

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, 2022

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A- Condensed interim consolidated balance sheet

ASSETS		Net	Net
(€k)	Notes	Jun 30, 2022	Dec 31, 2021
Goodwill on acquisitions	7	0	0
Intangible assets	8	20,373	16,176
Property, plant and equipment	8	7,918	5,176
Financial assets	9	626	473
Tax assets	20	308	359
Deferred tax assets	20	3,249	5,312
Non-current assets		32,474	27,496
Inventories	10	50,993	40,925
Trade receivables	11	38,298	59,872
Other receivables	12	5,031	6,609
Financial assets	9	18,598	19,118
Current tax assets	20	78	157
Cash and cash equivalents	16	35,452	12,027
Current assets		148,450	138,708
Total assets		180,924	166,204
LIABILITIES AND EQUITY			
(€k)	Notes	Jun 30, 2022	Dec 31, 2021
Capital (1)		11,771	11,771
Premiums (1)		10,551	10,551
Reserves and consolidated income (2)		81,803	67,411
Currency translation adjustments		1,547	693
Group shareholders' equity	13	105,672	90,426
Minority interests			
Consolidated shareholders' equity		105,672	90,426
Employee benefit liabilities	15	1,497	1,377
Borrowings	16	2,841	2,096
Other liabilities		0	0
Deferred tax liabilities	20	4	0
Non-current liabilities		4,342	3,473
Trade payables		41,164	38,068
Short-term borrowings	16	3,660	4,770
Taxes payable		2,407	2,725
Other liabilities	17	23,616	26,684
Provisions	14	63	58
Current liabilities		70,910	72,305
Total liabilities and equity		180,924	166,204

(1) Of the consolidating parent.

(2) Of which net income for the period: €18,068k.

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

- Summary interim consolidated statement of net income

(€k)	Notes	Jun 30, 2022	Jun 30, 2021
Net turnover	6	98,143	70,462
Purchases		-51,532	-39,557
External expenses		-14,682	-11,453
Employee expenses		-6,973	-5,767
Taxes and duties		-473	-336
Additions to amortization and depreciation		-2,562	-1,938
Additions to provisions		-790	-1,896
Change in inventories		10,407	7,683
Other income from ordinary activities		102	252
Other expenses from ordinary activities		-6,626	-4,163
Net income from ordinary activities		25,014	13,287
Other operating income		0	0
Other operating expenses		0	0
Net operating income	18	25,014	13,287
Income from cash and cash equivalents	19	17	7
Cost of gross financial debt	19	-43	-53
Cost of net financial debt	19	-26	-46
Other financial income	19	0	0
Other financial expenses	19	-900	-9,221
Corporate income tax	20	-6,020	-327
Net income before minority interests		18,068	3,693
O/w net income from discontinued operations	21	0	0
Attributable to minority interests		0	0
Net income attributable to equity holders of the parent		18,068	3,693
Basic earnings per share	22	€1.18	€0.24
Diluted earnings per share	22	€1.17	€0.24

- Statement of comprehensive income

(€k)	Jun 30, 2022	Jun 30, 2021
Net income attributable to equity holders of the parent	18,068	3,693
<i>Recyclable items of other comprehensive income (OCI)</i>		
Currency translation adjustments	854	443
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	-194	9
Share of other comprehensive income of equity-accounted associates	0	0
Total OCI attributable to controlling interests	660	452
Net income and OCI attributable to controlling interests	18,728	4,145
Net income and OCI 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

(€k)	Notes	Capital	Premiums	Consolidated reserves	Net income for the period	Currency translation adjustments	Total shareholders' equity
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				-3818			-3,818
Other				13			13
Position at Jun 30, 2021	13	11,771	10,551	53,681	3,693	478	80,174
Position at Jan 1, 2022		11,771	10,551	53,704	13,707	693	90,426
Comprehensive income to Jun 30, 2022					18,068	854	18,922
Appropriated income at Dec 31, 2021				13,707	-13,707		0
Stock options				325			325
Shares of the consolidating company				77			77
Gains and losses on treasury shares				-71			-71
Dividends				-3,813			-3,813
Other				-194			-194
Position at Jun 30, 2022		11,771	10,551	63,735	18,068	1,547	105,672

