

GUILLEMOT CORPORATION

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

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

Registered company number:

414 196 758 Rennes

Interim financial report

June 30, 2021

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A- Condensed interim consolidated balance sheet

ASSETS	Notes	Net Jun 30, 2021	Net Dec 31, 2020
<i>(All figures in €k)</i>			
Goodwill on acquisitions	7	0	0
Intangible assets	8	16,477	15,425
Property, plant and equipment	8	4,750	4,499
Financial assets	9	571	447
Tax assets	19	272	404
Deferred tax assets	19	4,702	3,489
Non-current assets		26,772	24,264
Inventories	10	26,679	20,611
Trade receivables		26,372	28,245
Other receivables	11	4,811	3,887
Financial assets	9	26,206	34,995
Current tax assets	19	139	142
Cash and cash equivalents	15	23,860	29,024
Current assets		108,067	116,904
Total assets		134,839	141,168
LIABILITIES AND EQUITY			
	Notes	Jun 30, 2021	Dec 31, 2020
<i>(All figures in €k)</i>			
Capital (1)		11,771	11,771
Premiums (1)		10,551	10,551
Reserves and consolidated income (2)		57,374	57,352
Currency translation adjustments		478	35
Group shareholders' equity	12	80,174	79,709
Minority interests			
Consolidated shareholders' equity		80,174	79,709
Employee benefit liabilities	14	1,458	1,383
Borrowings	15	4,779	6,020
Other liabilities		0	0
Deferred tax liabilities	19	0	0
Non-current liabilities		6,237	7,403
Trade payables		29,836	31,007
Short-term borrowings	15	3,992	4,853
Taxes payable		584	3,470
Other liabilities	16	13,962	14,676
Provisions	13	54	50
Current liabilities		48,428	54,056
Total liabilities and equity		134,839	141,168

(1) Of the consolidating parent.

(2) Of which net income for the period: €3,693k.

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

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

- Condensed interim consolidated statement of net income

(All figures in €k)	Notes	Jun 30, 2021	Jun 30, 2020
Net turnover	6	70,462	41,519
Purchases		-39,557	-15,772
External expenses		-11,453	-7,724
Employee expenses		-5,767	-5,167
Taxes and duties		-336	-306
Additions to amortization and depreciation		-1,938	-1,718
Additions to provisions		-1,896	-1,086
Change in inventories		7,683	-4,375
Other income from ordinary activities		252	170
Other expenses from ordinary activities		-4,163	-2,444
Net income from ordinary activities		13,287	3,097
Other operating income		0	0
Other operating expenses		0	0
Net operating income	17	13,287	3,097
Income from cash and cash equivalents	18	7	3
Cost of gross financial debt	18	53	80
Cost of net financial debt	18	-46	-77
Other financial income	18	0	5,400
Other financial expenses	18	-9,221	0
Corporate income tax	19	-327	-1,089
Net income before minority interests		3,693	7,331
O/w net income from discontinued operations	20	0	0
Attributable to minority interests		0	0
Net income attributable to equity holders of the parent		3,693	7,331
Basic earnings per share	21	0.24 €	0.48 €
Diluted earnings per share	21	0.24 €	0.48 €

- Statement of comprehensive income

(All figures in €k)	Jun 30, 2021	Jun 30, 2020
Net income attributable to equity holders of the parent	3,693	7,331
<i>Recyclable items of other comprehensive income</i>		
Currency translation adjustments	443	-320
Revaluation of hedging derivatives	0	0
Revaluation of available-for-sale financial assets	0	0
<i>Non-recyclable items of other comprehensive income</i>		
Revaluation of fixed assets	0	0
Actuarial gains and losses on defined benefit plans	9	20
Share of other comprehensive income of equity-accounted associates	0	0
Total other comprehensive income attributable to controlling interests	452	-300
Net income and other comprehensive income attributable to controlling interests	4,145	7,031
Net income and other comprehensive income attributable to minority interests	0	0

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

C - Condensed interim consolidated statement of changes in equity

(All figures in €k)	Notes	Capital	Premiums	Consolidated reserves	Net income for the period	Currency translation adjustments	Total shareholders' equity
Position at Jan 1, 2020		11,771	10,551	33,854	-6,414	580	50,342
Comprehensive income to Jun 30, 2020					7,331	-320	7,011
Appropriated income at Dec 31, 2019				-6,414	6,414		0
Stock options							0
Shares of the consolidating company				85			85
Gains and losses on treasury shares				-3			-3
Dividends							0
Other				20			20
Position at Jun 30, 2020	12	11,771	10,551	27,542	7,331	260	57,455
Position at Jan 1, 2021		11,771	10,551	27,571	29,781	35	79,709
Comprehensive income to Jun 30, 2021					3,693	443	4,136
Appropriated income at Dec 31, 2020				29,781	-29,781		0
Stock options							0
Shares of the consolidating company				8			8
Gains and losses on treasury shares				126			126
Dividends				-3,818			-3,818
Other				13			13
Position at Jun 30, 2021		11,771	10,551	53,681	3,693	478	80,174

