GFK – extract at January 2020)*.

Highlights of 2019 included Thrustmaster's strong positioning in the gamepad market, buoyed by the launch of its new ESWAP PRO CONTROLLER.

3.4 Gaming headsets

To get the most out of the array of functionality offered by video games, it is no longer enough to have a console or PC: you also need a string of accessories. In this context, gaming headsets have become a key accessory, not only for enjoying high-quality audio but also to be able to communicate with other online gamers. Gaming headsets are specifically designed devices with functionality geared toward helping gamers get the most out of video games.

In 2019, the US market for gaming console headsets was worth $522 million, with 10.5 million units sold *(source: © The NPD Group Inc., all rights reserved; proprietary and confidential property of NPD and its affiliates; licensed for use by NPD clients only, 2019; extract at January 2020; excludes wheel shells compatible with Nintendo Switch)*.

Thrustmaster ranked 17th in this market *(source: © The NPD Group Inc., all rights reserved; proprietary and confidential property of NPD and its affiliates; licensed for use by NPD clients only, 2019; extract at January 2020; excludes wheel shells compatible with Nintendo Switch)*.

While the Group has a presence across all continents, figures are not publicly available for its other regions.

4 ESPORTS: STILL A FAST-EXPANDING MARKET

Over the years, eSports has become a huge ecosystem, with console and PC accessories constituting one of its key components. The discipline has provided fertile ground for the emergence of professional gamers and teams making up the eSports market.

According to a survey of the eSports market by Newzoo, the global audience for eSports is set to reach 300 million in 2020, reflecting growth of 20% a year between 2016 and 2020 (source: *Les Echos des Arènes*, February 6, 2018).

The global eSports market is set to triple between now and 2025, exceeding $3 billion by the end of 2025 thanks to the rising worldwide popularity of eSports and growing support from game developers (source: www.miroir-mag.fr/esport/le-marche-mondial-de-lesport-2019-2025-analyses-et-perspectives, July 19, 2019). North America is the main source of revenue for the global eSports market, with the United States accounting for a significant chunk of the market. The North American eSports market is mainly driven by an increasingly large audience. The Asia-Pacific region is one of the world's most buoyant eSports markets, with strong growth in China, Australia, South Korea, Taiwan and Japan (source: www.miroir-mag.fr/esport/le-marche-mondial-de-lesport-2019-2025-analyses-et-perspectives, July 19, 2019).

5 STREAMING AUDIO, AUDIO HEADSETS AND MULTIMEDIA SPEAKERS MARKET

5.1 Streaming audio market

The global streaming market continues to grow. At end June 2019, a total of 304.9 million people worldwide had streaming music subscriptions (source: www.midiaresearch.com, December 5, 2019).

Audio streaming is growing in popularity to the point where it has now reached all generations of music consumers by offering simple, easy access to huge music catalogs. Streaming has become a mode of consumption in its own right.

According to a report by the Consumer Technology Association, US consumers were set to spend a total of $26 billion on subscriptions to music and video streaming services in 2019, compared with $20.4 billion in 2018. This figure is set to climb to almost $32.3 billion in 2020 (source: *Multimédia à la Une*, issue 262, September 2019). Driven by the continuing success of Apple Music, Pandora and Spotify, US revenue from streaming music was set to grow 33% to $8.4 billion in 2019 and could top $10 billion in 2020 (source: *Multimédia à la Une*, issue 262, September 2019).

According to a report by BuzzAngle, a US data management firm that specializes in monitoring the music market, consumption of streaming audio music grew 32% in 2019 to a record 705 billion plays (source: www.buzzanglemusic.com, January 2020).

According to Nielsen Music's annual report, streaming audio grew 24%, rising from 602.3 billion streams in 2018 to 745 billion in 2019 (source: Nielsen Music 2019 report).

With its 108 million subscribers, Spotify remains the market leader with a 35.6% share (source: www.midiaresearch.com, December 5, 2019).

5.2 Headphones market

Headphones have grown in popularity to become one of the most common pieces of household technology. The availability of high-quality audio at lower and lower prices has helped fuel this buoyant market: the Bluetooth sector in general grew 40% in the first quarter of 2019. Bluetooth models now account for 60% of total sales (source: https://www.on-mag.fr/index.php/zegreen/news/audio/19962-le-secteur-du-casque-audio-se-porte-tres-bien-44-de-croissance-au-second-trimestre-grace-au-bluetooth, September 10, 2019).

The audio market is growing in France, largely thanks to strong growth in headphone sales, boosted by wireless earphones, sales of which are particularly buoyant. According to the GFK annual report, 11.2 million headphones and earphones were sold in 2019, up 7%. Turnover in metropolitan France totaled €539 million, up 31% year on year. For the GFK Group, earphones and headphones are the "star products of the year", mainly thanks to strong growth in wireless earphones (source: https://labo.fnac.com/actualite/ventes-casques-audio-progressent-grace-ecouteurs-true-wireless, February 5, 2020).

2019 was a turning point for the high-end market with the advent of "true wireless" noise-cancelling earphones like the Apple AirPods Pro and the Sony WF-1000XM3.

5.3 Digital DJ market

Since this market is split between music stores and electronics stores, few reliable, up-to-date indicators are available to quantify its size or growth.

The DJ controller market is growing. According to Music Trades, which analyzes music sales in the USA and Canada, music sales in North America grew 9% by value in both 2017 and 2018.

The new range of DJControl controllers launched at the end of 2018, consisting of the *DJControl Starlight* (a DJ controller for mobile use with the Serato DJ Lite software), the *DJControl Inpulse 200 and 300* (DJ controllers for beginner DJs using the DJUCED software) and the *Hercules DJ Starter Kit* (a package consisting of a DJControl Starlight controller, DJ headphones and two speakers) has established itself in the beginner DJ market:

- Americas: US music resellers rolled out the range in the United States in 2019. At the NAMM show in the US in January 2020, the Hercules DJ Starter Kit won a "NAMM U Best In Show" award in the "Gotta Stock It" (i.e. bestseller) category. It was the only DJ product to win a "NAMM U Best In Show" award in 2020.

- EMEA: Christmas 2019 sales were robust, showing the range's coherence and putting it in a strong position for 2020.
- Asia-Pacific: following the Shanghai Music Expo in September 2019, the new range was able to reach a Chinese audience.

The new *DJControl Inpulse* and *DJControl Starlight* range was expanded in 2019 with the addition of DJ headphones and two new kits:

- The *Hercules HDP DJ45* headphones, which succeeded the Hercules HDP DJ M40.1, once again positioned as beginner DJ headphones
- The *Hercules DJLearning Kit*, combining a DJControl Inpulse 200 controller, Hercules HDP DJ45 headphones and two Hercules DJMonitor 32 speakers
- The *Hercules DJParty Set*, combining a DJControl Starlight controller, Hercules HDP DJ45 headphones and five LED wristbands that light up in time with the music.