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

D - Condensed interim consolidated statement of cash flows

(€k)	Notes	Jun 30, 2022	Jun 30, 2021
Cash flows from operating activities			
Net income from consolidated companies		18,068	3,693
+ Additions to amortization, depreciation and provisions (except on current assets)		397	2,071
- Reversals of amortization, depreciation and provisions		-24	-9
-/+ Unrealized gains and losses arising from changes in fair value	19	519	8,789
+/- Expenses and income arising from stock options	13	325	0
-/+ Capital gains and losses on disposals		0	-7
Change in deferred taxes	20	2,066	-1,213
Operating cash flow after cost of net financial debt		21,351	13,324
Cost of net financial debt	19	26	46
Operating cash flow before cost of net financial debt		21,377	13,370
Currency translation adjustment on gross cash flow from operations		131	-14
Inventories	10	-10,068	-6,068
Trade receivables	11	21,574	1,873
Trade payables		3,096	-1,171
Other		-2,479	-4,815
Change in working capital		12,123	-10,181
Net cash flows from operating activities		33,605	3,129
Cash flows from investing activities			
Acquisitions of intangible assets	8	-2,320	-1,651
Acquisitions of property, plant and equipment	8	-1,327	-864
Disposals of property, plant and equipment and intangible assets		19	6
Acquisitions of non-current financial assets	9	-150	0
Disposals of non-current financial assets	9	8	13
Net cash from acquisitions and disposals of subsidiaries		0	0
Net cash flows from investing activities		-3,770	-2,496
Cash flows from financing activities			
Increases in capital and cash injections	13	0	0
Dividends paid		-3,813	-3,818
Borrowings		0	679
Repayment of borrowings	16	-2,463	-2,560
Debt repayment as a result of IFRS 16 adoption		-274	-222
Other cash flows from financing activities		0	0
Total cash flows from financing activities		-6,550	-5,921
Impact of foreign currency translation adjustments		147	121
Change in cash		23,432	-5,167
Net cash at the beginning of the period	A and 16	12,006	29,013
Net cash at the end of the period	A and 16	35,438	23,846

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 28, 2022. 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 150 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.

Guillemot Corporation 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, 2022 has been prepared in accordance with IAS 34, “Interim financial reporting”. The condensed interim report should be read in conjunction with the 2021 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, 2021, as set out in the annual financial statements for the year ended December 31, 2021.

Amendments to IFRS 3, “Updating a reference to the conceptual framework”, IAS 16, “Proceeds before intended use” and IAS 37, “Onerous contracts – Cost of fulfilling a contract”, as well as those amendments included in “Annual improvements to IFRS standards – 2018-2020 cycle” applicable with effect from January 1, 2022, had no material impact.

4) *Business review*

Key items from the Guillemot Corporation Group's financial statements to June 30, 2022 are as follows.

First half (€ millions) January 1 – June 30, 2022	Jun 30, 2022	Jun 30, 2021	Change
Thrustmaster gaming accessories	92.5	66.8	+38%
Thrustmaster total	92.5	66.8	+38%
Hercules digital devices	5.3	3.5	+51%
OEM*	0.3	0.2	+50%
Hercules total	5.6	3.7	+51%
Total turnover	98.1	70.5	+39%
Net income from ordinary activities	25.0	13.3	+88%
Net operating income	25.0	13.3	+88%
Net financial income**	-0.9	-9.3	-
Corporate income tax	-6.0	-0.3	-
Consolidated net income	18.1	3.7	389%
Earnings per share	€1.18	€0.24	389%

* 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

In the first half of 2022, the Group's turnover grew 39% to €98.1 million. Turnover in the second quarter hit €42.2 million, up 22% compared with the second quarter of 2021.

The Group maintained strong business momentum throughout the second quarter, with sales growing across all geographies and a strengthening trend in the Asia-Pacific region. Thanks to strong sales growth in the United Kingdom, the Group was able to consolidate its position across its various product categories.