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

D - Condensed interim consolidated cash flow statement

(All figures in €k)	Notes	Jun 30, 2021	Jun 30, 2020
Cash flows from operating activities			
Net income from consolidated companies		3,693	7,331
+ Additions to amortization, depreciation and provisions (except on current assets)		2,071	1,762
- Reversals of amortization, depreciation and provisions		-9	0
-/+ Unrealized gains and losses arising from changes in fair value	17	8,789	-5,247
+/- Expenses and income arising from stock options	11	0	0
-/+ Capital gains and losses on disposals		-7	0
Change in deferred taxes	18	-1,213	876
Operating cash flow after cost of net financial debt		13,324	4,722
Cost of net financial debt	17	46	77
Operating cash flow before cost of net financial debt		13,370	4,799
Currency translation adjustment on gross cash flow from operations		-14	0
Inventories	10	-6,068	5,618
Trade receivables		1,873	-1,456
Trade payables		-1,171	1,899
Other		-4,815	687
Change in working capital		-10,181	6,748
Net cash flows from operating activities		3,129	11,470
Cash flows from investing activities			
Acquisitions of intangible assets	8	-1,651	-1,195
Acquisitions of property, plant and equipment	8	-864	-488
Disposals of property, plant and equipment and intangible assets		6	0
Acquisitions of non-current financial assets	9	0	-2
Disposals of non-current financial assets	9	13	52
Net cash from acquisitions and disposals of subsidiaries		0	0
Net cash flows from investing activities		-2,496	-1,633
Cash flows from financing activities			
Increases in capital and cash injections	11	0	0
Dividends paid		-3,818	0
Borrowings		679	363
Repayment of shareholders' current accounts	22	0	0
Repayment of borrowings	15	-2,560	-1,763
Repayment of IFRS 16 liability and interest		-222	-183
Other cash flows from financing activities		0	0
Total cash flows from financing activities		-5,921	-1,583
Impact of foreign currency translation adjustments		121	-108
Change in cash		-5,167	8,146
Net cash at the beginning of the period	A and 15	29,013	4,477
Net cash at the end of the period	A and 15	23,846	12,623

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

E - Notes to the condensed interim consolidated financial statements

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

1) *General information*

The financial statements were signed off by the Board of Directors on September 22, 2021.

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 ten countries – France, Germany, Spain, the United Kingdom, the United States, Canada, Italy, Belgium, Romania and China (Shanghai, Shenzhen and Hong Kong) – and distributes its products in more than 140 countries worldwide. The Group’s mission is to offer high-performance, user-friendly products that maximize enjoyment for end users of digital interactive entertainment solutions.

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

2) *Basis of preparation of condensed interim financial reporting*

This set of condensed interim consolidated financial statements to June 30, 2021 has been prepared in accordance with IAS 34, “Interim financial reporting”. The condensed interim report should be read in conjunction with the 2020 annual financial statements.

3) *Accounting policies*

The accounting policies employed are the same as those used in preparing the annual financial statements for the year ended December 31, 2020, as set out in the annual financial statements for the year ended December 31, 2020.

Application of the following texts is mandatory for fiscal years beginning on or after January 1, 2021:

Amendments to IFRS 4 extending the temporary exemption from applying IFRS 9

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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

4) *Business review*

Key items from the Guillemot Corporation Group's financial statements to June 30, 2021 are as follows:

First half (€ millions) January 1 – June 30, 2021	June 30, 2021	June 30, 2020	Change
Thrustmaster gaming accessories	66.8	38.9	+72%
Thrustmaster total	66.8	38.9	+72%
Hercules digital devices	3.5	2.3	+52%
OEM*	0.2	0.3	-33%
Hercules total	3.7	2.6	+42%
Total turnover	70.5	41.5	+70%
Net income from ordinary activities	13.3	3.1	+316%
Net operating income	13.3	3.1	+316%
Net financial income**	-9.3	5.3	-
Corporate income tax	-0.3	-1.1	-73%
Consolidated net income	3.7	7.3	-50%
Earnings per share	€0.24	€0.48	-50%

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

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

Activity

The Group's turnover grew 70% in the first half of 2021, to €70.5 million. The Group posted second-quarter turnover of €34.7 million, up 23% compared with the second quarter of 2020, when turnover had already doubled relative to the same period in 2019.