With this new range of DJControl controllers, Hercules aims to conquer the beginner DJ market and deliver growth across all markets.

The DJ market can be divided into two streams:

- Big-budget products intended for public events and clubs
- Consumers wanting to try their hand at DJing and hold their own private parties

➢ COMBINED SHAREHOLDERS' GENERAL MEETING OF JUNE 4, 2020

1 AGENDA

- Within the remit of the Ordinary General Meeting

- Reports by the Board of Directors
- Statutory auditors' reports
- Approval of the parent company financial statements for the fiscal year ended December 31, 2019
- Appropriation of parent company earnings for the fiscal year ended December 31, 2019
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2019
- Approval of agreements covered by Article L.225-38 of the French Commercial Code
- Reappointment of Maryvonne Le Roch-Nocera as a director
- Appointment of Sébastien Legeai as a substitute statutory auditor replacing Jacques Le Dorze upon the latter's resignation
- Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Claude Guillemot, Chairman and Chief Executive Officer
- Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Michel Guillemot, Deputy Chief Executive Officer
- Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Yves Guillemot, Deputy Chief Executive Officer
- Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Gérard Guillemot, Deputy Chief Executive Officer
- Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Christian Guillemot, Deputy Chief Executive Officer
- Approval of information about compensation payable to executive officers referred to in section I of Article L.225-37-3 of the French Commercial Code
- Approval of the compensation policy for executive officers in accordance with Article L.225-37-2 of the French Commercial Code
- Authorization to be granted to the Board of Directors to trade in the Company's shares
- Completion of legal formalities following the Ordinary General Meeting

* Within the remit of the Extraordinary General Meeting

- Report by the Board of Directors
- Statutory auditors' report
- Authorization to be granted to the Board of Directors to reduce the Company's share capital by retiring shares of the company
- Harmonization of the Articles of Incorporation with statutory provisions
- Completion of legal formalities following the Extraordinary General Meeting

2 DRAFT RESOLUTIONS

- Within the remit of the Ordinary General Meeting

RESOLUTION 1

(Approval of the parent company financial statements for the fiscal year ended December 31, 2019)

Having familiarized themselves with the management report by the Board of Directors and the statutory auditors' report on the parent company financial statements, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the parent company financial statements for the fiscal year ended December 31, 2019, as presented, together with the transactions reflected in those financial statements or summarized in those reports.

RESOLUTION 2

(Appropriation of parent company earnings for the fiscal year ended December 31, 2019)

The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, agree to apply the loss for the fiscal year ended December 31, 2019 in the amount of €1,933,763.93 to the accumulated deficit.

In accordance with the provisions of Article 243 *bis* of the French General Tax Code, you are reminded that the following dividends have been paid in respect of the past three fiscal years:

	2018	2017	2016
Number of shares	15,287,480	15,004,736	15,004,736
Dividend per share	€0.13	0	0
Total dividend (1) (2)	€1,987,372.40	0	0

(1) These figures do not include any amounts not paid out in respect of treasury shares.
(2) Dividends eligible for the 40% tax relief referred to in Article 158 3 (2) of the French General Tax Code.

RESOLUTION 3

(Approval of the consolidated financial statements for the fiscal year ended December 31, 2019)

Having familiarized themselves with the report by the Board of Directors on management of the group, included in the management report by the Board of Directors, and with the statutory auditors' report on the consolidated financial statements, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the consolidated financial statements for the fiscal year ended December 31, 2019, as presented, together with the transactions reflected in those financial statements or summarized in those reports.

RESOLUTION 4

(Approval of agreements covered by Article L.225-38 of the French Commercial Code)

Having familiarized themselves with the statutory auditors' special report on agreements covered by Article L.225-38 of the French Commercial Code, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, approve the agreements referred to therein and the conclusions of the aforementioned report.

RESOLUTION 5

(Reappointment of Maryvonne Le Roch-Nocera as a director)

Having noted that Maryvonne Le Roch-Nocera's term of office as a director is due to expire, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, agree to reappoint her as a director for six years, expiring at the end of the ordinary general meeting to be held in 2026 to approve the financial statements for the previous fiscal year.

RESOLUTION 6

(Appointment of Sébastien Legeai as substitute statutory auditor, replacing Jacques Le Dorze upon the latter's resignation)

At the proposal of the Board of Directors, the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, agree to appoint Sébastien Legeai, 2 Rue de la Chaudronnerais, 35133 Beaucé, France as substitute statutory auditor, replacing Jacques Le Dorze upon the latter's resignation.

Sébastien Legeais is appointed for Jacque Le Dorze's remaining term of office, expiring at the close of the shareholders' general meeting to be held to approve the financial statements for the fiscal year ending in 2021.

RESOLUTION 7

(Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Claude Guillemot, Chairman and Chief Executive Officer)

The shareholders, pursuant to the provisions laid down in section III of Article L.225-100 of the French Commercial Code and voting under the quorum and majority requirements applicable to ordinary general meetings, approve the fixed, variable and exceptional components making up total compensation and benefits of any kind paid or allotted to Claude Guillemot by virtue of his office as Chairman and Chief Executive Officer in respect of the fiscal year ended December 31, 2019, as set out in section 21.6.3 of the report on corporate governance appended to the management report for the fiscal year ended December 31, 2019.

RESOLUTION 8

(Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Michel Guillemot, Deputy Chief Executive Officer)

The shareholders, pursuant to the provisions laid down in section III of Article L.225-100 of the French Commercial Code and voting under the quorum and majority requirements applicable to ordinary general meetings, approve the fixed, variable and exceptional components making up total compensation and benefits of any kind paid or allotted to Michel Guillemot by virtue of his office as Deputy Chief Executive Officer in respect of the fiscal year ended December 31, 2019, as set out in section 21.6.3 of the report on corporate governance appended to the management report for the fiscal year ended December 31, 2019.

RESOLUTION 9

(Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Yves Guillemot, Deputy Chief Executive Officer)

The shareholders, pursuant to the provisions laid down in section III of Article L.225-100 of the French Commercial Code and voting under the quorum and majority requirements applicable to ordinary general meetings, approve the fixed, variable and exceptional components making up total compensation and benefits of any kind paid or allotted to Yves Guillemot by virtue of his office as Deputy Chief Executive Officer in respect of the fiscal year ended December 31, 2019, as set out in section 21.6.3 of the report on corporate governance appended to the management report for the fiscal year ended December 31, 2019.