Results

The gross accounting profit margin came in at 58%, up from 55% in the first half of 2021. Employee headcount increased by 10% over the first half of the year and the Group ran sales promotion and marketing campaigns to bolster business growth. Total expenses were up 26%, in line with the 39% increase in turnover.

Net operating income was up 88% at €25 million, compared with €13.3 million in the six months to June 30, 2021, giving an operating margin of 25.5%, reflecting the operating performance of Thrustmaster racing wheels.

The net financial expense of €0.9 million included an €0.5 million unrealized loss linked to the decline in the valuation of the portfolio of Ubisoft Entertainment S.A. shares. Consolidated net income came in at €18.1 million.

Key balance sheet items

(€m)	Jun 30, 2022	Dec 31, 2021
Shareholders' equity	105.7	90.4
Inventories	51.0	40.9
Net debt (excl. AFS securities) *	-29.0	-5.1
Current financial assets (AFS securities portion)	18.6	19.1

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

Group shareholders' equity stood at €105.7 million at June 30, 2022. The Group's net debt is negative at -€29 million excluding available-for-sale securities, the fair value of which stood at €18.6 million at June 30, 2022.

Over the first half of 2022, the Group built up a buffer of inventory to mitigate the shortage of electronic components and support business growth. Against this backdrop, the value of net inventories stood at €51 million at June 30, 2022, up 25% from December 31, 2021. Working capital decreased by €12.1 million over the first half of the year.

Capitalized research and development costs over the six months to June 30, 2022 totaled €6.6 million, an increase of €1.1 million.

Recent developments

The Group has taken further action to anticipate deliveries as much as possible and optimize coordination across its global operations. Over the half-year, the Group worked to adapt and strengthen its global trade marketing capability to respond to the new challenges posed by e-commerce and the need to boost its promotional visibility with partners. These actions have produced very encouraging results, enabling both Hercules and Thrustmaster to continue winning market share.

❖ Thrustmaster

- **Racing news:** Thrustmaster is actively preparing for the end October launch of two major new racing innovations that will strengthen its presence in the entry-level Force Feedback racing wheel segment. Moreover, the total reveal of the new high-end racing wheel with Direct Drive technology is scheduled for November 17. Over the period, a number of Thrustmaster racing wheels were selected by *Best Budget Racing Wheels* magazine, including the T248 racing wheel, named Best Racing Wheel by Gamespot (which attracts more than 87.7 million visitors each month). As official partner of the Le Mans Virtual Series 2022/2023, the first round of which kicked off on September 15, Thrustmaster continues to develop links between the real and virtual worlds thanks to this iconic partnership.

- **Flying news:** With the US joystick market growing 53% by value in the first half of the year, Thrustmaster maintained its position as market leader by value, with a market share of 52.2%. Thrustmaster's market share in the top five European countries of France, the United Kingdom, Germany, Spain and Italy stands at 57.8% in a market that is stable by value (*sources – GfK: © GfK 2022, All Rights Reserved; Europe 5 – NPD: data for the US market only; steering wheel data excludes Nintendo Switch accessories; © 2022 The NPD Group, Inc., All Rights Reserved; Proprietary and Confidential; Property of NPD and its Affiliates; Licensed for Use by NPD Clients Only*).

New products are expected to launch by the end of the year to further strengthen the Airbus range.

❖ **Hercules** is enjoying strong momentum in the United States and a rebound in Europe, offering a robust outlook for the short and medium term. Hercules is set to launch its new *DJControl Impulse 300 MK2* controller towards the end of the year.

Outlook

The run-up to the year-end will be a busy time for the Group, with major new products due to be launched.

The Group's share of the racing wheel market grew over the July/August period in both the United States and Europe.

The Group expects to deliver growth in both turnover and net operating income in fiscal year 2022.

Looking forward, 2023 looks set to be a dynamic year, with plenty of new video games due to be released and sales of new products set to ramp up.