This performance confirms buoyant sales of the Group's accessories in the Thrustmaster racing and flight segments, as well as the Hercules DJing segment.

All geographical regions (European Union and United Kingdom, North America and Other) posted growth in the second quarter, and demand remains high.

Results

The gross accounting profit margin came in at 55%, compared with 51.5% in the first half of 2020.

The Group stepped up its recruitment efforts over the period, with its global headcount up 11% in the year to date, as well as running sales promotions and marketing campaigns to support business growth. Total costs increased by 38%.

Net operating income came in at €13.3 million, compared with €3.1 million for the six months to June 30, 2020.

The net financial expense of €9.3 million included an €8.8 million unrealized loss linked to the decline in the valuation of the portfolio of Ubisoft Entertainment SA shares. Consolidated net income totaled €3.7 million.

Key balance sheet items

(€m)	June 30, 2021	December 31, 2020
Shareholders' equity	80.2	79.7
Inventories	26.7	20.6
Net debt (excl. AFS securities)*	-15.1	-18.2
Current financial assets (AFS securities portion)	26.2	35.0

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

Group shareholders' equity stood at €80.2 million at June 30, 2021. The Group's net debt is negative at -€15.1 million excluding available-for-sale securities, the fair value of which stood at €26.2 million at June 30, 2021.

Over the first half of 2021, the Group built up a buffer of inventory to mitigate the shortage of electronic components and make provision for business growth. Against this backdrop, the value of net inventories was €26.7 million at June 30, 2021, up 29% from December 31, 2020.

Capitalized research and development costs over the six months to June 30, 2021 totaled €4.9 million, up €0.6 million.

Recent developments

The Group has secured its supply of components and is ramping up production to meet high demand for accessories in the run-up to the year's end. Price rises are in the process of being implemented to reflect increased costs for logistics and components. The logistics situation remains tight, with long delivery lead times and volume restrictions, though this is not expected to adversely affect the Group's forecasts. The Group is strengthening its logistical, commercial and trade marketing capabilities in Europe to take full advantage of growth among pan-European operators, particularly in the United Kingdom, Germany and the Benelux countries.

❖ Thrustmaster

- **Racing news:** the *Formula Wheel Add-on Ferrari SF1000 Edition*, a gaming replica of the wheel used in the celebrated Ferrari SF1000, was launched in April 2021, featuring the first built-in screen able to display telemetry data from the leading single-seater racing games. The wheel was an immediate hit with the global community, with the launch attracting record audiences to Thrustmaster.

Following the July launch of the brand's flagship T-GT II, at the end of August Thrustmaster disclosed information about its first next-generation hybrid racing wheel designed to master all tracks. The T248, officially licensed for PlayStation®5, PlayStation®4 and PC, will be available in Europe, the Middle East and North America from October 21. Its hybrid belt-and-gear mechanism provides powerful *Force Feedback* at an affordable price. The Xbox One and Xbox Series X|S version of the T248 will be launched in the fourth quarter of this year. The release of *Gran Turismo™ 7*, scheduled for March 4, 2022, is expected to boost demand for PlayStation®5 racing wheels.

- **Flight news:** Thrustmaster continues to expand its joystick range, adding exciting new products including an Airbus bundle — the TCA Captain Pack — to celebrate the success of this range, as well as a new flight yoke for Xbox and PC. The launch of *Microsoft Flight Simulator* for the Xbox Series X|S also heightened gamers' interest in Thrustmaster's *T.Flight Hotas One* — the only Xbox Series X|S-compatible joystick available when the game was launched.

With joystick sales by value up 100.2% in Europe and 32.2% in the United States in the first half of 2021, Thrustmaster has consolidated its position as the top seller of joysticks by both volume and value in the United States and the top five European countries of France, the United Kingdom, Germany, Spain and Italy (*sources — GfK: © GfK 2021. All rights reserved. Europe 5 — NPD: data for the U.S. market only. Racing wheel data excludes Nintendo Switch accessories. © 2021 The NPD Group, Inc. All rights reserved. Proprietary and confidential. Property of NPD and its affiliates. Licensed for use by NPD clients only*).

- **ESWAP controller news:** following its successful launch, the *ESWAP X PRO CONTROLLER* is already well-established in the gaming community. To promote the ecosystem, Thrustmaster will be launching a number of packs in the second half of this year: the *Red Color Pack*, *LED Crystal Packs* (backlit modules) and the *ESWAP X S2 NXG MINI-STICK MODULE*. The ESWAP family's reputation continues to grow as more and more professional gamers adopt the controller.