RESOLUTION 10

(Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Gérard Guillemot, Deputy Chief Executive Officer)

The shareholders, pursuant to the provisions laid down in section III of Article L.225-100 of the French Commercial Code and voting under the quorum and majority requirements applicable to ordinary general meetings, approve the fixed, variable and exceptional components making up total compensation and benefits of any kind paid or allotted to Gérard Guillemot by virtue of his office as Deputy Chief Executive Officer in respect of the fiscal year ended December 31, 2019, as set out in section 21.6.3 of the report on corporate governance appended to the management report for the fiscal year ended December 31, 2019.

RESOLUTION 11

(Approval of components of compensation paid during or allotted in respect of the fiscal year ended December 31, 2019 to Christian Guillemot, Deputy Chief Executive Officer)

The shareholders, pursuant to the provisions laid down in section III of Article L.225-100 of the French Commercial Code and voting under the quorum and majority requirements applicable to ordinary general meetings, approve the fixed, variable and exceptional components making up total compensation and benefits of any kind paid or allotted to Christian Guillemot by virtue of his office as Deputy Chief Executive Officer in respect of the fiscal year ended December 31, 2019, as set out in section 21.6.3 of the report on corporate governance appended to the management report for the fiscal year ended December 31, 2019.

RESOLUTION 12

(Approval of information about compensation payable to executive officers referred to in section I of Article L.225-37-3 of the French Commercial Code)

The shareholders, pursuant to the provisions laid down in section II of Article L.225-100 of the French Commercial Code and voting under the quorum and majority requirements applicable to ordinary general meetings, approve the information referred to in section I of Article L.225-37-3 of the French Commercial Code on corporate officers, set out in section 21.6.4 of the report on corporate governance appended to the management report for the fiscal year ended December 31, 2019.

RESOLUTION 13

(Approval of the compensation policy for executive officers in accordance with Article L.225-37-2 of the French Commercial Code)

The shareholders, pursuant to the provisions laid down in Articles L.225-37-2 II and R.225-29-1 of the French Commercial Code and voting under the quorum and majority requirements applicable to ordinary general meetings, approve the compensation policy for executive officers as set out in section 21.6.5 of the report on corporate governance appended to the management report for the fiscal year ended December 31, 2019.

RESOLUTION 14

(Authorization to be granted to the Board of Directors to trade in the Company's shares)

Having familiarized themselves with the report by the Board of Directors including a description of the share buyback program in accordance with Articles 241-1ff. of the General Regulation of the Autorité des Marchés Financiers (France's financial market regulator, the AMF), the shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, authorize the Board of Directors, in accordance with the provisions of Articles L.225-209ff. of the French Commercial Code, Regulation 596/2014 of the European Parliament and of the Council on market abuse, the AMF's General Regulation and market practices accepted by the AMF, to purchase up to a maximum of 10% of the total number of shares of the Company, with such percentage applying to capital after adjustments reflecting any transactions that may affect it subsequent to this meeting, for the purpose of:

- making a market to ensure liquidity in the Company's shares, through an investment services provider acting independently under the terms of a liquidity agreement that complies with the AMF decision introducing liquidity agreements covering shares as an accepted market practice;
- holding and subsequently remitting shares in payment or exchange in connection with potential external growth transactions, with the proviso that the number of shares thus purchased may not exceed 5% of shares making up the share capital;
- covering securities representing debt instruments that entitle the holder, by way of conversion, exercise, redemption or exchange, to an allotment of shares of the Company;
- covering stock option programs and/or any other form of allocation of shares to employees and/or executive officers of the Company and/or the Group;
- retiring some or all of any shares thus purchased, subject to the shareholders approving a specific resolution at an extraordinary general meeting;
- carrying out any transaction that is allowed or that might become authorized by regulations subsequent to that meeting, notably where such transaction is in keeping with a market practice that comes to be accepted by the AMF.

Where shares are bought back for liquidity purposes, the number of shares included for the purposes of calculating the aforementioned 10% limit shall be the number of shares purchased less the number of shares resold during the period of this authorization.

The number of shares the Company may directly or indirectly hold may not at any time exceed 10% of the Company's share capital, with such percentage applying to capital after adjustments reflecting any transactions that may affect it subsequent to this meeting.

The maximum purchase price shall be set at €10 per share.

The maximum amount allocated to the share buyback program shall be €10 million.

Shares may be purchased, sold or transferred by any method, through one or more transactions, on the market, off market or over the counter, including through the purchase or sale of blocks of shares. Such transactions shall be undertaken in accordance with applicable laws and regulations at the transaction date. They may take place at any time, including during a public tender offer for the Company, subject to closed periods laid down in legal and regulatory provisions.

The shareholders grant all powers to the Board of Directors, with the option to subdelegate those powers under the conditions laid down in legislation and regulations, to decide to implement the aforementioned share buyback program, enter into agreements, place orders, and allocate or reallocate any shares purchased, in accordance with legal and regulatory provisions and required formalities and declarations and, more generally, to take any required action.

This authorization is granted for a period of 18 months with effect from the date of this meeting. It cancels any unused portion of the authorization granted at the shareholders' general meeting of May 23, 2019.

RESOLUTION 15

(Completion of legal formalities following the Ordinary General Meeting)

The shareholders, voting under the quorum and majority requirements applicable to ordinary general meetings, grant all powers to the holder of an original, copy or extract of the official record of this meeting to undertake all required legal formalities.

- Within the remit of the Extraordinary General Meeting

RESOLUTION 16

(Authorization to be granted to the Board of Directors to reduce the share capital by retiring shares of the Company)

Having familiarized themselves with the report by the Board of Directors and the statutory auditors' report, the shareholders, voting under the quorum and majority requirements applicable to extraordinary general meetings and in accordance with Article L.225-209 of the French Commercial Code, authorize the Board of Directors, at its sole discretion, to retire some or all of any treasury shares that may be held by the Company subsequent to buybacks carried out under the share buyback program authorized by Resolution 14 submitted to the shareholders at this meeting, or previously authorized buybacks, in one or more transactions and at any time, including during a public tender offer for the Company, up to a maximum of 10% of the Company's share capital per 24-month period, with such percentage applying to capital after adjustments reflecting any transactions that may affect it subsequent to this meeting.

The shareholders delegate all powers to the Board of Directors to reduce the share capital by retiring shares, determine the details of any such reduction in the share capital, apply any difference between the carrying amount and the par value of shares thus retired to any available reserve or premium account, certify the completion of any such reduction in the share capital, make any corresponding amendments to the Articles of Incorporation and undertake all required formalities.