With the eSports, racing and flight sim segments all growing fast, the Group is confident of its ability to continue to deliver growth over the coming years.

5) *Scope of consolidation*

- a) Companies included in the Guillemot Corporation S.A. Group's consolidated financial statements to June 30, 2022

COMPANY	SIREN number	Country	% control	Method
Guillemot Corporation S.A.	414196758	France	Parent	Fully consolidated
Guillemot Administration et Logistique SARL	414215780	France	99.96%	Fully consolidated
Hercules Thrustmaster SAS	399595644	France	99.42%	Fully consolidated
Guillemot Innovation Labs SAS	752485334	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 owns 25.11%.

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

- b) Changes in scope

None.

6) Segment information

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

Segment information by business area 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: racing wheels, gamepads, joysticks and gaming headsets.

- Income statement by business segment:

(€k)	Jun 30, 2022			Jun 30, 2021		
	Total	Hercules	Thrustmaster	Total	Hercules	Thrustmaster
Turnover	98,143	5,599	92,544	70,462	3,685	66,777
Additions to amortization and depreciation	2,562	383	2,179	1,938	501	1,437
Additions to provisions	790	-9	799	1,896	149	1,747
Net income from ordinary activities	25,014	426	24,588	13,287	-176	13,463
Net operating income	25,014	426	24,588	13,287	-176	13,463

- Balance sheet by business segment:

(€k)	Jun 30, 2022			Dec 31, 2021		
	Net Jun 30, 2022	Hercules	Thrustmaster	Net Dec 31, 2021	Hercules	Thrustmaster
Goodwill on acquisitions	0	-	-	-	-	-
Intangible assets	20,373	1,919	18,454	16,176	1,195	14,981
Property, plant and equipment	7,918	2,652	5,266	5,176	1,476	3,700
Inventories	50,993	3,901	47,092	40,925	3,963	36,962
Trade receivables	38,298	2,359	35,939	59,872	2,994	56,878
Unallocated assets	63,342	-	-	44,055	-	-
TOTAL ASSETS	180,924	10,831	106,751	166,204	9,628	112,521
Shareholders' equity	105,672	-	-	90,426	-	-
Provisions	1,497	749	748	1,436	718	718
Trade payables	41,164	2,864	38,300	38,068	3,614	34,454
Unallocated liabilities	32,591	-	-	36,274	-	-
TOTAL LIABILITIES AND EQUITY	180,924	3,613	39,048	166,204	4,332	35,172

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, 2022	Jun 30, 2021	Change
European Union and United Kingdom	46,289	36,858	26%
North America	29,731	20,429	46%
Other	22,123	13,175	68%
TOTAL	98,143	70,462	39%

Turnover in France in the first half of 2022 totaled €7,074k.

- Aggregate value of assets by geographical location:

(€k)	Jun 30, 2022				Dec 31, 2021			
	Net total	EU & UK	North America	Other	Net total	EU & UK	North America	Other
Goodwill on acquisitions	0				0	-	-	-
Property, plant and equipment	7,918	7,556	96	266	5,176	5,025	112	39
Financial assets	19,224	19,151	26	47	19,591	19,522	24	45
Deferred tax assets	3,249	3,249			5,312	5,311		1
Inventories	50,993	12,212	7,230	31,551	40,925	8,807	3,309	28,809
Trade receivables	38,298	16,790	11,707	9,801	59,872	31,031	17,432	11,409
Other receivables	5,031	4,865	87	79	6,609	6,333	185	91
Cash and cash equivalents	35,452	29,428	2,869	3,155	12,027	9,848	1,163	1,016
Tax assets	386	238	148	0	516	378	138	
Unallocated assets	20,373				16,176	-	-	-
TOTAL ASSETS	180,924	93,489	22,163	44,899	166,204	86,255	22,363	41,410

Unallocated assets consist of intangible assets.

7) Goodwill

Goodwill at June 30, 2022 is broken down as follows:

(€k)	Goodwill	Gross at Jun 30, 2022	Impairment at Jun 30, 2022
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. (USA)		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	25,027

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, 2022.