Hercules

On September 10, Hercules launched a new area within its DJing website: the [Hercules DJ Mix Room](#). This new service helps DJs improve their sets by allowing them to download royalty-free music so that their sets can be freely shared. Hercules has also created additional services such as customized graphics and emojis in response to recurring demand from DJs keen to liven up their livestreams.

Outlook

The Group is maintaining its forecast of turnover in excess of €150 million, equating to full-year growth of over 25% in 2021, and is now forecasting net income from ordinary activities in excess of €25 million.

5) *Scope of consolidation*

- a) Companies included within the Guillemot Corporation SA Group's consolidated financial statements to June 30, 2021

COMPANY	SIREN number	Country	% control	Accounting method
Guillemot Corporation S.A.	414 196 758	France	Parent	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.		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

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

Given their non-material nature, minority interests are not calculated.

- b) Changes in scope

None.

6) *Segment information*

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

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

Segment information by business area

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

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

- Income statement by business segment (€k):

	Jun 30, 2021			Jun 30, 2020		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Turnover	70,462	3,685	66,777	41,519	2,588	38,931
Additions to amortization and depreciation	1,938	501	1,437	1,718	446	1,272
Additions to provisions	1,896	149	1,747	1,086	71	1,015
Net income from ordinary activities	13,287	-176	13,463	3,098	-266	3,364
Net operating income	13,287	-176	13,463	3,098	-266	3,364

- Balance sheet by business segment (€k):

	Jun 30, 2021			Dec 31, 2020		
	Net Jun 30, 2021	Hercules	Thrustmaster	Net Dec 31, 2020	Hercules	Thrustmaster
Goodwill on acquisitions	0			0		
Intangible assets	16,477	1,031	15,446	15,425	1,099	14,326
Property, plant and equipment	4,750	1,485	3,265	4,499	1,651	2,848
Inventories	26,679	1,372	25,307	20,611	1,430	19,181
Trade receivables	26,372	1,319	25,053	28,245	1,977	26,268
Unallocated assets	60,561	-	-	72,388		
TOTAL ASSETS	134,839	5,207	69,071	141,168	6,157	62,623
Shareholders' equity	80,174			79,709	-	-
Provisions	1,512	756	756	1,433	717	717
Trade payables	29,836	1,451	28,385	31,007	2067	28,940
Unallocated liabilities	23,317			29,019	-	-
TOTAL LIABILITIES AND EQUITY	134,839	2,207	29,141	141,168	2,784	29,657

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

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

Segment information by geographical region

- Turnover by geographical region (€k):

	Jun 30, 2021	Jun 30, 2020	Change
European Union and United Kingdom	36,858	20,431	80%
North America	20,429	12,836	59%
Other	13,175	8,252	60%
TOTAL	70,462	41,519	70%

Turnover in France in the first half of 2021 totaled €6,475k.

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

	Jun 30, 2021				Dec 31, 2020			
	Net total	EU & UK	North America	Other	Net total	EU	North America	Other
Goodwill on acquisitions	0	-	-	-	0	-	-	-
Property, plant and equipment	4,750	4,688	47	15	4,499	4,444	45	10
Financial assets	26,777	26,717	24	36	35,442	35,385	22	35
Deferred tax assets	4,702	4,702			3,489	3,489		
Inventories	26,679	3,553	1,073	22,053	20,611	4,016	1,889	14,706
Trade receivables	26,372	12,920	8,664	4,788	28,245	15,329	7,310	5,606
Other receivables	4,811	4,694	83	34	3,887	3,764	60	63
Cash and cash equivalents	23,860	19,386	2,819	1,655	29,024	26,644	932	1,448
Tax assets	411	271		140	545	408	137	
Unallocated assets	16,477	-	-	-	15,426	-	-	-
TOTAL ASSETS	134,839	76,931	12,710	28,721	141,168	93,479	10,395	21,868

Unallocated assets consist of intangible assets.

7) Goodwill

- a) Goodwill on acquisitions

Goodwill at June 30, 2021 is broken down as follows:

Goodwill	Gross at Jun 30, 2021	Impairment at Jun 30, 2021	Net value at Jun 30, 2021
Guillemot Ltd. (United Kingdom)	1	1	0
Hercules Thrustmaster SAS (France)	1,299	1,299	0
Guillemot Administration et Logistique SARL (France)	233	233	0
Guillemot SA (Belgium)	233	233	0
Guillemot Inc (USA)	1,034	1,034	0
Guillemot Corporation S.A. (France)	941	941	0
Guillemot Inc. (Canada)	16,894	16,894	0
Guillemot Srl (Italy)	4,392	4,392	0
Total	25,027	25,027	0

Goodwill is not amortized under IFRS. In accordance with IAS 36, impairment losses recognized in prior periods are not subsequently reversed.