This authorization is granted for a period of 18 months with effect from the date of this meeting. It terminates the authorization granted at the shareholders' general meeting of May 23, 2019.

RESOLUTION 17

(Harmonization of the Articles of Incorporation with statutory provisions)

Having familiarized themselves with the report by the Board of Directors, the shareholders, voting under the quorum and majority requirements applicable to extraordinary general meetings, agree to harmonize the Company's Articles of Incorporation with statutory provisions as follows:

1) Amend the third paragraph of Article 5 of the Articles of Incorporation on the procedure for identifiable bearer securities as follows, with the rest of the article remaining unchanged:

Old wording	New wording
In accordance with legislation and regulations, the Company may at any time ask the securities clearing organization (SICOVAM) for information needed to identify the holders of securities that confer, either immediately or in the future, voting rights at general meetings, together with the number of securities held by each holder and, as the case may be, any restrictions attaching to those securities.	In accordance with legislation and regulations, the Company may at any time ask the **central securities depository that manages its securities issuance account, or one or more intermediaries referred to in Article L.211-3 of the French Monetary and Financial Code, for information** needed to identify the holders of securities that confer, either immediately or in the future, voting rights at **its own shareholders**' meetings, together with the number of securities held by each holder and, as the case may be, any restrictions attaching to those securities.

2) Amend sections I and II of Article 11 of the Articles of Incorporation on compensation payable to executive officers as follows, with the rest of the article remaining unchanged:

Old wording	New wording
I - The shareholders may vote at an ordinary general meeting to allot directors' fees under the conditions laid down in law. The Board of Directors shall apportion such compensation among its members as it sees fit. II - Compensation payable to the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers shall be freely determined by the Board of Directors.	I - The shareholders may vote at an ordinary general meeting to allot to the directors, **in consideration of their activities, an annual fixed amount determined by the shareholders**. The Board of Directors shall apportion such compensation among its members as it sees fit, **under the conditions laid down in statutory provisions**. II - Compensation payable to the Chairman, the Chief Executive Officer and the Deputy Chief Executive Officers shall be freely determined by the Board of Directors, **under the conditions laid down in statutory provisions**.

3) Amend the first paragraph of Article 12 of the Articles of Incorporation on the powers of the Board of Directors as follows, with the rest of the article remaining unchanged:

Old wording	New wording
The Board of Directors determines the Company's business strategy and ensures that it is implemented.	The Board of Directors determines the Company's business strategy and ensures that it is implemented, **in keeping with its corporate purpose, taking into consideration social and environmental issues related to its business**.

RESOLUTION 18

(Completion of legal formalities following the Extraordinary General Meeting)

The shareholders, voting under the quorum and majority requirements applicable to extraordinary general meetings, grant all powers to the holder of an original, copy or extract of the official record of this meeting to undertake all required legal formalities.

3 Report by the Board of Directors

Dear Shareholders,

We have convened this combined shareholders' general meeting to submit for your approval the financial statements for the fiscal year ended December 31, 2019 and to ask you to vote on resolutions intended to grant authorizations to the Board of Directors and harmonize the Company's Articles of Incorporation with statutory provisions.

The first four resolutions to be put to the vote concern the financial statements for the fiscal year ended December 31, 2019, and in particular:

- approval of the parent company and consolidated financial statements as at that date;
- appropriation of parent company earnings for the fiscal year, namely a loss of €1,933,763.93, which we propose be applied to the accumulated deficit;
- approval of regulated agreements in force during the fiscal year ended December 31, 2019 authorized in advance by the Board of Directors.

Resolution 5 asks you to reappoint Maryvonne Le Roch-Nocera as a director, her current term of office being due to expire at this shareholders' general meeting. Maryvonne Le Roch-Nocera would be reappointed as a director for a further six years, expiring at the close of the shareholders' general meeting to be held in 2026 to approve the financial statements for the previous fiscal year.

Resolution 6 asks you to appoint Sébastien Legeai as substitute statutory auditor to replace Jacques Le Dorze upon the latter's resignation. Jacques Le Dorze is stepping down due to his retirement. In accordance with the law, Sébastien Legeais would be appointed for Jacque Le Dorze's remaining term of office, expiring at the close of the shareholders' general meeting to be held to approve the financial statements for the fiscal year ending in 2021.

Resolutions 7, 8, 9, 10 and 11 ask you to approve the components of compensation paid to the Chairman and Chief Executive Officer and the Deputy Chief Executive Officers by virtue of their respective offices during the fiscal year ended December 31, 2019 or allotted to them in respect of that fiscal year, as set out in section 21.6.3 of the report by the Board of Directors on corporate governance, which is appended to the management report.

Resolution 12 asks you to approve the information about compensation payable to executive officers referred to in section I of Article L.225-37-3 of the French Commercial Code, as set out in section 21.6.4 of the report by the Board of Directors on corporate governance, which is appended to the management report.

Resolution 13 asks you to approve the compensation policy for executive officers, as ser out in section 21.6.5 of the report by the Board of Directors on corporate governance, which is appended to the management report.

Resolution 14 asks you to authorize the Board of Directors to continue to trade in the Company's shares for the purposes of making a market in those shares, through an investment services provider acting independently under the terms of a liquidity agreement that complies with the decision by the Autorité des Marchés Financiers (AMF) to consider liquidity agreements on shares as an accepted market practice.

The Board of Directors would also like to be able to trade in the Company's shares for the purposes of:

- holding and subsequently remitting shares in payment or exchange in connection with potential external growth transactions, with the proviso that the number of shares purchased for such purpose may not exceed 5% of shares making up the share capital;
- covering securities representing debt instruments that entitle the holder, by way of conversion, exercise, redemption or exchange, to an allotment of shares of the Company;
- covering stock option programs and/or any other form of allocation of shares to employees and/or executive officers of the Company and/or the Group;
- retiring shares thus purchased, subject to the shareholders approving a specific resolution at an extraordinary general meeting;
- carrying out any transaction that is allowed or that might become authorized by regulations subsequent to this meeting, notably where such transaction is in line with a market practice that comes to be accepted by the AMF.

The Board would be authorized to purchase the Company's shares up to a maximum of 10% of the total number of shares making up the share capital at any given time.

The maximum purchase price would be set at €10 per share and the maximum amount allocated to the share buyback program would be set at €10 million.

Shares would be able to be purchased, sold or transferred at any time, through one or more transactions, by any method, on the market, off market or over the counter, including through the purchase or sale of blocks of shares. Such transactions shall be undertaken in accordance with applicable laws and regulations at the transaction date.