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

a) Intangible assets

Intangible assets are broken down as follows:

Gross amounts	Dec 31, 2021	Changes in			Currency translation adjustments	Jun 30, 2022
		scope	Increases	Decreases		
Brands	10,842					10,842
Development costs	10,736		1,059	32	-3	11,760
Development costs in progress	2,391		2,441	1,252	-18	3,562
Licenses	3,899		2,100	2,089		3,910
Concessions, patents, etc.	1,278		-8		17	1,287
Other intangible assets	1,125		1,559		30	2,714
TOTAL	30,271	0	7,151	3,373	26	34,075

Net amounts	Dec 31, 2021	Jun 30, 2022
Brands	9,842	9,842
Development costs	3,027	3,076
Development costs in progress	2,391	3,562
Licenses	580	2,060
Concessions, patents, etc.	204	182
Other intangible assets	132	1,651
TOTAL	16,176	20,373

The €1,252k decrease in assets under construction corresponds to assets transferred to development costs and other property, plant and equipment.

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.

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. This is the method used to measure the Group's brands.

- Hercules:

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

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

There were no indicators of impairment at June 30, 2022, and no updated impairment test has been carried out since that date.

- Thrustmaster:

The Thrustmaster brand is allocated to the Thrustmaster CGU. 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 adjustment 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 38% in the first half of 2022, with strong momentum in sales of the Group's racing accessories.

At June 30, 2022, 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, 2022.

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 €1,138k. 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 €2,100k increase in this item was the result of new minimum warranties being recognized in balance sheet assets, with no impact on the 2022 cash position.

The €2,089k decrease in licenses relates to minimum warranties on expired contracts.

b) Property, plant and equipment

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

Gross amounts	Dec 31, 2021	Changes in			Currency translation adjustments	Jun 30, 2022
		scope	Increases	Decreases		
Land	399					399
Buildings	8,717		3,303	958	7	11,069
Plant	5,429		656		21	6,106
Other prop., plant & equipt.	2,200		203	12	24	2,415
Assets under construction	678		1,120	644		1,154
TOTAL	17,423	0	5,282	1,614	52	21,143

Depreciation	Dec 31, 2021	Changes in			Currency translation adjustments	Jun 30, 2022
		scope	Increases	Decreases		
Buildings	6,721		405		4	7,130
Plant	4,027		413		19	4,459
Other prop., plant & equipt.	1,499		128	11	20	1,636
TOTAL	12,247	0	946	11	43	13,225

Net amounts	Dec 31, 2021	Change	Jun 30, 2022
Land	399		399
Buildings	1,996	1,942	3,938
Plant	1,402	244	1,646
Other prop., plant & equipt.	701	80	781
Assets under construction	678	476	1,154
TOTAL	5,176	2,742	7,918

The main buildings are located in Carentoir and Rennes (France).

The €644k 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 €3,704k increase in net property, plant and equipment at June 30, 2022 in respect of lease right-of-use assets.

9) *Financial assets*

Non-current financial assets are broken down as follows:

Gross amounts	Dec 31, 2021	Changes		Decreases	Currency	Jun 30, 2022
		in scope	Increases		translation adjustments	
Other long-term investments	319		6			325
Other non-current financial assets	154		144	2	5	301
TOTAL	473	0	150	2	5	626

Movements in other long-term investments relate to the liquidity agreement currently in force. At June 30, 2022, 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:

(€k)	Net	Sales	Purchases	Currency	Gain/loss on	Net
	Dec 31, 2021	Jun 30, 2022	Jun 30, 2022	adjustments	revaluation	Jun 30, 2022
Ubisoft Entertainment shares						
Number	443,874					443,874
Fair value (€k)	19,118				-520	18,598
Currency derivatives	0					0
Total value	19,118	0	0	0	-520	18,598

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

At June 30, 2022 the Group held 443,874 Ubisoft Entertainment shares, representing 0.35% of that company's share capital.