Goodwill was fully impaired at June 30, 2021.

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

a) Intangible assets

Intangible assets are broken down as follows:

Gross amounts	Dec 31, 2020	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2021
Brands	10,842					10,842
Development costs	9,260		1,424	1,185	-2	9,497
Development costs in progress	2,074		1,497	1,407	-11	2,153
Licenses	3,146		770	17		3,899
Concessions, patents, etc.	1,048		211		13	1,272
Other intangible assets	1,130		144	200	23	1,097
TOTAL	27,500	0	4,046	2,809	23	28,760

Amortization, depreciation and provisions	Dec 31, 2020	Changes in scope	Increases	Decreases	Currency translation adjustments	Jun 30, 2021
Brands	1,000					1,000
Development costs	7,117		892	1,185		6,824
Licenses	2,005		456	17		2,444
Concessions, patents, etc.	1,001		22	1	13	1,035
Other intangible assets	952		4		24	980
TOTAL	12,075	0	1,374	1,203	37	12,283

Net amounts	Dec 31, 2020	Jun 30, 2021
Brands	9,842	9,842
Development costs	2,143	2,673
Development costs in progress	2,074	2,153
Licenses	1,141	1,455
Concessions, patents, etc.	47	237
Other intangible assets	178	117
TOTAL	15,425	16,477

Brands

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

The Group's brands are measured using the value in use method. Value in use 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.

- Hercules:

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

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

There were no indicators of impairment at June 30, 2021, and no updated impairment test has been carried out since that date.

- Thrustmaster:

The Thrustmaster brand is allocated to the Thrustmaster CGU. Following a €4,110k write-back of impairment on December 31, 2020, the Thrustmaster brand has a net balance sheet value of €9,410k, the same as its purchase cost.

Measurement of the Thrustmaster brand is subject to adjustments in future years should assumptions concerning future cash flows generated by the Thrustmaster business be downgraded. Thrustmaster has achieved global recognition and is now a key player in PC and console racing wheels, with an installed base that continues to grow. Turnover was up 72% in the first half of 2021, with the Group's racing and flying accessories enjoying strong momentum.

At June 30, 2021, there were no indicators of impairment suggesting that an updated impairment test needed to be carried out.

The carrying amount of the Thrustmaster brand was unchanged at June 30, 2021.

Development costs

Development costs on projects meeting the six eligibility criteria laid down in IAS 38 are capitalized. Assets are transferred from assets under construction to capitalized development costs when released into production. The net value of development costs capitalized over the period totaled €551k. The following Guillemot Corporation Group companies generate development costs: Hercules Thrustmaster SAS, Guillemot Innovation Labs SAS, Guillemot R&D Inc., Guillemot Romania Srl and Guillemot Corporation (HK) Limited. Capitalized costs relate to all Hercules and Thrustmaster product lines.

Licenses

The €770k increase in this item was the result of new minimum warranties being recognized in balance sheet assets, with no impact on the 2021 cash position.

b) Property, plant and equipment

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

Gross amounts	Dec 31, 2020	Changes in		Decreases	Currency translation adjustments	Jun 30, 2021
		scope	Increases			
Land	399					399
Buildings	8,415		4	5	2	8,416
Plant	5,079		504	937	16	4,662
Other prop., plant & equipt.	1,927		160	24	13	2,076
Assets under construction	545		669	469		745
TOTAL	16,365	0	1,337	1,435	31	16,298

Depreciation	Dec 31, 2020	Changes in		Decreases	Currency translation adjustments	Jun 30, 2021
		scope	Increases			
Buildings	6,232		233		3	6,468
Plant	4,299		277	937	14	3,653
Other prop., plant & equipt.	1,335		107	24	9	1,427
TOTAL	11,866	0	617	961	26	11,548

Net amounts	Dec 31, 2020	Change	Jun 30, 2021
Land	399		399
Buildings	2,183	-235	1,948
Plant	780	229	1,009
Other prop., plant & equipt.	592	57	649
Assets under construction	545	200	745
TOTAL	4,499	251	4,750

Buildings are located in Carentoir (France).

The €469k decrease in assets under construction corresponds to assets transferred to the “plant” item. Tangible fixed assets under construction mainly consist of molds and tools used in the production of new products.

Adoption of IFRS 16 resulted in a €1,705k increase in property, plant and equipment at June 30, 2021 in respect of lease right-of-use assets.