This authorization would be granted to the Board of Directors for a period of 18 months with effect from the date of this meeting, with the Board having all powers to decide to implement it.

Resolution 15 asks you to authorize any person bearing an original, copy or extract of the official record of this meeting to undertake all legal formalities subsequent to the adoption or otherwise of the resolutions falling within the remit of an ordinary general meeting.

Resolution 16 asks you to authorize the Board of Directors, if the latter deems appropriate, to reduce the Company's share capital by retiring shares that the Company holds or might come to hold as a result of buybacks under the share buyback program proposed in Resolution 14 and/or under previously authorized programs, with the proviso that the Board would not be able to retire more than 10% of the total number of shares making up the share capital per 24-month period.

This authorization would allow the Board to determine the details of any reduction in the share capital through the retirement of shares, certify the completion of any such reduction in the share capital, apply any difference between the carrying amount and the par value of shares thus retired to any available reserve or premium accounts, and make any corresponding amendments to the Articles of Incorporation.

This authorization would be granted to the Board of Directors for a period of 18 months with effect from this meeting.

Resolution 17 asks you to agree to harmonize the Company's Articles of Incorporation with certain provisions of Act 2019-486 of May 22, 2019 on business growth and transformation (the "PACTE Act") as follows:

- Harmonize the third paragraph of Article 5 of the Articles of Incorporation on the procedure for identifiable bearer securities with the provisions of section I of Article L.228-2 of the French Commercial Code, as amended by the PACTE Act, under which information may now be sought directly from one or more authorized intermediaries rather than from the central securities depository alone

- Harmonize section I of Article 11 of the Articles of Incorporation on directors' compensation with the provisions of Article L.225-45 of the French Commercial Code, as amended by the PACTE Act, which removed the concept of directors' fees and now stipulates that compensation allotted to directors in consideration of their activities be apportioned under the conditions laid down in Article L.225-37-2 of the French Commercial Code

- Harmonize section II of Article 11 of the Articles of Incorporation on compensation for executive directors with the provisions of Articles L.225-47 and L.225-53 of the French Commercial Code, as amended by the PACTE Act, which now stipulate that compensation payable to executive officers must be determined under the conditions laid down in Article L.225-37-2 of the French Commercial Code

- Harmonize the first paragraph of Article 12 of the Articles of Incorporation on the powers of the Board of Directors with the provisions of the first paragraph of Article L.225-35 of the French Commercial Code, as amended by the PACTE Act, which now stipulates that Board of Directors must determine the Company's business strategy and ensure that it is implemented, in keeping with its corporate purpose, taking into consideration social and environmental issues related to its business.

Resolution 18 asks you to authorize any person bearing an original, copy or extract of the official record of this meeting to undertake all legal formalities subsequent to the adoption or otherwise of the resolutions falling within the remit of an extraordinary general meeting.

We hope the above proposals will meet with your approval.

Rennes, April 8, 2020

The Board of Directors

4 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS – SHAREHOLDERS' GENERAL MEETING TO APPROVE THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019

The Shareholders
Guillemot Corporation
Place du Granier
BP 97143
35571 Chantepie Cedex

In our capacity as the Company's statutory auditors, we hereby present our report on regulated agreements.

It is not our responsibility to ascertain whether or not such agreements exist, nor to comment on their relevance or substance; we are simply required to report, based on the information provided, the essential terms and conditions of those agreements that have been disclosed to us or that we have discovered during our audit, as well as their benefit to the Company. Under the terms of Article R.225-31 of the French Commercial Code, it is your responsibility to determine whether these agreements are appropriate and should be approved.

Furthermore, it is our responsibility to communicate to you, where applicable, the information laid down in Article R.225-31 of the French Commercial Code on the performance during the past fiscal year of agreements already approved by the shareholders.

We have undertaken the checks we consider necessary in relation to this audit in light of the professional standards adopted by the French National Company of Statutory Auditors (Compagnie nationale des commissaires aux comptes). These checks consist of ensuring that the information provided to us is consistent with the original documents from which it was taken.

AGREEMENTS SUBJECT TO APPROVAL BY THE SHAREHOLDERS

Agreements authorized and entered into during the last fiscal year

Pursuant to Article L.225-40 of the French Commercial Code, we have been notified of the following agreements entered into during the past fiscal year and authorized in advance by the Board of Directors.

1 - Guarantee given to Guillemot Limited
Directors concerned: Claude Guillemot, Michel Guillemot, Gérard Guillemot and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.

Nature and purpose: on April 30, 2019, the Company gave a guarantee to its UK subsidiary Guillemot Limited to allow the latter to be exempted from the requirement to have its financial statements for the fiscal year ended December 31, 2018 audited by a statutory auditor.

Benefit to the company: enables the Guillemot Limited subsidiary to make a substantial saving by reducing its year-end accounting costs, which is in the economic interest of Guillemot Corporation S.A.

Terms: guarantees the liabilities of Guillemot Limited at December 31, 2018 (totaling £5,694) until such time as those liabilities are settled in full.

This agreement was authorized by the Board of Directors on April 24, 2019.

2 - Letter of support in favor of Guillemot Limited
Directors concerned: Claude Guillemot, Michel Guillemot, Gérard Guillemot and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.

Nature and purpose: on April 30, 2019, the Company issued a letter of support in favor of its UK subsidiary Guillemot Limited to enable the latter to continue to operate in the United Kingdom.
Benefit to the company: enables the Guillemot Limited subsidiary, which undertakes sales, promotion and marketing activities in the United Kingdom, Europe's leading market for video game accessories, to continue to operate in the United Kingdom.

Terms: confirmation of the intention to provide financial support to Guillemot Limited for a period of 12 months with effect from the date on which the latter's financial statements for the fiscal year ended December 31, 2018 were approved.

This agreement was authorized by the Board of Directors on April 24, 2019.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS

Agreements approved during prior fiscal years

Pursuant to Article R.225-30 of the French Commercial Code, we have been advised that the following agreements, already approved by the shareholders in the course of previous fiscal years, remained in force in the past fiscal year.

1 - Lease agreement with Guillemot Administration et Logistique Sarl
Director concerned: Christian Guillemot.

Nature and purpose: on December 1, 2002, the Company entered into a lease agreement with Guillemot Administration et Logistique Sarl. This agreement was approved by the Board of Directors on November 29, 2002. A first amendment to the aforementioned lease agreement was signed on February 14, 2006 and took effect on March 1, 2006, changing the surface area to 3,636 square meters and the monthly rental to €6,561.40 excluding taxes.