The price used at December 31, 2021 was €43.07 per Ubisoft Entertainment share. The price used to measure Ubisoft Entertainment shares at fair value at June 30, 2022 was €41.90 per share. The gross unrealized loss recognized on Ubisoft Entertainment shares at June 30, 2022 was €520k (see Note 19).

10) Inventories

Inventories	Gross Dec 31, 2021	Change in inventories (outcome)	Changes in scope	Currency translation adjustments	Gross Jun 30, 2022
Raw materials	7,528	5,748			13,276
Finished products	36,167	3,260		463	39,890
TOTAL	43,695	9,008	0	463	53,166

Accumulated impairment	Dec 31, 2021	Increases	Decreases	Changes in scope	Currency translation adjustments	Jun 30, 2022
Raw materials	745	100	84			761
Finished products	2,025	836	1,523		74	1,412
TOTAL	2,770	936	1,607	0	74	2,173

Total net inventories	40,925					50,993
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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 2022, 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 €50,993k at June 30, 2022, up 25% from December 31, 2021.

11) Trade receivables

Trade receivables were down 36% relative to the position at December 31, 2021, reflecting seasonal variations in the Group's business. The majority of trade receivables at December 31, 2021 were covered by a credit insurance policy, with coverage ranging from 90% to 95% depending on geographical region.

12) Other receivables

(€k)	Jun 30, 2022	Dec 31, 2021
Advances and progress payments	2,338	4,401
VAT receivables	1,130	975
Amounts receivable from suppliers		1
Other	148	194
Prepaid expenses	1,415	1,038
TOTAL	5,031	6,609

13) Shareholders' equity

The share capital consists of 15,287,480 shares with a par value of €0.77 each. Guillemot Corporation S.A. holds 35,973 treasury shares, reducing the value of shareholders' equity by €462k.

At June 30, 2022, treasury shares represented 0.24% of the Company's share capital.

Maximum potential number of shares to be created:
Via exercise of options: 188,250

Key characteristics of stock option plans:

	Plan no. 11
Date of Board meeting	Dec 3, 2021
Number of shares	193,950
Par value	0.77 €
Subscription price	14.44 €
Exercise date	Dec 3, 2023 to Dec 3, 2031
Number of shares subscribed	-
O/w during fiscal year 2022	-
Stock options cancelled or lapsed	-
Stock options outstanding	193,950
Options available for exercise at Jun 30, 2022	188,250

The first ten stock option plans have all lapsed.

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.

The number of options available for exercise takes into account the terms of exercise of options specific to each plan.

In fiscal year 2022, the Group recognized a €325k expense under employee expenses.

14) Provisions for liabilities and charges

Provisions for liabilities and charges are broken down as follows:

(€k)	Increases		Decreases		Currency translation adjustments	Jun 30, 2022
	Dec 31, 2021	Jun 30, 2022	Used Jun 30, 2022	Unused Jun 30, 2022		
Other	58	5				63
TOTAL	58	5	0	0	0	63

Provisions for liabilities and charges stood at €63k at June 30, 2022.

15) *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: 3.22%
- Use of collective bargaining agreements specific to subsidiaries
- Retrospective calculation method for projected credit units
- Insee 2021 mortality table
- 2022 baseline salary, assuming an annual increase of 2.5-3.0% until retirement
- Employee turnover rate by age bracket

At June 30, 2022, the amount of the recognized provision stood at €1,497k.

In accordance with IAS 19, all actuarial gains and losses are recognized in other comprehensive income rather than in profit and loss. The cumulative impact on Group shareholders' equity at June 30, 2022 was -€401k.

16) *Borrowings and cash*

Borrowings are broken down as follows:

(€k)	Current (due within 1 year)				Non-current (due within > 1 year)	Dec 31, 2021
	Jun 30, 2022	0-3 months	3-6 months	6-12 months		
Borrowings from credit institutions	6,472	1,168	1,169	1,307	2,828	6,830
Bank overdrafts and foreign currency advances	14	14				21
Sundry	14	2			12	15
TOTAL	6,500	1,184	1,169	1,307	2,840	6,866

The Group has fixed-rate financial liabilities totaling €6,486k and floating-rate financial liabilities totaling €14k. The Group repaid €2,463k in bank borrowings over the period.