9) *Financial assets*

Non-current financial assets are broken down as follows:

Gross amounts	Dec 31, 2020	Changes in		Decreases	Currency translation adjustments	Jun 30, 2021
		scope	Increases			
Other long-term investments	304		134	11		427
Other non-current financial assets	143		1			144
TOTAL	447	0	135	11	0	571

Movements in other long-term investments relate to the liquidity agreement currently in force. At June 30, 2021, a total of €300k in cash was allocated to the liquidity agreement.

Other non-current financial assets consist of deposits and guarantees paid.

Current financial assets include Ubisoft Entertainment shares.

	Net Dec 31, 2020	Disposals Jun 30, 2021	Acquisitions Jun 30, 2021	Currency translation adjustments Jun 30, 2021	Gain/loss on revaluation Jun 30, 2021	Net Jun 30, 2021
Number	443,874					443,874
Fair value (€k)	34,995				-8,789	26,206
Currency derivatives	0					0
Total value	34,995	0	0	0	-8,789	26,206

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

At June 30, 2021 the Group held 443,874 Ubisoft Entertainment shares, representing 0.36% of that company's share capital.

The price used at December 31, 2020 was €78.84 per Ubisoft Entertainment share. The price used at June 30, 2021 to measure Ubisoft Entertainment shares at fair value was €59.04 per share. The gross unrealized loss recognized on Ubisoft Entertainment shares at June 30, 2021 was €8,789k (see points 17 and 18).

10) *Inventories*

Inventories	Gross Dec 31, 2020	Change in inventories (outcome)	Changes in scope	Currency translation adjustments	Gross Jun 30, 2021
Raw materials	3,562		3,754		7,316
Finished products	20,052		2,139	302	22,493
TOTAL	23,614		5,893	302	29,809

Accumulated impairment	Dec 31, 2020	Increases	Decreases	Changes in scope	Currency translation adjustments	Jun 30, 2021
Raw materials	630	33	33			630
Finished products	2,373	1,779	1,732		80	2,500
TOTAL	3,003	1,812	1,765	0	80	3,130
Total net inventories	20,611					26,679

Inventories consist of electronic components and sub-assemblies as well as finished products. An impairment loss is recognized whenever the carrying amount of inventory is greater than its probable realizable value. Over the first half of 2021, the Group built up a buffer of inventory to mitigate the shortage of electronic components and make provision for business growth. Against this backdrop, the value of net inventories stood at €26,679k at June 30, 2021, up 29% from December 31, 2020.

11) Other receivables

	Jun 30, 2021	Dec 31, 2020
Advances and progress payments	2,957	1,696
VAT receivables	749	765
Amounts receivable from suppliers	16	47
Other	99	68
Prepaid expenses	990	1,311
TOTAL	4,811	3,887

12) Shareholders' equity

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

Guillemot Corporation holds 26,690 treasury shares, reducing the value of shareholders' equity by €349k.

At June 30, 2021, treasury shares represented 0.17% of the Company's share capital. There were no longer any stock option plans in force at June 30, 2021.

13) *Provisions for liabilities and charges*

Provisions for liabilities and charges are broken down as follows:

	Increases		Decreases		Currency translation adjustments	
	Dec 31, 2020	Jun 30, 2021	Used Jun 30, 2021	Unused Jun 30, 2021	Jun 30, 2021	Jun 30, 2021
Other	50	4				54
TOTAL	50	4	0	0	0	54

Provisions for liabilities and charges stood at €54k at June 30, 2021.

14) *Employee benefit liabilities*

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

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

The main actuarial assumptions used are as follows:

- Discount rate: 0.79%
- Use of collective bargaining agreements specific to subsidiaries
- Retrospective calculation method for projected credit units
- Insee 2019 mortality table
- 2021 baseline salary, assuming a 2% annual increase until retirement

At June 30, 2021, the amount of the recognized provision stood at €1,458k.

In accordance with IAS 19, all actuarial gains and losses are recognized in other comprehensive income (OCI) rather than in profit and loss. The impact on Group shareholders' equity at June 30, 2021 was -€288k.

15) Borrowings and cash

Borrowings are broken down as follows:

	Current (due within 1 year)			Non-current (due within more than 1 year)		
	Jun 30, 2021	0-3 months	3-6 months	6-12 months	Dec 31, 2020	
Borrowings from credit institutions	8,740	1,698	1,020	2,043	3,979	10,842
Bank overdrafts and foreign currency advances	14	14				11
Sundry	17	5			12	20
TOTAL	8,771	1,717	1,020	2,043	3,991	10,873

The Group has fixed-rate financial liabilities totaling €8,757k and floating-rate financial liabilities totaling €14k. Over the period, the Group repaid €2,560k of bank borrowings.