This agreement was approved by the Board of Directors on February 7, 2006. A second amendment to the aforementioned lease agreement was signed on September 14, 2007 and took effect on September 17, 2007, changing the surface area to 5,466 square meters and the monthly rental to €9,343.00 excluding taxes. This agreement was approved by the Board of Directors on August 20, 2007.

Terms: rental payments received in the fiscal year totaled €112,116.00 excluding taxes.

2 - Lease agreement with Guillemot Administration et Logistique Sarl
Director concerned: Christian Guillemot.

Nature and purpose: on July 1, 2010, the Company entered into a commercial lease agreement with Guillemot Administration et Logistique Sarl for office space of 667 square meters at an annual rental of €55,361 excluding taxes. This agreement was authorized by the Board of Directors on July 1, 2010.

An amendment to the aforementioned lease agreement was signed on October 30, 2012 and took effect on November 1, 2012, changing the surface area to 640 square meters and the monthly rental to €53,120 excluding taxes. This agreement was authorized by the Board of Directors on October 24, 2012.

Terms: rental payments received in the fiscal year totaled €53,120.00 excluding taxes.

3 - Lease agreement with Hercules Thrustmaster SAS
Director concerned: Claude Guillemot.

Nature and purpose: on July 1, 2010, the Company entered into a commercial lease agreement with Hercules Thrustmaster SAS for office space of 570 square meters. This agreement was authorized by the Board of Directors on July 1, 2010. The annual rental is set at €47,310 excluding taxes.

Terms: rental payments received in the fiscal year totaled €47,310 excluding taxes.

4 - Lease agreement with Ubisoft International SAS
Deputy Chief Executive Officer concerned: Yves Guillemot.

Nature and purpose: on July 1, 2010, the company entered into a commercial lease agreement with Ubisoft Books and Records SASU for office space of 111 square meters. This agreement was authorized by the Board of Directors on July 1, 2010. An amendment to the aforementioned lease agreement was signed on March 28, 2012 noting that Ubisoft International SAS had inherited all the assets, rights and obligations of Ubisoft Books and Records SASU, the latter having been dissolved pursuant to the provisions of Article 1844-5 of the French Civil Code, with effect from November 30, 2011. This agreement was authorized by the Board of Directors on March 28, 2012. The annual rental is set at €9,213 excluding taxes.

Terms: rental payments received in the fiscal year totaled €9,213 excluding taxes.

5 - Lease agreement with Guillemot Innovation Labs SAS
Director concerned: Claude Guillemot.

Nature and purpose: on October 30, 2012, the Company entered into a commercial lease agreement with Guillemot Innovation Labs SAS for office space of 27 square meters, which agreement took effect on November 1, 2012. The annual rental is set at €2,241 excluding taxes. This agreement was authorized by the Board of Directors on October 24, 2012.

Terms: rental payments received in the fiscal year totaled €2,241.00 excluding taxes.

6 - Letter of comfort issued to Guillemot GmbH
Director concerned: Claude Guillemot.

Nature and purpose: on April 28, 2014, the Company issued a letter of support in favor of its German subsidiary Guillemot GmbH (committing to ensure that Guillemot GmbH has sufficient financial resources to meet all its obligations toward third parties and its employees).

This agreement was authorized by the Board of Directors on April 28, 2014.

7 - Guarantee given to Guillemot Limited
Directors concerned: Claude Guillemot, Michel Guillemot, Gérard Guillemot and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.

Nature and purpose: on May 24, 2018, the Company gave a guarantee to its UK subsidiary Guillemot Limited to allow the latter to be exempted from the requirement to have its financial statements for the fiscal year ended December 31, 2017 audited by a statutory auditor.

Terms: guarantees the liabilities of Guillemot Limited at December 31, 2017 (totaling £13,767) until such time as those liabilities are settled in full.

This agreement was authorized by the Board of Directors on April 25, 2018.

8 - Letter of support in favor of Guillemot Limited
Directors concerned: Claude Guillemot, Michel Guillemot, Gérard Guillemot and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.

Nature and purpose: on May 24, 2018, the Company issued a letter of support in favor of its UK subsidiary Guillemot Limited to enable the latter to continue to operate in the United Kingdom.

Terms: confirmation of the intention to provide financial support to Guillemot Limited for a period of 12 months with effect from the date on which the latter's financial statements for the fiscal year ended December 31, 2017 were approved.

This agreement was authorized by the Board of Directors on April 25, 2018.

9 - Membership of the compulsory group health insurance scheme
Directors concerned: Claude and Christian Guillemot.
Deputy Chief Executive Officer concerned: Yves Guillemot.

Nature and purpose: Claude Guillemot, Yves Guillemot and Christian Guillemot have each joined the compulsory supplementary group health insurance scheme taken out by the company with Predica.
Terms: the amount of contributions recognized in expenses in the fiscal year totaled €846.

These agreements were authorized by the Board of Directors on April 27, 2016; their effects were backdated to January 1, 2016 for Claude Guillemot and Christian Guillemot and to March 1, 2016 for Yves Guillemot.

Rennes and Bruz, April 23, 2020

The statutory auditors

PricewaterhouseCoopers Audit	MB Audit
Jérôme Mouazan	Khadija Roullé

➢ OTHER INFORMATION

1 GENERAL INFORMATION ABOUT GUILLEMOT CORPORATION S.A.

1.1 Information about the issuer

Company name	GUILLEMOT CORPORATION
Trade name	GUILLEMOT
Legal form	Public limited company (*société anonyme*) with a Board of Directors governed by the French Commercial Code
Headquarters	Address: Place du Granier, BP 97143, 35571 Chantepie Cedex, France Telephone: + 33 (0)2 99 08 08 80
Nationality	French
Country of incorporation	France
Company registration number	414 196 758 Rennes
APE activity code	4651Z
Creation date and duration	Established September 1, 1997 for a duration of 99 years. Expires November 11, 2096 unless extended or wound up early.
Legal Entity Identifier (LEI)	969500N24EZ7HPKJIV79
Fiscal year	The company's fiscal year runs from January 1 to December 31 (per Article 16 of the Articles of Incorporation).
Website*	www.guillemot.com

** Information contained on this website does not form part of this universal registration document unless incorporated into it by reference.*

1.2 Corporate purpose of Guillemot Corporation S.A.

Guillemot Corporation's purpose, in France and abroad, directly or indirectly, is as follows:

- The design, creation, production, publication and distribution of multimedia, audiovisual and IT products, including in particular multimedia hardware, accessories and software
- The purchase, sale and, more generally, trading in all its forms, whether by import or export, through leasing or otherwise, of multimedia, audiovisual and IT products as well as image and sound reproduction hardware and products
- The distribution and marketing of multimedia, audiovisual and IT products by any method, including new communication technologies such as online networks and services
- Consulting, support and training in relation to any of the aforementioned areas
- Participation by the Company in transactions related to its purpose through the creation of new companies, subscription or purchase of shares, mergers or otherwise.