Net debt	Jun 30, 2022	Dec 31, 2021
Borrowings	6,500	6,866
Cash at bank and in hand	35,452	12,027
Net debt	-28,952	-5,161

The Group's net debt at June 30, 2022 was negative at -€28,952k.

Adoption of IFRS 16 has increased the Group's net debt by €3,815k.

The Group also has an equity portfolio worth €18.6 million (fair value at June 30, 2022).

17) *Other liabilities*

(€k)	Jun 30, 2022	Dec 31, 2021
Social security liabilities	2,543	2,897
Advances and progress payments	38	392
Prepaid income	895	3,904
Other	20,140	19,491
TOTAL	23,616	26,684

Other liabilities mainly consist of accrued expenses relating to licenses (€4,546k, compared with €4,459k at December 31, 2021), trade payables linked to variable consideration (€10,816k, compared with €11,352k at December 31, 2021) and liabilities in connection with product returns (€4,617k, compared with €3,636k at December 31, 2021).

18) *Net operating income*

Net operating income to June 30, 2022 totaled €25,014k, compared with €13,287k in the six months to June 30, 2021, reflecting strong financial performance over the first half of the year. The gross accounting profit margin came in at 58%, compared with 55% in the first half of 2021. Turnover was up 39%, while total expenses increased 26%.

19) *Net financial income*

The cost of net financial debt to June 30, 2022 came in at €26k. 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:

(€k)	Jun 30, 2022	Jun 30, 2021
Foreign currency translation adjustments	0	0
Unrealized gain/loss on Ubisoft Entertainment shares	0	0
Total other financial income	0	0
Foreign currency translation adjustments	381	432
Unrealized gain/loss on Ubisoft Entertainment shares	519	8,789
Total other financial expenses	900	9,221

Foreign exchange 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 2022 was +€854k.

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, 2022, the Group's borrowing and bank financing facilities were not fully utilized and net debt was negative at -€29.0 million. At June 30, 2022, the fair value of the Group's portfolio of available-for-sale securities stood at €18.6 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 2022 (relative to their price at June 30, 2022) would reduce net financial income by €1.9 million.

Interest rate risk: based on the Group's outstanding floating-rate financial liabilities at June 30, 2022, 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, 2022 is as follows (unhedged amounts only – i.e. those exposed to exchange rate fluctuations):

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

(€k)	USD	GBP
Assets	34,533	1,552
Liabilities	23,073	30
Net position before hedging	11,460	1,522
Off balance sheet position	0	0
Net position after hedging	11,460	1,522

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2022, a 10% annual increase in US dollar exchange rates would reduce financial expenses by €1,103k.

Based on foreign currency values exposed to exchange rate fluctuations at June 30, 2022, a 10% annual increase in the value of sterling would reduce financial expenses by €177k.

Since all major players in the multimedia industry transact in US dollars, no one manufacturer has a competitive advantage that would translate into 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 seasonal variations in 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, 2022.

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 generate 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:

The Group has noted an improvement in global supply chains and has anticipated production to meet demand over the end-of-year holiday season.

The conflict in Ukraine has given rise to uncertainty in the run-up to the year-end.

20) Corporate income tax

a) Tax assets

At June 30, 2022, this item consisted of non-current assets of €308k, including €160k in French and Canadian research tax credits.

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, 2022 totaled €3,245k.

Breakdown of deferred taxes by type:

(€k)	Jun 30, 2022	Dec 31, 2021
Recognition of tax loss carryforwards – Guillemot Corporation SA	5,046	7,763
Consolidation adjustments	1,157	636
Unrealized gains on Ubisoft shares held (deferred tax liability)	-2,958	-3,087
TOTAL	3,245	5,312

Deferred tax assets are only recognized insofar as it is probable that the Group will generate future taxable profits against which they 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, 2022 the Group had recognized all of its French entities' tax loss carryforwards, totaling €20,185k, resulting in the recognition of a deferred tax asset of €3,442k. Furthermore, deferred tax assets of €1,604k 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:

(€k)	Jun 30, 2022	Jun 30, 2021
Deferred taxes	2,066	-1,214
Current taxes	3,954	1,541
TOTAL	6,020	327

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.