Net debt	Jun 30, 2021	Dec 31, 2020
Borrowings	8,771	10,873
Shareholders' current accounts	0	0
Cash at bank and in hand	23,860	29,024
Net debt	-15,089	-18,151

The Group's net debt at June 30, 2021 was negative at -€15,089k.

Adoption of IFRS 16 has increased the Group's net debt by €1,730k.

The Group also has an equity portfolio worth €26.2 million (fair value at June 30, 2021).

16) Other liabilities

	Jun 30, 2021	Dec 31, 2020
Social security liabilities	2,064	2,299
Current accounts	0	0
Advances and progress payments	132	81
Prepaid income	1,570	1,214
Other	10,196	11,082
TOTAL	13,962	14,676

The "Other" item mainly consists of accrued expenses relating to licenses (€2,603k, compared with €2,747k at December 31, 2020), trade payables linked to variable consideration (€5,514k, compared with €5,302k at December 31, 2020) and liabilities in connection with product returns (€2,017k, compared with €2,993k at December 31, 2020).

17) *Net operating income*

Net operating income to June 30, 2021 totaled €13,287k, compared with €3,097k in the six months to June 30, 2020.

The gross accounting profit margin came in at 55%, compared with 51.5% in the first half of 2020. Turnover was up 70%, while total expenses increased 38%.

18) *Net financial income*

The cost of net financial debt to June 30, 2021 totaled €46k. This includes interest costs and financial expenses arising from borrowing, as well as foreign exchange gains and losses arising from the payment of financial liabilities.

Other financial income and expenses are broken down as follows:

	Jun 30, 2021	Jun 30, 2020
Foreign currency translation adjustments	0	153
Unrealized gain/loss on Ubisoft Entertainment shares	0	5,247
Total other financial income	0	5,400
Foreign currency translation adjustments	432	0
Unrealized gain/loss on Ubisoft Entertainment shares	8,789	0
Total other financial expenses	9,221	0

Currency effects arising from the translation of subsidiaries' accounts:

All subsidiaries conduct business in local currency; the impact on shareholders' equity in the first half of 2021 was +€443k.

Financial risk:

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

Liquidity risk: at June 30, 2021, the Group's borrowing and bank financing facilities were not fully utilized and net debt was negative at -€15.1 million. At June 30, 2021, the fair value of the Group's portfolio of available-for-sale securities stood at €26.2 million.

Equity risk: the Group's earnings are affected by fluctuations in the market price of its shareholdings. A 10% decrease in the price of Ubisoft Entertainment shares over the second half of 2021 (relative to their price at June 30, 2021) would reduce net financial income by €2.6 million.

Interest rate risk: based on the Group's outstanding floating-rate financial liabilities at June 30, 2021, a 1% increase in interest rates on an annual basis would have no impact on net financial income.

Foreign exchange risk: a breakdown of the Group's foreign currency assets and liabilities at June 30, 2021 is as follows (unhedged amounts only – i.e. those exposed to foreign exchange fluctuations):

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

(€k)	USD	GBP
Assets	16,632	1,305
Liabilities	22,505	68
Net position before hedging	-5,873	1,237
Off balance sheet position	0	0
Net position after hedging	-5,873	1,237

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2021, a 10% annual decrease in US dollar exchange rates would reduce financial expenses by €449k.

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2021, a 10% annual decrease in the value of sterling would increase financial expenses by €131k.

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 in particular declines in the value of the US dollar, may result in lower selling prices for the Group's products, thus impacting the value of inventories. Conversely, given the seasonal nature of the company's business, if the US dollar were to rise sharply during the second half of the year, the Group would not be able to adjust its selling prices to reflect the full extent of such an increase, which could therefore have a temporary adverse impact on the Group's gross margin.

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

Furthermore, the increased level of export sales has boosted the Group's natural hedging and significantly reduced its foreign exchange risk.

There were no currency futures or options outstanding at June 30, 2021.

Credit risk: this refers to the risk of financial loss should a customer 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.

Risk associated with protectionism:

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

COVID-19 risk:

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

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

Supply chain risk:

With global supply chains at saturation point, the Group is currently faced with longer lead times and higher costs for sea freight, especially to North America, as well as the closure of some ports in Asia.

Steps have been taken to overcome most of the additional constraints:

- Production has been stepped up to build up a buffer of inventory.
- Selling prices have been raised on some products to offset the additional costs.
- New supply channels have been opened up to streamline supply.