More generally, transactions of any kind directly or indirectly related to the above purpose or any similar or closely related purpose and likely to facilitate the Company's development.

1.3 Regulatory environment

The Group operates in the consumer computing and video game consoles market and supplies consumer accessories.

The regulatory environment in which it operates notably includes the RoHS (Restriction of Hazardous Substances) and WEEE (Waste Electrical and Electronic Equipment) directives and the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) regulation. While the Group is careful to monitor regulatory developments in the various countries in which it operates, it cannot completely rule out the possibility that some developments may escape its notice.

1.4 Available documents

The Articles of Incorporation, financial statements and reports, and minutes of shareholders' general meetings are made available by the Company for consultation (at 2 Rue du Chêne Héleuc, 56910 Carentoir, France).

Furthermore, the following documents are available to view via the Company's website at www.guillemot.com throughout the validity period of this registration document:

- The issuer's Articles of Incorporation
- All reports and historical financial information included or referred to in this universal registration document
- Historical financial information for the two fiscal years preceding publication of this universal registration document

1.5 Changes of control

Neither the certificate of incorporation, nor the Articles of Incorporation, nor any charter or regulation of the Company contain any provision that would have the effect of delaying, deferring or preventing a change of control.

1.6 Identifiable bearer shares

In accordance with legislation and regulations, the Company may at any time make use of Euroclear France's TPI (*Titres au Porteur Identifiable* – Identifiable Bearer Shares) procedure to obtain detailed information about the identity of its shareholders.

1.7 Dividend policy

To date, Guillemot Corporation S.A. has not adopted any formal dividend policy.

It plans to pay dividends to its shareholders as long as the necessary financial conditions are met.

Dividends were paid for the first time in 2019 in respect of fiscal year 2018 (cf. section 4.2.2.4 of the management report).

2 PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND DECLARATION

2.1 Persons responsible for information contained in the universal registration document

Claude Guillemot, Chairman and Chief Executive Officer

2.2 Declaration by the persons responsible for the universal registration document

Having taken all reasonable steps to this end, I hereby certify that the information contained in this universal registration document is, to the best of my knowledge, in accordance with the facts and contains no omissions likely to affect its import.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the assets, financial position and earnings of the Company and all companies included within the consolidated group, and that the management report set out on pages 6 to 126 provides an accurate picture of the business performance, results and financial position of the Company and all companies included within the consolidated group and describes the key risks and uncertainties facing those companies.

Carentoir, April 24, 2020

Claude Guillemot
Chairman and Chief Executive Officer

3 PERSONS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

Standing statutory auditors	Date appointed	Expiry of current term
PRICEWATERHOUSECOOPERS AUDIT SAS (Member of the Versailles regional association of auditors) 63 Rue de Villiers 92200 Neuilly-sur-Seine	Shareholders' general meeting of May 20, 2010 Reappointed May 26, 2016	Shareholders' general meeting held to approve the financial statements for the fiscal year ended December 31, 2021
MB AUDIT Sarl (Member of the Rennes regional association) 9 Place du Vert Buisson BP 67135 35170 Bruz	Shareholders' general meeting of May 23, 2007 Reappointed July 5, 2010 and May 26, 2016	Shareholders' general meeting held to approve the financial statements for the fiscal year ended December 31, 2021

Substitute statutory auditors	Date appointed	Expiry of current term
Jean-Christophe Georghiou 63 Rue de Villiers 92200 Neuilly-sur-Seine	Shareholders' general meeting of May 26, 2016	Shareholders' general meeting held to approve the financial statements for the fiscal year ended December 31, 2021
Jacques Le Dorze 2 Place du Martray 22650 Ploubalay	Shareholders' general meeting of May 23, 2007 Reappointed July 5, 2010 and May 26, 2016	Shareholders' general meeting held to approve the financial statements for the fiscal year ended December 31, 2021

At the shareholders' general meeting of June 4, 2020, the shareholders of Guillemot Corporation S.A. will be asked to appoint Sébastien Legeai, 2 Rue de la Chaudronnerais, 35133 Beaucé, France as substitute statutory auditor to replace Jacques Le Dorze, who is stepping down due to his retirement.

Fees paid to the statutory auditors and members of their networks are set out in section 8 of the consolidated financial statements.

4 Calendar of publications for the current fiscal year and reporting policy

This calendar is provided for information only and is subject to change.
Financial releases are usually issued after market close.

FINANCIAL COMMUNICATIONS – 2020 CALENDAR		
January 30, 2020	After market close	2019 annual turnover
March 25, 2020	After market close	Annual results to December 31, 2019
April 30, 2020	After market close	First-quarter 2020 turnover and quarterly reporting
June 4, 2020	-	Guillemot Corporation S.A. Annual General Meeting
July 23, 2020	After market close	2020 interim turnover
September 22, 2020	After market close	2020 interim results
October 29, 2020	After market close	Third-quarter 2020 turnover and quarterly reporting

To meet the requirements laid down by the Autorité des Marchés Financiers (AMF), the Guillemot Corporation Group prepares a detailed calendar for the release of up-to-date information to the financial markets. The Group endeavors to regularly and consistently provide all institutional and individual shareholders and the financial community (analysts, etc.) with transparent financial reporting on its business, strategic direction and outlook, in accordance with stock exchange regulations.

The Group's reporting policy with regard to the financial community, investors and shareholders is established by senior management:

Claude Guillemot, Chairman and Chief Executive Officer
Place du Granier, BP 97143, 35571 Chantepie Cedex, France
Tel.: +33 (0) 2 99 08 08 80

With effect from January 1, 2013, the Company passes on regulated information to business publisher Les Échos-Comfi, which also meets the criteria laid down by the AMF and those set out in the European Union Transparency Directive.

The Group regularly and consistently keeps its shareholders informed of its results and strategic direction, in keeping with stock market regulations. All of the Group's financial releases are widely distributed in full and without delay, in accordance with regulatory requirements and within the timescales laid down in laws and regulations.

Financial releases are also available from various financial websites (e.g. www.boursorama.fr and www.prline.fr).

All publications relating the Group's business and financial position are available in French and English from the Guillemot Corporation S.A. website (www.guillemot.com). This website also provides an overview of the Group's business and products, and is regularly updated to make it easier and quicker to use.

Shareholders can contact the Company at financial@guillemot.fr.

The Group holds two SFAF *(Société Française des Analystes Financiers* – French Society of Financial Analysts) when its results are released.