21) Discontinued operations

The Group has not discontinued any operations in recent years.

22) Earnings per share

	Jun 30, 2022	Jun 30, 2021
Basic earnings per share		
Earnings	18,068	3,693
Average number of shares (thousands)	15,287	15,287
No. of treasury shares (thousands)	-36	-27
Total shares (thousands)	15,251	15,260
Basic earnings per share	1.18	0.24

	Jun 30, 2022	Jun 30, 2021
Diluted earnings per share		
Earnings	18,068	3,693
Average number of shares (thousands)	15,287	15,287
No. of treasury shares (thousands)	-36	-27
Total shares (thousands)	15,251	15,260
Maximum number of shares to be created		
- via conversion of bonds	0	0
- via exercise of options	188	0
- via exercise of subscription rights	0	0
Total shares (thousands)	15,439	15,260
Diluted earnings per share	1.17	0.24

23) Off balance sheet commitments

Documentary credits: €617k.

24) Related party transactions

The Group is owned by Guillemot Brothers Ltd. (14.63%), the Guillemot family (52.87%), Guillemot Corporation S.A. (0.24%) and members of the public (32.26%).

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, 2022
(€k)	Ubisoft Entertainment
Trade receivables	301
Trade payables	189
Revenue	322
Expenses	342

25) Seasonality

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 variations is financed through short- and medium-term funding.

26) Subsequent events

On July 12, 2022, founding shareholders and executive directors Claude, Michel, Yves, Gérard and Christian Guillemot informed the Company that ownership of Guillemot Corporation S.A.'s assets was being restructured.

On July 12, 2022, sales of Guillemot Corporation shares representing 14.63% of the share capital took place between UK holding company Guillemot Brothers Ltd. and founding shareholders Claude, Michel, Yves, Gérard and Christian Guillemot, with a view to the subsequent transfer of those shares to French holding company Guillemot Brothers SAS. These transfers took place in July 2022.

On September 6, 2022, the Company entered into a framework agreement with Ubisoft Entertainment S.A., Guillemot Brothers Ltd., Tencent and some of the directors of Guillemot Corporation S.A. In particular, this framework agreement provides for the Guillemot family group invested in Ubisoft to be expanded to include Tencent.

The Company's Board of Directors considered that the framework agreement was justified in light of the Company's corporate interests, notably in that it helps protect the value of the 443,874 Ubisoft shares currently held by the Company, thus contributing to the Company's future development. The framework agreement forms part of an overall transaction that will reinforce Ubisoft's stability and long-term development through the involvement of an operator that serves as a leading partner and shareholder for numerous leading players in the video games industry. Furthermore, the expansion of the family group to include Tencent and, more generally, Tencent's investment in Guillemot Brothers Ltd. implies a valuation of €80 per Ubisoft share (excluding shares owned through derivative contracts).

Ubisoft shares were trading at €30.66 on September 23, 2022, down 27% relative to their price at June 30, 2022. This decrease would give rise to the recognition of a revaluation loss of €5.0 million in the Group's consolidated financial statements at that date.

F - Statutory auditors' review report on the interim financial information

(For the period from January 1st to June 30th 2022)

This is a free translation into English of the statutory auditors' review report on the interim financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,
GUILLEMOT CORPORATION
Place du Granier
35571 Chantepie Cedex

In compliance with the assignment entrusted to us by your general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (“Code monétaire et financier”), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of GUILLEMOT CORPORATION, for the period from January 1st to June 30th, 2022;
- the verification of the information presented in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34, standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information presented in the interim management report on the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Nantes and Chantepie, September 29, 2022

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Toadenn Audit

Gwenaël Lhuissier

Damien Lepert

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 29, 2022

Claude Guillemot
Chairman and Chief Executive Officer