Despite these mitigating actions, the current situation will limit sales potential in the United States and result in billing dates being pushed back from the third to the fourth quarter of 2021. However, this is not expected to have any impact on the Group's forecasts.

19) *Corporate income tax*

a) Tax assets

At June 30, 2021, this item consisted of non-current assets of €272k, including €249k in French and Canadian research tax credits.

An amount of €139k is also recognized in current assets in connection with a French Employment and Competitiveness Tax Credit (*Crédit d'Impôt Compétitivité Emploi*) and a French research tax credit. Research tax credits are offset in the income statement against prior period employee expenses.

b) Deferred taxes

Deferred taxes on the balance sheet at June 30, 2021 totaled €4,702k.

Breakdown of deferred taxes by type:

(€k)	Jun 30, 2021	Dec 31, 2020
Recognition of tax loss carryforwards – Guillemot Corporation SA	9,325	10,424
Consolidation adjustments	237	122
Unrealized gains on Ubisoft shares held (deferred tax liability)	-4,860	-7,057
TOTAL	4,702	3,489

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

At June 30, 2021 the Group had recognized a portion of its French entities' tax loss carryforwards totaling €26,796k, resulting in the recognition of a deferred tax asset of €6,770k. Furthermore, deferred tax assets of €2,555k have been recognized due to the existence of deferred tax liabilities with the same maturity, taking into account rules applicable in France limiting the application of tax losses.

c) Income tax expense

Corporate income tax is broken down as follows:

	Jun 30, 2021	Jun 30, 2020
Deferred taxes	-1,214	877
Current taxes	1,541	212
TOTAL	327	1,089

Current taxes correspond to total income taxes payable by all Group companies.

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

At end December 2020, the Group had unused tax loss carryforwards totaling €7.7 million, €5.4 million of which related to the parent, Guillemot Corporation SA.

20) *Discontinued operations*

The Group has not discontinued any operations in recent years.

21) *Earnings per share*

Basic earnings per share	Jun 30, 2021	Jun 30, 2020
Earnings	3,693	7,331
Average number of shares (thousands)	15,287	15,287
No. of treasury shares (thousands)	-27	-71
Total shares (thousands)	15,260	15,216
Basic earnings per share	0.24	0.48

Diluted earnings per share	Jun 30, 2021	Jun 30, 2020
Earnings	3,693	7,331
Average number of shares (thousands)	15,287	15,287
No. of treasury shares (thousands)	-27	-71
Total shares (thousands)	15,260	15,216
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)	15,260	15,216
Diluted earnings per share	0.24	0.48

22) *Off balance sheet commitments*

Documentary credits: €1,278k

23) *Related party transactions*

The Group is owned by Guillemot Brothers Ltd. (14.63%), the Guillemot family (53.96%), Guillemot Corporation S.A. (0.17%) and members of the public (31.24%).

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

Key figures relating to transactions with the Ubisoft Entertainment group are as follows:

	Jun 30, 2021
(€k)	Ubisoft Entertainment
Trade receivables	7
Trade payables	168
Revenue	249
Expenses	330

24) *Seasonality of business*

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

25) *Subsequent events*

None.

F - Statutory auditors' report on 2021 interim financial information
(covering the period from January 1 to June 30, 2021)

To the shareholders
GUILLEMOT CORPORATION
Place du Granier
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35571 Chantepie Cedex
France

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

- conducted a limited review of the condensed interim consolidated financial statements of Guillemot Corporation for the period from January 1 to June 30, 2021, as appended to this report;
- verified the information set out in the interim business review.

The global crisis resulting from the Covid-19 pandemic meant the preparation and limited review of the condensed interim consolidated financial statements had to be carried out in unusual circumstances. Indeed, the crisis and the exceptional measures adopted in response to the public health emergency have had numerous implications for businesses, impacting in particular their operations and financing, as well as giving rise to increased uncertainty as to their future outlook. Some of these measures, such as travel restrictions and remote working, have also impacted businesses' internal organizational arrangements and affected how we go about our work.

These condensed interim consolidated financial statements were prepared under the authority of the Board of Directors. It is our responsibility to express an opinion on these financial statements on the basis of our limited review.

I - Opinion on the financial statements

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

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

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

II – Specific checks

We have also checked the information set out in the interim business review commenting on the condensed interim consolidated financial statements upon which our limited review was based.

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

Nantes and Bruz, September 22, 2021

The statutory auditors

PricewaterhouseCoopers Audit MB Audit

Gwenaël Lhuissier Khadija Roullé

G - Declaration by the persons responsible for the interim report

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

Rennes, September 22, 2021

Claude Guillemot
Chairman and Chief Executive Officer