All of the Group's publications (news releases, universal registration documents, annual financial reports, etc.) are available on request from the Communications Department, which makes them available to anyone wishing to keep up to date with Group news and is happy to send out regular documentation on request.

5 CROSS-REFERENCE TABLE AND OTHER TABLES

5.1 Cross-reference table – Universal registration document

The cross-reference table set out below refers to key sections of Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017, which entered into force on July 21, 2019.

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5.2 Table – Annual financial report

This universal registration document includes the annual financial report referred to in Article L.451-1-2 of the French Monetary and Financial Code as well as in Article 222-3 of the AMF's General regulation.

The table below refers to those sections of the universal registration document that correspond to the various sections of the annual financial report.

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	Recruitment and dismissals	p. 67
	Compensation	p. 68
Organization of work	Organization of working time	p. 68
	Absenteeism	p. 68
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	Frequency and severity of occupational accidents, and occupational diseases	p. 69
Employee relations	Arrangements for employee dialogue, including in particular procedures for informing, consulting and negotiating with employees	p. 69
	Review of collective agreements, notably as regards workplace health and safety	p. 70
Training	Training policy, notably as regards environmental protection	p. 70
	Total number of training hours	p. 70
Equality	Measures adopted in support of gender equality	p. 70
	Measures adopted in support of employment and inclusion for people with disabilities	p. 71
	Anti-discrimination policy	p. 71

ENVIRONMENTAL INFORMATION		
General environmental policy	Organization of the Company to take into account environmental issues and, where applicable, environmental assessment and certification	p. 71
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	Provisions and guarantees for environmental risk, unless such information could be seriously detrimental to the Company in ongoing litigation	p. 71
Pollution	Prevention, reduction or treatment of discharges into the air, water and soil having a serious impact on the environment	p. 71
	Business-specific forms of pollution, including in particular noise and light pollution	p. 71
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	Sustainable use of resources: - Water supply and consumption in accordance with local constraints - Consumption of raw materials and steps taken to improve their efficient use - Energy consumption, steps taken to improve energy efficiency, and use of renewable energy - Land use	 p. 72 p. 72 p. 73 p. 73
Climate change	Significant greenhouse gas emissions arising from the Company's activities, including the use of goods and services produced by the Company	p. 73
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Information about actions in support of human rights	Promotion of and compliance with the stipulations of the fundamental Conventions of the International Labour Organization - Freedom of association and the right to collective bargaining - Elimination of discrimination in respect of employment and professions - Elimination of forced or compulsory labor - Abolition of child labor	p. 76 p. 76 p. 76 p. 76 p. 76
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6 Glossary

Big Data
Digital data produced through the use of new technologies for personal or business purposes, encompassing business data (e-mail, documents, databases, etc.) as well as data from sensors, geolocation data, data provided by connected objects, etc.

Bluetooth®
A short-range radio technology designed to simplify connections between electronic devices. The first devices using version 3.0 of this technology appeared in early 2010. The technology can now be used to stream audio to wireless speakers.

Cloud gaming
On-demand gaming whereby games are streamed from powerful remote servers without gamers having to download anything.

Design thinking
An immersive, collaborative approach to creating innovative solutions based on observing users and anticipating their issues, harnessing creative momentum to generate new ideas, prototyping new uses and anticipating market developments.

DJ
Abbreviation of disc jockey: a person who chooses and plays music tracks, mainly at private parties or night clubs. DJs may simply play tracks one after the other or mix them and add effects to create their own mixes. Some DJs are now true creatives with global reputations.

DJing
Providing entertainment at parties by scheduling, mixing, adapting and revisiting music at private events (with friends and family or in a non-profit or business environment, etc.), public events (in bars and restaurants, at festivals and concerts, in pubs, etc.) or remotely (via the internet, radio, television, etc.). A DJ's goal is usually to get people dancing.

DJ range
A range of controllers and speakers for digitally mixing music.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortization

eSports (electronic sports)
Competitive activities using a digital medium – in this case video games – to compete against other players, improve performance and achieve new personal bests. In practice, multiple players play an online or networked video game as part of a competition (which may be friendly or serious) where they play against professionals or amateurs, either on their own or in teams.

e-tail
A market consisting of operators selling product ranges and brands exclusively online.

FPS (first-person shooter)
A game where the player plays as the "hero" and sees through the hero's eyes.

Freeride
Engaging in a sport (skiing, mountain biking, motorcycling, snowmobiling, etc.) outside of any formal framework.

Gaming console
A dedicated electronic video game system. There are two types: home consoles, which connect to a television, and small portable consoles with their own screen that can be used on the go. Home games consoles have gradually evolved from being dedicated solely to amateur gamers to acting as family multimedia centers.

Gaming headset/audio headset for connected gamers
An audio headset equipped with a microphone to allow teams of online and networked gamers to communicate with each other.

Influencer
A person who, by virtue of their status, position or media exposure, is able to influence consumer behavior within a given space. Denotes any person who is well known within a specific subject area through the internet and social media in particular.
Nintendo Switch
A Nintendo video gaming console launched in March 2017. The Switch is the first hybrid console, able to operate as both a home console and a portable console.

OEM (Original Equipment Manufacturer)
A company tasked with designing and manufacturing a product in accordance with technical specifications, and which then sells the product to another company that distributes it under its own brand.

Retail
A market consisting of mass-market retailers, independent resellers and specialized chains selling product ranges and brands mainly through stores or dedicated retail space.

RGB backlighting
Backlighting using LEDs of various colors that can mix the primary colors red, green and blue.

Scratching
Moving a vinyl record alternately forward and backward by hand under a turntable's stylus so as to produce special effects by varying the record's speed and direction.

Slopestyle
A winter sports discipline that can be practiced on either skis or a snowboard and that consists of making acrobatic figures on a specially prepared downhill slope.

Smartphone
A smart mobile telephone that combines advanced functionality with numerous applications and a touchscreen interface.

Streaming
Listening to music online without downloading it.

Virtual reality (VR)
A technology that immerses an individual in a digitally created artificial world, whether a reproduction of the real world or a completely imaginary universe. The experience involves both visuals and audio, and in some cases uses optical feedback. The system uses a virtual reality headset to place a stereoscopic 3D display system in front of the wearer's eyes.

Webcam
A small digital camera connected to a computer that can be used for online videoconferencing and real-time online broadcasting of video images.

Wi-Fi® (Wireless Fidelity)
A radio frequency technology that can be used to create wireless computer networks and share internet access via a router, modem-router or hotspot (a wireless access point in a public location).

GUILLEMOT CORPORATION S.A.
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